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As filed with the Securities and Exchange Commission on October 20, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

CB Richard Ellis Services, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	6500	52-1616016
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

865 South Figueroa Street, Suite 3400
Los Angeles, CA 90017
(213) 613-3226
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Kenneth J. Kay
Chief Financial Officer
CB Richard Ellis Services, Inc.
865 South Figueroa Street, Suite 3400
Los Angeles, CA 90017
(213) 613-3226
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:
William B. Brentani
Simpson Thacher & Bartlett LLP
3330 Hillview Avenue
Palo Alto, CA 94304
(650) 251-5000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Maximum offering price per unit	Maximum aggregate offering price	Amount of registration fee
9 3/4% Senior Notes Due May 15, 2010	$200,000,000	100%	$200,000,000	$16,180
Guarantees of 9 3/4% Senior Notes Due May 15, 2010 (1)	$200,000,000	100%	$200,000,000	(2)

(1) See inside facing page for additional registrant guarantors.
(2) Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no separate fee for the guarantees is payable.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact name of Registrant guarantor as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Primary Standard Industrial Classification Code Number	Address including zip code and telephone number including area code of Registrant guarantor's principal executive offices
Baker Commercial Realty, Inc.	Texas	75-2443696	6512	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Bonutto-Hofer Investments	California	33-0003584	6799	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CB Richard Ellis Corporate Facilities Management, Inc.	Delaware	33-0582062	6500	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CB Richard Ellis, Inc.	Delaware	95-2743174	6500	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CB Richard Ellis Investors, Inc.	California	95-3242122	6799	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CB Richard Ellis Investors, L.L.C.	Delaware	95-3695034	6799	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
CB Richard Ellis of California, Inc.	Delaware	33-0659572	6531	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)	Delaware	57-0966617	6512	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CBRE Consulting, Inc.	California	68-0149728	6531	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CBRE Holding, Inc.	Delaware	94-3391143	6500	865 South Figueroa Street, Suite 3400 Los Angeles, CA 90017 (213) 613-3226
CBRE HR, Inc.	California	33-0687470	6531	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CBRE/LJM Mortgage Company, L.L.C.	Delaware	74-2900986	6162	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CBRE/LJM-Nevada, Inc.	Nevada	76-0592505	6162	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
CBREI Funding, L.L.C.	Delaware	95-4889727	6531	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
CBREI Manager, L.L.C.	Delaware	75-3091166	6531	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
CBRE-Profi Acquisition Corp.	Delaware	33-6764889	6531	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Edward S. Gordon Management Corporation	New York	13-2792438	6212	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Global Innovation Advisor, LLC	Delaware	95-4869925	6799	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
Holdpar A	Delaware	95-4536362	6799	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
Holdpar B	Delaware	95-4536363	6799	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
I/ESG Octane Holdings, LLC	Delaware	57-1121106	6500	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
IIII-BSI Holdings, LLC	Delaware	57-1111064	6799	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
IIII-SSI Holdings, LLC	Delaware	57-1112916	6799	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Insignia/ESG Capital Corporation	Delaware	51-0390846	6799	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Insignia/ESG Northeast	Delaware	57-1116411	6512	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Insignia Financial Group, Inc.	Delaware	56-2084290	6552	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Insignia ML Properties, LLC	Delaware	57-1134322	6512	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Koll Capital Markets Group, Inc.	Delaware	33-0556837	6500	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Koll Investment Management, Inc.	California	33-0367147	6799	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Koll Partnerships I, Inc.	Delaware	33-0607113	6500	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
Koll Partnerships II, Inc.	Delaware	33-0622656	6500	970 W. 190th Street, Suite 560 Torrance, CA 90502 (310) 380-5887
L.J. Melody & Company	Texas	74-1949382	6162	5847 San Felipe, Suite 4400 Houston, TX 77057 (713) 787-1900
L.J. Melody & Company of Texas, L.P.	Texas	76-0590855	6162	5847 San Felipe, Suite 4400 Houston, TX 77057 (713) 787-1900
LJMGP, LLC	Delaware	76-0686627	6531	5847 San Felipe. Suite 4400 Houston, TX 77057 (713) 787-1946
Vincent F. Martin, Jr., Inc.	California	95-3695032	6799	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318
Westmark Real Estate Acquisition Partnership, L.P.	Delaware	95-4535866	6799	865 South Figueroa Street, Suite 3500 Los Angeles, CA 90017 (213) 683-4318

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated October 20, 2003

PROSPECTUS

$200,000,000

CB Richard Ellis Services, Inc.

Offer to Exchange All Outstanding 9¾% Senior Notes Due May 15, 2010 for 9¾% Senior Notes Due May 15, 2010, which have been registered under the Securities Act of 1933

Unconditionally Guaranteed on a Senior Basis by CBRE Holding, Inc. and Some of our Subsidiaries

The Exchange Offer

- We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable, except in limited circumstances described below.
- You may withdraw tenders of outstanding notes at any time prior to the expiration of the exchange offer.
- The exchange offer expires at 5:00 p.m., New York City time, on , 2003, unless extended. We do not currently intend to extend the expiration date.
- The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.
- We will not receive any proceeds from the exchange offer.

The Exchange Notes

- The exchange notes are being offered in order to satisfy certain of our obligations under the registration rights agreements entered into in connection with the placement of the outstanding notes.
- The terms of the exchange notes to be issued in the exchange offer are substantially identical to the outstanding notes, except that the exchange notes will be freely tradeable, except in limited circumstances described below.

Resales of Exchange Notes

- The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods.

If you are a broker-dealer and you receive exchange notes for your own account, you must acknowledge that you will deliver a prospectus in connection with any resale of the exchange notes. By making such acknowledgement, you will not be deemed to admit that you are an "underwriter" under the Securities Act of 1933. Broker-dealers may use this prospectus in connection with any resale of exchange notes received in exchange for outstanding notes where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or trading activities. We will make this prospectus available to any broker-dealer for use in any such resale for a period of up to 180 days after the date of the prospectus. A broker-dealer may not participate in the exchange offer with respect to outstanding notes acquired other than as a result of market-making activities or trading activities. See "Plan of Distribution."

If you are an affiliate of CB Richard Ellis Services, Inc. or are engaged in, or intend to engage in, or have an agreement or understanding to participate in, a distribution of the exchange notes, you cannot rely on the applicable interpretations of the Securities and Exchange Commission and you must comply with the registration requirements of the Securities Act of 1933 in connection with any resale transaction.

You should consider carefully the risk factors beginning on page 15 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2003.

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CB Richard Ellis Services, Inc. and the corporate logo of CB Richard Ellis Services set forth on the cover of this prospectus are the registered trademarks of CB Richard Ellis Services in the United States. All other trademarks or service marks are trademarks or service marks of the companies that use them.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any exchange notes offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus in connection with the offer contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by us. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in our affairs or that of our subsidiaries since the date hereof.

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PROSPECTUS SUMMARY

This summary may not contain all of the information that may be important to you. You should read this summary together with the entire prospectus, including the more detailed information in the financial statements and the accompanying notes appearing elsewhere in this prospectus. Unless the context indicates otherwise, (1) the terms "we," "our" and "us" refer to CB Richard Ellis Services, Inc. and its subsidiaries, (2) the term "Insignia" refers to Insignia Financial Group, Inc. and its subsidiaries and (3) the term "CBRE Holding" refers to our parent company, CBRE Holding, Inc.

Our Company

We are one of the world's largest commercial real estate services firms in terms of revenue, offering a full range of services to commercial real estate occupiers, owners, lenders and investors. On July 23, 2003, we completed our acquisition of Insignia, another leading U.S. and international provider of commercial real estate services. Through our acquisition of Insignia, we expect to solidify our position as a market leader in the commercial real estate services industry. In 2002, on a pro forma basis, we and Insignia provided commercial real estate services through a combined total of 250 offices in 47 countries. We provide our services under the CB Richard Ellis brand name on a local, national and international basis. During 2002, on a pro forma basis giving effect to the Insignia acquisition and related transactions, we and Insignia advised on approximately 29,050 commercial lease transactions involving aggregate rents of approximately $33.0 billion and approximately 6,160 commercial sales transactions with an aggregate value of approximately $49.0 billion. Also during 2002, on a pro forma basis giving effect to the Insignia acquisition and related transactions, we and Insignia managed approximately 668.5 million square feet of property, provided investment management services for approximately $12.9 billion in assets, originated approximately $9.0 billion in loans, serviced approximately $58.9 billion in loans through a joint venture, engaged in approximately 40,800 valuation, appraisal and advisory assignments and serviced over 1,400 clients with proprietary research.

We report our commercial real estate operations through three geographically-organized segments: (1) Americas, (2) Europe, the Middle East and Africa, or "EMEA," and (3) Asia Pacific. The Americas consists of operations in the United States, Canada, Mexico and South America. EMEA mainly consists of operations in Europe, and Asia Pacific consists of operations in Asia, Australia and New Zealand. We have worldwide capabilities to assist buyers in the purchase and sellers in the disposition of commercial property, to assist tenants in finding available space and owners in finding qualified tenants, to provide valuations and appraisals for real estate property, to assist in the arrangement of financing for commercial real estate, to provide commercial loan servicing, to provide research and consulting services, to help institutional investors manage commercial real estate portfolios, to provide property and facilities management services and to serve as the outsource service provider to corporations seeking to be relieved of the responsibility for managing their real estate operations.

Business Overview

Americas

The Americas is our largest business segment in terms of revenue, earnings and cash flow. It includes the following major lines of businesses:

- Our *brokerage services line of business* provides sales, leasing and consulting services relating to commercial real estate.

- Our *investment properties line of business* provides similar brokerage services primarily for commercial, multi-housing and hotel real estate property marketed for sale to institutional and private investors.
- Our *corporate services line of business* focuses on building relationships with large corporate clients, with the objective of establishing long-term relationships with clients that could benefit from utilizing corporate services and/or global presence.
- Our *commercial mortgage line of business* provides commercial loan origination and loan servicing through our wholly owned subsidiary, L.J. Melody & Company.
- Our *valuation line of business* provides valuation, appraisal and market research services.
- Our *investment management line of business* provides investment management services through our wholly owned subsidiary, CBRE Investors, L.L.C.
- Our *asset services line of business* provides value-added asset and related services for income-producing properties owned by local, regional and institutional investors.
- Our *facilities management line of business* specializes in the administration, management, maintenance and project management of properties that are occupied by large corporations and institutions.

EMEA

Our EMEA division has offices in 27 countries, with its largest operations located in the United Kingdom, France, Spain, the Netherlands and Germany. Operations within the various countries typically provide, at a minimum, the following services: brokerage, investment properties, corporate services, valuation/appraisal services, asset services and facilities management. Our operations in some countries also provide financial and investment management services. These services are provided to a wide range of clients and cover office, retail, leisure, industrial, logistics, biotechnology, telecommunications and residential property assets.

We are one of the leading real estate services companies in the United Kingdom. We provide a broad range of commercial property real estate services to investment, commercial and corporate clients located in London. We also have four regional offices in Birmingham, Manchester, Edinburgh and Glasgow. In France, we are a key market leader in Paris and provide a complete range of services to the commercial property sector, as well as some services to the residential property market. In Spain, we provide extensive coverage operating through our offices in Madrid, Barcelona, Valencia, Malaga, Marbella and Palma de Mallorca. Our Netherlands business is based in Amsterdam, while our German operations are located in Frankfurt, Munich, Berlin and Hamburg. Our operations in these countries generally provide a full range of services to the commercial property sector, along with some residential property services.

Asia Pacific

Our Asia Pacific division has offices in 11 countries. We believe we are one of only a few companies that can provide a full range of real estate services to large corporations throughout the region, including brokerage, investment management (in Japan only), corporate services, valuation/appraisal services, asset services and facilities management. We believe that the CB Richard Ellis brand name is recognized throughout this region as one of the leading worldwide commercial real estate services firms. In Asia, our principal operations are located in China (including Hong Kong), Singapore, South Korea and Japan. The Pacific region includes Australia and New Zealand, with principal offices located in Brisbane, Melbourne, Perth, Sydney, Auckland and Wellington.

Competitive Strengths

The market for our commercial real estate business is both highly fragmented and competitive. Thousands of local commercial real estate brokerage firms and hundreds of regional commercial real estate brokerage firms have offices throughout the world. Most of our competitors in the brokerage and asset services lines of business are local or regional firms that are substantially smaller than we are on an overall basis, but in some cases may be larger locally. In addition, there are several national and, in some cases, international real estate brokerage firms with whom we compete. We believe we have a variety of competitive advantages that have helped to establish our strong, global leadership position within the commercial real estate services industry. These advantages include the following:

- global brand name and presence;
- market leader and full service provider;
- strong relationships with established customers;
- recurring revenue stream;
- attractive business model, including
  - diversified revenue base,
  - variable cost structure, and
  - low capital requirements;
- empowered resources; and
- experienced senior management with significant equity stake.

Our Strategy

Our goal is to be the world's leading commercial real estate services firm offering unparalleled breadth and quality of services across the globe. To achieve this goal, we intend to:

- increase market share by capitalizing on breadth of services, global presence and continued cross-selling;
- capitalize on increased corporate outsourcing to increase market share;
- grow our investment management business; and
- continue to focus on efficiency improvements and the reduction of costs.

Summary of the Insignia Acquisition and Related Transactions

On July 23, 2003, we completed our acquisition of Insignia. We believe that the Insignia acquisition significantly increases our scale, business line and regional diversity, as well as strengthens our leadership position in the commercial real estate services industry worldwide. In addition, we believe that the Insignia acquisition provides significant cost-saving opportunities for us. See "Risk Factors—Risks Relating to Our Business—We cannot assure you as to when or if we will be able to achieve all of our expected cost savings in connection with the Insignia acquisition."

To partially finance the acquisition, certain of CBRE Holding's existing stockholders, including affiliates of Blum Capital Partners, L.P., made an aggregate cash contribution of $120.0 million to CBRE Holding at the

closing of the Insignia acquisition, in consideration for which CBRE Holding issued to these stockholders an aggregate of 7,500,000 shares of its common stock. For a more detailed description of the equity financing received by CBRE Holding in connection with the Insignia acquisition, see "The Insignia Acquisition and Related Transactions—Equity Financing."

For additional information regarding the Insignia acquisition and the related transactions, please read the description included under the caption "The Insignia Acquisition and Related Transactions." For additional information regarding the financing of the Insignia acquisition, please see the description included under the caption "Use of Proceeds."

Recent Developments

On October 14, 2003, we refinanced all of the outstanding loans under the amended and restated credit agreement we entered into in connection with the completion of the Insignia acquisition. As part of this refinancing, we entered into a new amended and restated credit agreement, pursuant to which, among other things, the interest rates, amortization schedule and maturity date for our terms loans were amended. For additional information regarding the terms of the new amended and restated credit agreement, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of Other Indebtedness—Our Senior Secured Credit Facilities." The new amended and restated credit agreement is filed with the Securities and Exchange Commission as an exhibit to the registration statement of which this prospectus forms a part.

We are a Delaware corporation, incorporated on March 9, 1989. Our principal executive offices are currently located at 865 South Figueroa Street, Suite 3400, Los Angeles, California 90017 and our telephone number is (213) 613-3226.

Summary of Terms of the Exchange Offer

On May 22, 2003, we completed the private offering of the outstanding notes. References to the "notes" in this prospectus are references to both the outstanding notes and the exchange notes. This prospectus is part of a registration statement covering the exchange of the outstanding notes for the exchange notes.

We, Holding and some of our subsidiaries that are guarantors of the notes entered into a registration rights agreement with the initial purchasers in the private offering in which we and the guarantors agreed to deliver to you this prospectus as part of the exchange offer and we agreed to complete the exchange offer within 220 days after the date the Insignia acquisition was completed. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes, which are identical in all material respects to the outstanding notes except:

- the exchange notes have been registered under the Securities Act of 1933;
- the exchange notes are not entitled to certain registration rights which are applicable to the outstanding notes under the registration rights agreement; and
- certain contingent interest rate provisions are no longer applicable.

The Exchange Offer

We are offering to exchange up to $200,000,000 aggregate principal amount of outstanding notes for up to $200,000,000 aggregate principal amount of exchange notes. Outstanding notes may be exchanged only in integral multiples of $1,000.

Resale

Based on an interpretation by the staff of the Securities and Exchange Commission, or the SEC, set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for outstanding notes may be offered for resale, resold and otherwise transferred by you, unless you are an "affiliate" of CB Richard Ellis Services, Inc. within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you are acquiring the exchange notes in the ordinary course of your business and that you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes.

Each participating broker-dealer that receives exchange notes for its own account pursuant to the exchange offer in exchange for outstanding notes that were acquired as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See "Plan of Distribution."

Any holder of outstanding notes who:

- is an affiliate of CB Richard Ellis Services, Inc.;
- does not acquire exchange notes in the ordinary course of its business; or
- tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes

cannot rely on the position of the staff of the SEC enunciated in *Exxon Capital Holdings Corporation, Morgan Stanley & Co. Incorporated* or similar no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the exchange notes.

Expiration Date; Withdrawal of Tender

The exchange offer will expire at 5:00 p.m., New York City time, on , 2003, or such later date and time to which we extend it, which date we refer to as the "expiration date." We do not currently intend to extend the expiration date. A tender of outstanding notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any outstanding notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.

Certain Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, which we may waive. Please read the section of this prospectus captioned "The Exchange Offer—Certain Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.

Procedures for Tendering Outstanding Notes

If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company, or DTC, and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any exchange notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person or entity to participate in a distribution of the exchange notes;
- if you are a broker-dealer that will receive exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of such exchange notes; and
- you are not an "affiliate," as defined in Rule 405 of the Securities Act, of CB Richard Ellis Services, Inc. or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender such outstanding notes in the exchange offer, you should contact such registered holder promptly and instruct such registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.
Guaranteed Delivery Procedures	If you wish to tender your outstanding notes and your outstanding notes are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under "The Exchange Offer—Guaranteed Delivery Procedures."
Effect on Holders of Outstanding Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered outstanding notes pursuant to the terms of the exchange offer, we will have fulfilled a covenant contained in the registration rights agreement and, accordingly, there will be no increase in the interest rate on the outstanding notes under the circumstances described in the registration rights agreement. If you are a holder of outstanding notes and you do not tender your outstanding notes in the exchange offer, you will continue to hold such outstanding notes and you will be entitled to all the rights and limitations applicable to the outstanding notes in the indenture, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer. To the extent that outstanding notes are tendered and accepted in the exchange offer, the trading market for outstanding notes could be adversely affected.
Consequences of Failure to Exchange	All untendered outstanding notes will continue to be subject to the restrictions on transfer provided for in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act.

Certain Income Tax Considerations	The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."
Use of Proceeds	We will not receive any cash proceeds from the issuance of exchange notes pursuant to the exchange offer.
Exchange Agent	U.S. Bank National Association is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section of this prospectus captioned "The Exchange Offer—Exchange Agent."

Summary of Terms of the Exchange Notes

Issuer	CB Richard Ellis Services, Inc.
Notes Offered	$200,000,000 aggregate principal amount of 9 3/4% senior notes due May 15, 2010.
Maturity Date	May 15, 2010.
Interest Payment Dates	May 15 and November 15 of each year, beginning November 15, 2003.
Optional Redemption	We cannot redeem the notes prior to May 15, 2007, except as discussed below. Until May 15, 2006, we can choose to redeem the notes in an amount not to exceed 35% of the principal amount of the notes together with any additional notes issued under the indenture with money we or CBRE Holding raise in certain equity offerings, as long as: • we pay the holders of the notes a redemption price of 109 3/4% of the principal amount of the notes, plus accrued but unpaid interest to the date of redemption; • at least 65% of the aggregate principal amount of the notes, including any additional notes, remains outstanding after each such redemption; • if the money is raised in an equity offering by CBRE Holding, then CBRE Holding contributes to us an amount sufficient to redeem the notes; and • we redeem the notes within 90 days after the completion of the related equity offering. On or after May 15, 2007, we can redeem some or all of the notes at the redemption prices listed under the heading "Description of the Notes—Optional Redemption," plus accrued but unpaid interest to the date of redemption.
Change of Control	If a change of control occurs, we must give holders of the notes an opportunity to sell their notes to us at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, subject to certain conditions. See "Description of the Notes—Change of Control."

Ranking

The notes are our senior unsecured obligations. They rank equal in right of payment with our existing and future senior indebtedness and senior in right of payment to any of our existing and future subordinated indebtedness. The notes are effectively subordinated to all of our secured debt to the extent of the value of the assets securing such debt and structurally subordinated to all of the existing and future liabilities of our subsidiaries that do not guarantee the notes. As of June 30, 2003, on a pro forma basis after giving effect to the Insignia acquisition and the related transactions, we, excluding our subsidiaries, would have had approximately $491.3 million of senior indebtedness and $291.3 million of secured indebtedness; CBRE Holding would have had approximately $560.0 million of senior indebtedness and $291.3 million of secured indebtedness; our guarantor subsidiaries would have had approximately $641.7 million of senior indebtedness and $429.5 million of secured indebtedness; and our non-guarantor subsidiaries would have had $55.9 million of indebtedness.

Guarantees

CBRE Holding and each of our restricted subsidiaries that guaranteed our senior secured credit facilities have also fully and unconditionally guaranteed the notes on a senior unsecured basis. The guarantees by the guarantors of the notes are *pari passu* to all existing and future senior indebtedness of the guarantors.

Restrictive Covenants

The indenture governing the notes contains covenants that limit our ability and the ability of certain of our subsidiaries to:

- incur or guarantee additional indebtedness;
- pay dividends or distributions on capital stock or redeem or repurchase capital stock;
- make investments;
- create restrictions on the payment of dividends or other amounts to us;
- sell stock of our subsidiaries;
- transfer or sell assets;
- create liens;
- enter into sale/leaseback transactions;
- enter into transactions with affiliates; and
- enter into mergers or consolidations.

At such time as the ratings assigned to the notes are investment grade ratings by both Moody's Investors Services and Standard and Poor's Rating Group, the covenants above will cease to be in effect with the exception of the covenants that contain limitations on, among other things, the designation of restricted and unrestricted subsidiaries, liens, sale/leaseback transactions and certain consolidations, mergers

	and transfers of assets. All of these restrictions and prohibitions are subject to a number of important qualifications and exceptions. See "Description of the Notes—Certain Covenants."
Absence of a Public Market for the Exchange Notes	The exchange notes generally will be freely transferable but will also be new securities for which there will not initially be a market. Accordingly, we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any market. We do not intend to apply for a listing of the exchange notes on any securities exchange or automated dealer quotation system. The initial purchasers in the private offering of the outstanding notes have advised us that they currently intend to make a market in the exchange notes. However, they are not obligated to do so, and any market making with respect to the exchange notes may be discontinued without notice.

Risk Factors

You should carefully consider the risk factors set forth under the caption of "Risk Factors" beginning on page 15 and the other information included in this prospectus before tendering your outstanding notes in the exchange offer.

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Summary Historical and Pro Forma Financial Data

CB Richard Ellis Services

The following table is a summary of our historical consolidated financial data as of and for the periods presented, as well as pro forma financial data giving effect to the Insignia acquisition and the related transactions as of and for the periods presented. You should read this data along with the information included under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Combined Financial Information" and the financial statements and related notes included elsewhere in this prospectus. The pro forma statement of operations data do not purport to represent what the results of operations of CB Richard Ellis Services, Inc. would have been if the Insignia acquisition and the related transactions had occurred as of the date indicated or what its results will be for future periods. The results include the activities of the following acquired businesses since their respective dates of acquisition: REI, Ltd. from April 17, 1998; and CB Hillier Parker Limited from July 7, 1998.

	As of December 31,					As of June 30, 2003	Pro Forma As of June 30, 2003
	1998	1999	2000	2001	2002		
	(Dollars in thousands)						
Balance Sheet Data:							
Cash and cash equivalents	$ 19,551	$ 27,844	$ 20,854	$ 57,447	$ 79,574	$ 23,009	$ 92,291
Total assets	856,892	929,483	963,105	1,273,360	1,284,953	1,517,265	1,929,017
Long-term debt (including current portion)	388,896	364,637	314,164	472,630	459,981	655,148	730,148
Total liabilities	660,175	715,874	724,018	997,449	976,745	1,225,947	1,517,699
Total stockholders' equity	190,842	209,737	235,339	271,615	302,593	285,237	405,237

	Twelve Months Ended December 31,					Six Months Ended June 30,		Pro Forma for the Twelve Months Ended December 31, 2002(2)	Pro Forma for the Six Months Ended June 30, 2003(2)
	1998	1999	2000	2001(1)	2002(2)	2002(2)	2003(2)		
	(Dollars in thousands)								
Statement of Operations Data:									
Revenue	$ 1,034,503	$ 1,213,039	$ 1,323,604	$ 1,170,762	$ 1,170,277	$ 508,883	$ 585,441	$ 1,744,162	$ 865,566
Operating income	$ 78,476	$ 76,899	$ 107,285	$ 49,058	$ 106,477	$ 32,417	$ 36,390	$ 130,159	$ 37,304
Interest expense, net	$ 27,993	$ 37,438	$ 39,146	$ 38,962	$ 46,043	$ 23,993	$ 23,704	$ 71,973	$ 34,142
Net income (loss)	$ 24,557	$ 23,282	$ 33,388	$ (11,299)	$ 27,306	$ 4,288	$ 7,553	$ 25,051	$ 1,010
Other Data:									
Net cash provided by (used in) operating activities	$ 76,005	$ 70,340	$ 80,859	$ (29,206)	$ 64,373	$ (41,187)	$ (73,964)	—	—
Net cash (used in) provided by investing activities	$ (222,911)	$ (23,096)	$ (32,469)	$ (118,651)	$ (24,130)	$ (16,210)	$ 2,396	—	—
Net cash provided by (used in) financing activities	$ 119,438	$ (37,721)	$ (53,523)	$ 185,487	$ (17,453)	$ 18,752	$ 13,698	—	—
Ratio of earnings to fixed charges	2.17x	1.79x	2.16x	1.18x	1.86x	1.25x	1.28x	1.54x	0.97x(3)
EBITDA (4)	$ 110,661	$ 117,369	$ 150,484	$ 86,912	$ 131,091	$ 44,120	$ 48,890	$ 173,338	$ 58,984

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(1) The 2001 data provided has been derived by combining our activity for the period January 1, 2001 through July 20, 2001 (the date of our acquisition by CBRE Holding) with the activity of CBRE Holding (excluding CBRE Holding's parent stand-alone activity) for the period from February 20, 2001 (inception) through December 31, 2001.

(2) The 2002 and 2003 data provided have been derived by excluding CBRE Holding's parent-only stand-alone activity for the period.

EBITDA is calculated as follows:

	Twelve Months Ended December 31,					Six Months Ended June 30,		Pro Forma for the Twelve Months Ended December 31,	Pro Forma for the Six Months Ended June 30,
	1998	1999	2000	2001	2002	2002	2003	2002	2003
	(Dollars in thousands)								
Operating income	$ 78,476	$ 76,899	$ 107,285	$ 49,058	$ 106,477	$ 32,417	$ 36,390	$ 130,159	$ 37,304
Add:									
Depreciation and amortization	32,185	40,470	43,199	37,854	24,614	11,703	12,500	43,179	21,680
EBITDA	$ 110,661	$ 117,369	$ 150,484	$ 86,912	$ 131,091	$ 44,120	$ 48,890	$ 173,338	$ 58,984

(3) Additional earnings of $1.9 million would be needed to have a one-to-one ratio of earnings to fixed charges.

(4) EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. We believe that the presentation of EBITDA will enhance an investor's understanding of our operating performance. EBITDA is also a measure used by our senior management to evaluate the performance of our various lines of business and for other required or discretionary purposes, such as our use of EBITDA as a significant component when measuring performance under our employee incentive programs. Additionally, many of our debt covenants are based upon a measurement similar to EBITDA. EBITDA should not be considered as an alternative to (a) operating income determined in accordance with accounting principles generally accepted in the United States or (b) operating cash flow determined in accordance with accounting principles generally accepted in the United States. Our calculation of EBITDA may not be comparable to similarly titled measures reported by other companies.

CBRE Holding

The following table is a summary of the historical consolidated financial data of CBRE Holding as of and for the periods presented, as well as pro forma financial data giving effect to the Insignia acquisition and the related transactions as of and for the periods presented. You should read this data along with the information included under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Combined Financial Information" and the financial statements and related notes included elsewhere in this prospectus. The pro forma statement of operations data do not purport to represent what CBRE Holding's results of operations would have been if the Insignia acquisition and the related transactions had occurred as of the date indicated or what its results will be for future periods.

	As of December 31, 2002	As of June 30, 2003	Pro Forma as of June 30, 2003
		(Dollars in thousands)	
Balance Sheet Data:			
Cash and cash equivalents	$ 79,701	$ 23,018	$ 92,300
Total assets	1,324,876	1,561,901	1,966,671
Long-term debt (including current portion)	521,844	718,492	793,492
Total liabilities	1,067,920	1,303,148	1,594,900
Total stockholders' equity	251,341	252,672	365,690

	Twelve Months Ended December 31,	Six Months Ended June 30,		Pro Forma for the Twelve Months Ended December 31,	Pro Forma for the Six Months Ended June 30,
	2002	2002	2003	2002	2003
			(Dollars in thousands)		
Statement of Operations Data:					
Revenue	$ 1,170,277	$ 508,883	$ 585,441	$ 1,744,162	$ 865,566
Operating income	106,062	32,177	36,234	129,744	33,838
Interest expense, net	57,229	29,523	29,488	83,159	39,926
Net income (loss)	18,727	1,194	3,825	16,472	(4,704)
Other Data:					
Net cash provided by (used in) operating activities	$ 64,882	$ (40,132)	$ (74,555)	—	—
Net cash (used in) provided by investing activities	(24,130)	(16,210)	2,396	—	—
Net cash (used in) provided by financing activities	(17,838)	17,910	14,171	—	—
Ratio of earnings to fixed charges	1.61	1.08	1.11	1.39	0.87(1)
EBITDA (2)	$ 130,676	$ 43,880	$ 48,734	$ 172,923	$ 55,518

(1) Additional earnings of $7.9 million would be needed to have a one-to-one ratio of earnings to fixed charges.

(2) EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. We believe that the presentation of EBITDA will enhance an investor's understanding of CBRE Holding's operating performance. EBITDA is also a measure used by our senior management to evaluate the performance of our various lines of business and for other required or discretionary purposes, such as our use of EBITDA as a significant component when measuring performance under our employee incentive programs. Additionally, many of CBRE Holding's debt covenants are based upon a measurement similar to EBITDA. EBITDA should not be considered as an alternative to (a) operating income determined in accordance with accounting principles generally accepted in the United States or (b) operating cash flow determined in accordance with accounting principles generally accepted in the United States. CBRE Holding's calculation of EBITDA may not be comparable to similarly titled measures reported by other companies.

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EBITDA is calculated as follows:

	Twelve Months Ended December 31,	Six Months Ended June 30,		Pro Forma for the Twelve Months Ended December 31,	Pro Forma for the Six Months Ended June 30,
	2002	2002	2003	2002	2003
	(Dollars in thousands)				
Operating income	$ 106,062	$ 32,177	$ 36,234	$ 129,744	$ 33,838
Add:					
Depreciation and amortization	24,614	11,703	12,500	43,179	21,680
EBITDA	$ 130,676	$ 43,880	$ 48,734	$ 172,923	$ 55,518

RISK FACTORS

You should carefully consider the risks described below and the other information in this prospectus before you decide to participate in the exchange offer. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer.

Risks Relating to the Exchange Offer

If you choose not to exchange your outstanding notes, the present transfer restrictions will remain in force and the market price of your outstanding notes could decline.

If you do not exchange your outstanding notes for exchange notes under the exchange offer, then you will continue to be subject to the transfer restrictions on the outstanding notes as set forth in the prospectus distributed in connection with the private offering of the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. You should refer to "Prospectus Summary—Summary of Terms of the Exchange Offer" and "The Exchange Offer" for information about how to tender your outstanding notes.

The tender of outstanding notes under the exchange offer will reduce the principal amount of the outstanding notes outstanding, which may have an adverse effect upon, and increase the volatility of, the market price of the outstanding notes due to a reduction in liquidity.

Risks Relating to Our Business

The success of our business is significantly related to general economic conditions and, accordingly, our business could be harmed in the event of an economic slowdown or recession.

During 2001 and 2002, we continued to be adversely affected by the slowdown in the global economy, which negatively impacted the commercial real estate market. This caused a decline in leasing activities within the United States, which was only partially offset by improved overall revenues in Europe and Asia. During the first half of 2003, lower leasing revenues in the United States were offset by improved revenues from consulting fees and sales of investment properties in the United States and Europe, as well as improved appraisal fees in the United States.

Moreover, in part because of the terrorist attacks on September 11, 2001 and the subsequent outbreak of hostilities, as well as the conflict with Iraq and the risk of conflict with North Korea, the economic climate in the United States and abroad remains uncertain, which may have a further adverse effect on commercial real estate market conditions and, in turn, our operating results.

Periods of economic slowdown or recession in the United States and in other countries, rising interest rates, a declining demand for real estate or the public perception that any of these events may occur, can harm many segments of our business. These economic conditions could result in a general decline in rents, which in turn would reduce revenue from property management fees and brokerage commissions derived from property sales and leases. In addition, these conditions could lead to a decline in sales prices as well as a decline in demand for funds invested in commercial real estate and related assets. A further or continued economic downturn or a significant increase in interest rates also may reduce the amount of loan originations and related servicing by the commercial mortgage banking business. If the brokerage and mortgage banking businesses are negatively impacted, it is likely that the other lines of business would also suffer due to the relationship among the various business lines. Further, as a result of our debt level, the terms of our existing debt instruments and the terms of the debt instruments entered into in connection with the Insignia acquisition and the related transactions, our exposure to adverse general economic conditions is heightened.

If the properties that we manage fail to perform, then our financial condition and results of operations could be harmed.

The revenue we generate from our asset services and facilities management lines of business is generally a percentage of aggregate rent collections from properties, although many management agreements provide for a specified minimum management fee. Accordingly, our success partially depends upon the performance of the properties we manage. The performance of these properties will depend upon the following factors, among others, many of which are partially or completely outside of our control:

- our ability to attract and retain creditworthy tenants;
- the magnitude of defaults by tenants under their respective leases;
- our ability to control operating expenses;
- governmental regulations, local rent control or stabilization ordinances which are in, or may be put into, effect;
- various uninsurable risks;
- financial conditions prevailing generally and in the areas in which these properties are located;
- the nature and extent of competitive properties; and
- the real estate market generally.

Our growth has depended significantly upon acquisitions, which may not be available in the future, may result in integration problems and may not perform as we expected.

A significant component of our growth has occurred through acquisitions. Any future growth through acquisitions will be partially dependent upon the continued availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions. However, future acquisitions may not be available at advantageous prices or upon favorable terms and conditions. In addition, acquisitions involve risks that the businesses acquired will not perform in accordance with expectations and that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect.

We have had, and may continue to experience, difficulties in integrating operations and accounting systems acquired from other companies. These difficulties include the diversion of management's attention from other business concerns and the potential loss of our key employees or those of the acquired operations. We believe that most acquisitions will initially have an adverse impact on operating and net income. We may experience these difficulties in integrating Insignia's business into our existing business segments. In addition, we generally believe that, as a result of acquisitions, there will be significant costs related to integrating information technology, accounting and management services and rationalizing personnel levels. In connection with the Insignia acquisition, we anticipate recording significant charges during 2003 relating to integration costs. Accordingly, we may not be able to effectively manage acquired businesses and some acquisitions may not have an overall benefit.

We have several different accounting systems as a result of acquisitions we have made. Insignia's accounting systems are also different from ours. If we are unable to fully integrate the accounting and other systems of the businesses we own, we may not be able to effectively manage our acquired businesses. Moreover, the integration process itself may be disruptive to business as it requires coordination of geographically diverse organizations and implementation of new accounting and information technology systems.

We cannot assure you as to when or if we will be able to achieve all of our expected cost savings in connection with the Insignia acquisition.

Our decision to pursue the Insignia acquisition was based in part on our belief that there are significant cost-saving opportunities for us. After performing a detailed review of Insignia's and our operations to identify areas of overlap, we have formulated a detailed integration plan in order to achieve these expected cost savings.

We cannot assure you as to when or if all of the cost savings we expect to achieve in connection with the Insignia acquisition will be realized. A variety of risks could cause us not to achieve the benefits of the expected cost savings, including, among others, the following:

- higher than expected severance costs related to staff reductions;
- higher than expected lease termination payments in respect of closing redundant facilities;
- delays in the anticipated timing of activities related to the integration plan;
- unanticipated increases in corporate overhead; and
- other unexpected costs associated with operating the combined business.

If we fail to realize the expected benefits of the cost savings for these or other reasons, the results of operations of the combined company, as well as our liquidity, could be adversely affected.

We agreed to retain contingent liabilities in connection with Insignia's sale of substantially all of its real estate investment assets.

Immediately prior to the completion of the Insignia acquisition on July 23, 2003, Insignia completed the sale of substantially all of its real estate investment assets to Island Fund I, LLC (Island Fund). These real estate investment assets were comprised of minority investments in operating real estate assets including office, retail, industrial, apartment and hotel properties, minority investments in office development projects, wholly owned or consolidated investments in real property and investments in real estate-related private equity funds. Under the terms of the purchase agreement that we entered into with Island Fund, we agreed to retain some contingent liabilities related to the real estate investment assets that were sold, and these contingent liabilities could result in material adverse effects on our future financial condition and results of operations. The retained contingent liabilities include the following:

- *Letter of Credit and Repayment Guarantee Support.* As of the closing of the sale to Island Fund, Insignia had provided an aggregate of approximately $10.2 million of letter of credit support for real estate investment assets that were subject to the purchase agreement, as well as a guarantee of approximately a $1.3 million repayment obligation with respect to one of the real estate investment assets. Pursuant to the purchase agreement, we agreed to maintain each of these letters of credit until the earlier of (1) the third anniversary of the completion of the sale to Island Fund, (2) the date on which the letter of credit is no longer required pursuant to the applicable real estate investment asset agreement or (3) the completion of a sale of the relevant underlying real estate investment asset. Also pursuant to the purchase agreement, Island Fund agreed to reimburse us for 50% of any draws against these letters of credit or the repayment guarantee while they are outstanding and delivered a letter of credit to us in the amount of approximately $2.9 million as security for Island Fund's reimbursement obligation. As a result of these arrangements, we retained potential liability for 50% of any future draws against these letters of credit and the repayment guarantee. In addition, there can be no assurance that Island Fund will be able to reimburse us in the event of any draws against the letters of credit or the repayment guarantee or that Island Fund's future reimbursement obligations will not exceed the amount of the letter of credit provided to us by Island Fund.
- *Indemnification Obligation.* In connection with the sale of the real estate investment assets to Island Fund, we generally agreed to indemnify Island Fund against any losses resulting from the ownership, use or operation of the real estate investment assets prior to the closing of the sale, as well as any losses resulting from any action, or failure to act when action was required, by us with respect to the real estate investment assets prior to the closing. Although this indemnification obligation to Island Fund is subject to a number of exceptions and limitations, future claims against us pursuant to this indemnification obligation may be material.

Although Island Fund has agreed to indemnify us with respect to certain losses related to the real estate investment assets, we may not be able to obtain such indemnification from Island Fund in the future.

In connection with the sale of the real estate investment assets, Island Fund generally agreed to indemnify us against any losses resulting from the ownership, use or operation of the real estate investment assets after the closing of the sale, as well as any losses resulting from any action, or failure to act when action was required, by Island Fund with respect to the real estate investment assets after the closing. In addition, a number of the real estate investment assets that we agreed to sell to Island Fund required the consent of one or more third parties in order to transfer such assets to Island Fund and some of these third party consents were not obtained prior to the closing. As a result, we continue to hold these real estate investment assets pending the receipt of these third party consents. While we continue to hold these assets, we generally have agreed to provide Island Fund with the economic benefits from these assets and Island Fund generally has agreed to indemnify us with respect to any losses incurred in connection with our continuing to hold these assets. With respect to any of the Island Fund indemnification obligations described above, however, there can be no assurance that Island Fund actually will provide, or be able to provide, such indemnification if required to do so at any future date. If Island Fund does not, or is unable to, indemnify us against these potential losses, our future financial condition and results of operations may be adversely impacted.

We have numerous significant competitors, some of which may have greater financial resources than we do.

We compete across a variety of business disciplines within the commercial real estate industry, including investment management, tenant representation, corporate services, construction and development management, property management, agency leasing, valuation and mortgage banking. In general, with respect to each of our business disciplines, we cannot assure you that we will be able to continue to compete effectively, maintain our current fee arrangements or margin levels or not encounter increased competition. Each of the business disciplines in which we compete is highly competitive on an international, national, regional and local level. Although we are one of the largest real estate services firms in the world in terms of revenue, our relative competitive position varies significantly across product and service categories and geographic areas. Depending on the product or service, we face competition from other real estate service providers, institutional lenders, insurance companies, investment banking firms, investment managers and accounting firms. Many of our competitors are local or regional firms, which are substantially smaller than we are; however, they may be substantially larger on a local or regional basis. We are also subject to competition from other large national and multi-national firms.

Our international operations subject us to social, political and economic risks of doing business in foreign countries.

We conduct a substantial portion of our business and employ a substantial number of employees outside of the United States. During the six-month period ended June 30, 2003, we generated approximately 29% of our revenue from operations outside the United States. During the six-month period ended June 30, 2003, Insignia generated approximately 31% of its revenue from operations outside the United States. Circumstances and developments related to international operations that could negatively affect our business, financial condition or results of operations include, but are not limited to, the following factors:

- difficulties and costs of staffing and managing international operations;
- currency restrictions, which may prevent the transfer of capital and profits to the United States;
- unexpected changes in regulatory requirements;
- potentially adverse tax consequences;
- the responsibility of complying with multiple and potentially conflicting laws;

- the impact of regional or country-specific business cycles and economic instability;
- the geographic, time zone, language and cultural differences among personnel in different areas of the world;
- greater difficulty in collecting accounts receivable in some geographic regions such as Asia, where many countries have underdeveloped insolvency laws and clients are often slow to pay, and in some European countries, where clients also tend to delay payments;
- political instability; and
- foreign ownership restrictions with respect to operations in countries such as China.

We have committed additional resources to expand our worldwide sales and marketing activities, to globalize our service offerings and products in selected markets and to develop local sales and support channels. If we are unable to successfully implement these plans, to maintain adequate long-term strategies that successfully manage the risks associated with our global business or to adequately manage operational fluctuations, our business, financial condition or results of operations could be harmed.

In addition, our international operations and, specifically, the ability of our non-U.S. subsidiaries to dividend or otherwise transfer cash among our subsidiaries, including transfers of cash to pay interest and principal on our debt, may be affected by limitations on imports, currency exchange control regulations, transfer pricing regulations and potentially adverse tax consequences, among other things.

Our revenue and earnings may be adversely affected by foreign currency fluctuations.

Our revenue from non-U.S. operations has been primarily denominated in the local currency where the associated revenue was earned. During the six-month period ended June 30, 2003, approximately 29% of our business was transacted in currencies of foreign countries, the majority of which included the Euro, the British Pound Sterling, the Hong Kong dollar, the Singapore dollar and the Australian dollar. During the six-month period ended June 30, 2003, approximately 31% of Insignia's revenues were generated by its foreign subsidiaries, a substantial number of which transact their business in currencies of foreign countries. Thus, we may experience fluctuations in revenues and earnings because of corresponding fluctuations in foreign currency exchange rates.

We have made significant acquisitions of non-U.S. companies and may acquire additional foreign companies in the future. As we increase our foreign operations, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, operating results and financial condition. Due to the constantly changing currency exposures to which we will be subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations.

From time to time, our management uses currency hedging instruments, including foreign currency forward and option contracts and borrows in foreign currencies. Economic risks associated with these hedging instruments include unexpected fluctuations in inflation rates, which impact cash flow relative to paying down debt, and unexpected changes in the underlying net asset position. These hedging activities also may not be effective.

A significant portion of our operations are concentrated in California and New York, and our business could be harmed if the economic downturn continues in the California or New York real estate markets.

For the six-month period ended June 30, 2003, on a pro forma basis giving effect to the Insignia acquisition and related transactions, a significant amount of our sales and lease revenue, including revenue from investment property sales, was generated from transactions originating in the State of California. In addition, for the

six-month period ended June 30, 2003, on the same pro forma basis, a significant amount of our sales and lease revenue, including revenue from investment property sales but excluding revenue from real estate principal investment activities and residential real estate services, was generated from transactions originating in the greater New York metropolitan area. As a result of the geographic concentration in California and New York, a continuation of the economic downturn in the California and New York commercial real estate markets and in the local economies in San Diego, Los Angeles, Orange County or the greater New York metropolitan area could further harm our results of operations.

Our co-investment activities subject us to real estate investment risks which could cause fluctuations in earnings and cash flow.

An important part of the strategy for our investment management business involves investing our capital in certain real estate investments with our clients. As of June 30, 2003, on a pro forma basis giving effect to the Insignia acquisition and related transactions, we had committed an additional $33.1 million to fund future co-investments. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets and the failure to provide these contributions could have adverse consequences to our interests in these investments. Although our and CBRE Holding's debt instruments contain restrictions that will limit our ability to provide capital to the entities holding direct or indirect interests in co-investments, we may provide this capital in some instances.

Participation in real estate transactions through co-investment activity could increase fluctuations in earnings and cash flow. Other risks associated with these activities include, but are not limited to, the following:

- losses from investments;
- difficulties associated with international co-investments described in "—Our international operations subject us to social, political and economic risks of doing business in foreign countries" and "—Our revenue and earnings may be adversely affected by foreign currency fluctuations;" and
- potential lack of control over the disposition of any co-investments and the timing of the recognition of gains, losses or potential incentive participation fees.

We may incur liabilities related to our subsidiaries being general partners of numerous general and limited partnerships.

We have subsidiaries that are general partners in numerous general and limited partnerships that invest in or manage real estate assets in connection with our co-investments, including several partnerships involved in the acquisition, rehabilitation, subdivision and sale of multi-tenant industrial business parks. Any subsidiary that is a general partner is potentially liable to our partners and for the obligations of the partnership, including those obligations related to environmental contamination of properties owned or managed by the partnership. If our exposure as a general partner is not limited, or if the exposure as a general partner expands in the future, any resulting losses may harm our business, financial condition or results of operations.

Our joint venture activities involve unique risks that are often outside of our control which, if realized, could harm our business.

We have utilized joint ventures for large commercial investments, initiatives in Internet-related technology and local brokerage partnerships. In the future, we may acquire interests in additional limited and general partnerships and other joint ventures formed to own or develop real property or interests in real property. We have acquired and may continue to acquire minority interests in joint ventures. Additionally, we may also acquire interests as a passive investor without rights to actively participate in management of the joint ventures. Investments in joint ventures involve additional risks, including, but not limited to, the following:

- the other participants may become bankrupt or have economic or other business interests or goals that are inconsistent with ours; and

- we may not have the right or power to direct the management and policies of the joint ventures and other participants may take action contrary to our instructions or requests and against our policies and objectives.

If a joint venture participant acts contrary to our interest, it could harm our business, results of operations and financial condition.

Our success depends upon the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees.

Our continued success is highly dependent upon the efforts of our executive officers and other key employees. The members of our senior management that are parties to employment agreements are Raymond E. Wirta, our Chief Executive Officer; Brett White, our President; Kenneth J. Kay, our Chief Financial Officer; Stephen Siegel, our Chairman, Global Brokerage; Mitchell Rudin, our President, U.S. Brokerage Services; and Alan Froggatt, our Chief Executive Officer, EMEA. If any of our key employees leave and we are unable to quickly hire and integrate a qualified replacement, our business, financial condition and results of operations may suffer. In addition, the growth of our business is largely dependent upon our ability to attract and retain qualified personnel in all areas of our business, including brokerage and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business and operating results could suffer.

If we fail to comply with laws and regulations applicable to real estate brokerage and mortgage transactions and other segments of our business, we may incur significant financial penalties.

Due to the broad geographic scope of our operations and the numerous forms of real estate services performed, we are subject to numerous federal, state and local laws and regulations specific to the services performed. For example, the brokerage of real estate sales and leasing transactions requires us to maintain brokerage licenses in each state in which we operate. If we fail to maintain our licenses or conduct brokerage activities without a license, we may be required to pay fines or return commissions received or have licenses suspended. In addition, because the size and scope of real estate sales transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous state licensing regimes and the possible loss resulting from non-compliance have increased. Furthermore, the laws and regulations applicable to our business, both in the United States and in foreign countries, also may change in ways that materially increase the costs of compliance.

We may have liabilities in connection with real estate brokerage and property management activities.

As a licensed real estate broker, we and our licensed employees are subject to statutory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could subject us or our employees to litigation from parties who purchased, sold or leased properties we or they brokered or managed. We could become subject to claims by participants in real estate sales claiming that we did not fulfill our statutory obligations as a broker.

In addition, in our property management business, we hire and supervise third-party contractors to provide construction and engineering services for our managed properties. While our role is limited to that of a supervisor, we may be subjected to claims for construction defects or other similar actions. Adverse outcomes of property management litigation could negatively impact our business, financial condition or results of operations.

We are controlled by affiliates of Blum Capital Partners, L.P., whose interests may be different from yours.

We are a wholly owned subsidiary of CBRE Holding. As of September 30, 2003, Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P. and Blum Strategic Partners II GmbH & Co. KG together owned

approximately 67.2% of CBRE Holding's outstanding Class A and Class B common stock, taken together. In addition, these investment funds, which are affiliates of Blum Capital Partners, L.P., previously entered into a securityholders' agreement with the other holders of Class B common stock and some of the holders of Class A common stock. The Class A and Class B common stock subject to the voting provisions of the securityholders' agreement represented as of the date of the closing of the Insignia acquisition approximately 98.7% of the voting power of CBRE Holding's outstanding Class A and Class B common stock, taken together. As a result of the percentage of CBRE Holding's voting power owned by the affiliates of Blum Capital Partners, L.P. and the other parties to the securityholders' agreement and the rights granted to these investment funds pursuant to the securityholders' agreement, CBRE Holding is controlled by these affiliates of Blum Capital Partners, L.P., which control has, among other things, the effects indicated below.

- *General Voting*: Subject to exceptions in the securityholders' agreement, these funds control the outcome of all votes of holders of CBRE Holding's Class A and Class B common stock, taken together.
- *Board of Directors*: These funds have the right to designate a majority of the members of CBRE Holding's board of directors.
- *Change of Control*: These funds generally are able to prevent any transaction that would result in a change of control of CBRE Holding. Subject to exceptions in the securityholders' agreement, they are also able to cause a change of control.

We cannot assure you that the interests of the funds affiliated with Blum Capital Partners, L.P. will not conflict with yours. In particular, these funds may cause a change of control at a time when we do not have sufficient funds to repurchase the notes as described under "Description of the Notes—Change of Control."

Our results of operations vary significantly among quarters, which makes comparison of our quarterly results difficult.

A significant portion of our revenue is seasonal. Historically, this seasonality has caused our revenue, operating income, net income and cash flow from operating activities to be lower in the first two quarters and higher in the third and fourth quarters of each year. The concentration of earnings and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the fiscal year-end, while incurring constant, non-variable expenses throughout the year. This has historically resulted in lower profits or a loss in the first and second quarters, with profits growing (or losses decreasing) in each subsequent quarter.

Risks Relating to Our Substantial Indebtedness

Our substantial leverage and debt service obligations could harm our ability to operate our business, remain in compliance with debt covenants and make payments on our debt, including the notes.

We are highly leveraged and have significant debt service obligations. For the year ended December 31, 2002 and for the six months ended June 30, 2003, in each case, after giving effect to the Insignia acquisition and the related transactions, on a pro forma basis, CBRE Holding's annual interest expense would have been $91.9 million and $43.1 million, respectively. Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on or other amounts due in respect of our indebtedness. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our substantial leverage, including our ability to service our debt, would increase.

Our substantial debt could have other important consequences, which include, but are not limited to, the following:

- We could be required to use a substantial portion, if not all, of our free cash flow from operations to pay principal and interest on our debt.

- Our level of debt may restrict us from raising additional financing on satisfactory terms to fund working capital, strategic acquisitions, investments, joint ventures and other general corporate requirements.
- Our interest expense could increase if interest rates increase, because all of our debt under the new amended and restated credit agreement governing our senior secured credit facilities, including $300.0 million in term loans and a revolving credit facility of up to $90.0 million, bears interest at floating rates, generally between LIBOR plus 3.00% to 3.75% or the alternate base rate plus 2.00% to 2.75%. The alternate base rate is the higher of (1) Credit Suisse First Boston's prime rate and (2) the Federal Funds Effective Rate plus 0.50%.
- Our substantial leverage could increase our vulnerability to general economic downturns and adverse competitive and industry conditions, placing us at a disadvantage compared to those of our competitors that are less leveraged.
- Our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and in the real estate services industry.
- Our failure to comply with the financial and other restrictive covenants in the documents governing our indebtedness, which, among others, require us to maintain specified financial ratios and limit our ability to incur additional debt and sell assets, could result in an event of default that, if not cured or waived, could harm our business or prospects and could result in our filing for bankruptcy.

We cannot be certain that our earnings will be sufficient to allow us to pay principal and interest on our debt, including the notes, and meet our other obligations. If we do not have sufficient earnings, we may be required to refinance all or part of our existing debt, sell assets, borrow more money or sell more securities, none of which we can guarantee we will be able to do.

We will be able to incur more indebtedness, which may intensify the risks associated with our substantial leverage, including our ability to service our indebtedness.

The indenture relating to the notes, the amended and restated credit agreement governing our senior secured credit facilities and the indentures relating to our 11 1/4% senior subordinated notes due 2011 and the 16% senior notes due 2011 issued by CBRE Holding permit us, subject to specified conditions, to incur a significant amount of additional indebtedness, including additional indebtedness under our $90.0 million revolving credit facility. If we incur additional debt, the risks associated with our substantial leverage, including our ability to service our debt, would increase.

Servicing our indebtedness requires a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

We expect to obtain from our operations the cash necessary to make payments on the notes, our senior secured credit facilities, our 11 1/4% senior subordinated notes due 2011, the 16% senior notes due 2011 issued by CBRE Holding, and to fund our working capital, strategic acquisitions, investments, joint ventures and other general corporate requirements. Our ability to generate cash from our operations is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. As a result, we cannot assure you that our business will generate sufficient cash flow from operations, that we will realize currently anticipated cost savings, revenue growth and operating improvements on schedule or at all or that future borrowings will be available to us under our revolving credit facility, in each case, in amounts sufficient to enable us to service our debt and to fund our other liquidity needs. If we cannot service our debt, we will have to take actions such as reducing or delaying strategic acquisitions, investments and joint ventures, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We cannot assure you that any of these remedies could, if necessary, be effected on commercially reasonable terms, or at all. In addition, the terms of our and CBRE Holding's existing or future debt instruments, including our senior secured credit facilities, the indenture for the notes and the indentures for our 11 1/4% senior subordinated notes due 2011 and the 16% senior

notes due 2011 issued by CBRE Holding, may restrict us from adopting any of these alternatives. Because of these and other factors beyond our control, we may be unable to pay the principal, premium, if any, interest or other amounts on the notes.

Our and CBRE Holding's debt instruments impose significant operating and financial restrictions on us and CBRE Holding, and in the event of a default, all of our and CBRE Holding's borrowings would become immediately due and payable.

The indentures governing the notes, our 11 1/4% senior subordinated notes due 2011 and the 16% senior notes due 2011 issued by CBRE Holding impose, and the terms of any future debt may impose, operating and other restrictions on CBRE Holding and on us and many of our subsidiaries. These restrictions will affect, and in many respects will limit or prohibit, the ability of CBRE Holding and of us and our restricted subsidiaries to:

- incur or guarantee additional indebtedness;
- pay dividends or distributions on capital stock or redeem or repurchase capital stock;
- repurchase equity interests;
- make investments;
- create restrictions on the payment of dividends or other amounts to us;
- sell stock of subsidiaries;
- transfer or sell assets;
- create liens;
- enter into transactions with affiliates;
- enter into sale/leaseback transactions; and
- enter into mergers or consolidations.

In addition, the new amended and restated credit agreement governing our senior secured credit facilities includes other and more restrictive covenants and prohibits us from prepaying most of our other debt while debt under our senior secured credit facilities is outstanding. The new amended and restated credit agreement governing our senior secured credit facilities also requires us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control.

The restrictions contained in our and CBRE Holding's debt instruments could:

- limit CBRE Holding's and our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans; and
- adversely affect CBRE Holding's and our ability to finance ongoing operations, strategic acquisitions, investments or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these restrictive covenants or the inability to comply with the required financial ratios could result in a default under our and CBRE Holding's debt instruments. If any such default occurs, the lenders under the senior secured credit facilities and the holders of the notes, our 11 1/4% senior subordinated notes due 2011 and the 16% senior notes due 2011 issued by CBRE Holding, pursuant to the respective indentures, may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. The lenders under our senior secured credit facilities also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under the senior secured credit facilities will have the right to proceed against the collateral granted to them to secure the debt, which includes our available cash. If the debt under the senior secured credit facilities, the notes, our 11 1/4% senior subordinated notes due 2011 and the 16% senior notes due 2011 were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full the notes and our other debt.

We conduct a substantial portion of our operations through our subsidiaries and may be limited in our ability to access funds from these subsidiaries to service our debt, including the notes.

We conduct a substantial portion of our operations through our subsidiaries and depend to a large degree upon dividends and other intercompany transfers of funds from our subsidiaries to meet our debt service and other obligations, including the notes. Our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available to us for these payments, unless they are guarantors of the notes. In addition, the ability of our subsidiaries to pay dividends and make other payments to us may be restricted by, among other things, applicable corporate and other laws, transfer pricing regulations, limitations on imports, currency exchange control regulations, potentially adverse tax consequences and agreements of our subsidiaries. Although the indentures governing the notes, our 11 1/4% senior subordinated notes due 2011 and the 16% senior notes due 2011 issued by CBRE Holding limit the ability of our subsidiaries to enter into consensual restrictions on their ability to pay dividends and make other payments, the limitations are subject to a number of significant qualifications and exceptions. See "Description of the Notes—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries." If we are unable to access the cash flow of our subsidiaries, we may have difficulty meeting our debt obligations.

If we fail to meet our payment or other obligations under the senior secured credit facilities, the lenders under the senior secured credit facilities could foreclose on, and acquire control of, substantially all of our assets.

In connection with the incurrence of indebtedness under our senior secured credit facilities and the completion of the Insignia acquisition, the lenders under our senior secured credit facilities received a pledge of all of our equity interests and those of CBRE Holding's significant domestic subsidiaries, including us, CBRE Investors, L.L.C., L.J. Melody & Company, Insignia Financial Group, Inc. and Insignia/ESG, Inc., which was subsequently renamed CB Richard Ellis Real Estate Services, Inc., and 65% of the voting stock of CBRE Holding's foreign subsidiaries that is held directly by CBRE Holding or its domestic subsidiaries. Additionally, these lenders generally have a lien on substantially all of our accounts receivable, cash, general intangibles, investment property and future acquired material property. As a result of these pledges and liens, if we fail to meet our payment or other obligations under the senior secured credit facilities, the lenders under the senior secured credit facilities would be entitled to foreclose on substantially all of our assets and liquidate these assets. Under those circumstances, we may not have sufficient funds to pay principal, premium, if any, and interest on the notes. As a result, the holders of the notes may lose a portion of, or the entire value of, their investment.

Risks Relating to the Notes

We may not have the ability to raise the funds necessary to finance a change of control offer.

Upon the occurrence of a change of control, we will be required to offer to repurchase all of the notes. We cannot assure you that there will be sufficient funds available for us to make any required repurchases of the notes upon a change of control. In addition, the amended and restated credit agreement governing our senior secured credit facilities will provide that the occurrence of a change of control constitutes a default. Our failure to purchase tendered notes would constitute a default under the indenture governing the notes, which, in turn, would constitute a default under the senior secured credit facilities. See "Description of the Notes—Change of Control."

A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a subsidiary guarantee can be voided, or claims under the subsidiary guarantee may be subordinated to all other debts of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its subsidiary guarantee or, in some states, when payments become due under the subsidiary guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of the subsidiary guarantee and:

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the subsidiary guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

A subsidiary guarantee may also be voided, without regard to the above factors, if a court found that the subsidiary guarantor entered into the subsidiary guarantee with the actual intent to hinder, delay or defraud its creditors.

A court would likely find that a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its subsidiary guarantee if the subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void a subsidiary guarantee, you would no longer have a claim against the subsidiary guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they became due.

Each subsidiary guarantee will contain a provision intended to limit the subsidiary guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its subsidiary guarantee to be a fraudulent transfer. This provision may not be effective to protect the subsidiary guarantees from being voided under fraudulent transfer law.

The notes are not guaranteed by all of our subsidiaries.

The notes have not been guaranteed by a number of our subsidiaries and Insignia's subsidiaries. As a result, if we default on our obligations under the notes, you will not have any claims against any of our subsidiaries that do not provide guarantees of the notes. For the six-month period ended June 30, 2003, revenues of our non-guarantor subsidiaries constituted approximately 28.5% of our consolidated revenue, operating income of such non-guarantor subsidiaries was $1.7 million and EDITDA of such non-guarantor subsidiaries was $5.7 million. As of June 30, 2003, the total assets of such subsidiaries constituted approximately 21.1% of our consolidated total assets, and the total liabilities (excluding intercompany loans payable) of such subsidiaries were $182.1 million. Upon the closing of the Insignia acquisition, our obligations under the notes were guaranteed by the subsidiaries that conduct Insignia's domestic commercial service operations (including the operations of Insignia/ESG, Inc., which is now known as CB Richard Ellis Real Estate Services, Inc., and unallocated administrative expenses and corporate assets of Insignia). For the six-month period ended June 30, 2003, revenues of Insignia's subsidiaries that conduct its other operations (comprised of international service operations and real estate investment operations), which will not guarantee our obligations under the notes, constituted approximately 31.5% of Insignia's consolidated revenues, operating loss of such subsidiaries was $(1.6) million and EBITDA of such subsidiaries was $1.0 million. As of June 30, 2003, the total assets of such subsidiaries constituted approximately 51.1% of Insignia's consolidated total assets, and the liabilities (excluding intercompany payables) of such subsidiaries were $130.5 million. See note 12 to CBRE Holding's June 30, 2003 consolidated financial statements and note 14 to Insignia's June 30, 2003 consolidated financial statements included elsewhere in this prospectus.

Your ability to recover from our former auditors, Arthur Andersen LLP, for any potential financial misstatements is limited.

On April 23, 2002, at the recommendation of our audit committee, we dismissed Arthur Andersen LLP as our independent public accountants and engaged Deloitte & Touche LLP to serve as our independent public accountants for fiscal year 2002. The audited consolidated financial statements of CBRE Holding as of December 31, 2001 and for the period from February 20, 2001 (inception) through December 31, 2001 and the audited consolidated financial statements of CB Richard Ellis Services for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000, which are included in this prospectus, have been audited by Arthur Andersen, our former independent public accountants, as set forth in their report, but Arthur Andersen has not consented to our use of their report in this prospectus.

Arthur Andersen completed its audit of our consolidated financial statements for the year ended December 31, 2001 and issued its report relating to these consolidated financial statements on February 26, 2002. Subsequently, Arthur Andersen was convicted of obstruction of justice for the activities relating to its previous work for another of its audit clients and has ceased to audit publicly-held companies. We are unable to predict the impact of this conviction or whether other adverse actions may be taken by governmental or private entities against Arthur Andersen. If Arthur Andersen has no assets available for creditors, you may not be able to recover against Arthur Andersen for any claims you may have under securities or other laws as a result of Arthur Andersen’s previous role as our independent public accountants and as author of the audit report for some of the audited financial statements included in this prospectus.

We cannot assure you that an active trading market will develop for the exchange notes.

We do not intend to apply for a listing of the exchange notes on a securities exchange. There is currently no established market for the exchange notes and we cannot assure you as to:

- the liquidity of any market that may develop for the exchange notes;
- the ability of holders of exchange notes to sell their exchange notes; and
- the price at which holders of exchange notes will be able to sell their exchange notes.

Although the initial purchasers of the outstanding notes have advised us that they intend to make a market for the exchange notes, the initial purchasers are not obligated to do so, and may discontinue their market making at any time without notice to the holders of the exchange notes. In addition, market making activity may be limited during the pendency of the exchange offer or the effectiveness of a shelf registration statement. Accordingly, we cannot assure you as to the development or liquidity of any market for the exchange notes. If a market for the exchange notes does develop, prevailing interest rates, the markets for similar securities and other factors could cause the exchange notes to trade at prices lower than their initial market values or reduce the liquidity of the exchange notes.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933. The words "anticipate," "believe," "could," "should," "propose," "continue," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases are used in this prospectus to identify forward-looking statements. The forward-looking statements in this prospectus include, but are not limited to, statements under the captions "Prospectus Summary," "Risk Factors," "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" regarding our future financial condition, prospects, developments and business strategies. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. For the forward-looking statements included in this prospectus, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are made based on our management's expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

The following factors are among those that may cause actual results to differ materially from the forward-looking statements:

- changes in general economic and business conditions;
- the failure of properties managed by us to perform as anticipated;
- our ability to successfully integrate our businesses with those of other businesses we acquire;
- our ability to achieve expected cost savings in connection with the Insignia acquisition;
- competition;
- changes in social, political and economic conditions in the foreign countries in which we operate;
- foreign currency fluctuations;
- a continuation of the economic downturn in the California and New York real estate markets;
- the success of our co-investment activities;
- risks associated with our subsidiaries being general partners of numerous general and limited partnerships;
- the success of our joint venture activities;
- our ability to retain our senior management and attract and retain qualified and experienced employees;
- our ability to comply with the laws and regulations applicable to real estate brokerage and mortgage transactions;
- our exposure to liabilities in connection with real estate brokerage and property management activities;
- control by our majority shareholders;
- significant variability in our results of operations among quarters;
- our substantial leverage and debt service obligations;
- our ability to incur additional indebtedness; and
- our ability to generate a sufficient amount of cash to service our existing and future indebtedness.

All of the forward-looking statements should be considered in light of these factors. We do not undertake any obligation to update our forward-looking statements or the risk factors contained in this prospectus to reflect new information or future events or otherwise.

USE OF PROCEEDS

CB Richard Ellis Services, CBRE Holding and the other guarantors of the outstanding notes will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes as contemplated in this prospectus, CB Richard Ellis Services will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes. The outstanding notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the exchange notes will not result in any change in our capitalization.

The net proceeds we received from the offering of the outstanding notes, together with cash, borrowings under an amended and restated credit agreement, the proceeds from the sale of real estate investment assets by Insignia to Island Fund and the equity contributions by certain of CBRE Holding's existing stockholders were used:

- to pay the holders of Insignia's common stock, consideration of $11.156 per share in connection with the Insignia acquisition;
- to pay the holder of Insignia's preferred stock consideration of $100.00 per share plus all accrued and unpaid dividends;
- to pay holders of all options and warrants, whether vested or unvested, the amount by which $11.156 exceeded the per share exercise price of such option or warrant, if at all, except with respect to options granted pursuant to Insignia's 1998 Stock Incentive Plan, the holders or which received the amount by which $11.20 exceeded the per share exercise price of such option or warrant, if at all;
- to pay certain severance and similar obligations to senior management and other former employees of Insignia and its subsidiaries pursuant to their employment agreements or Insignia employee benefit plans;
- to repay substantially all of Insignia's outstanding indebtedness prior to its acquisition by us;
- to pay fees and expenses associated with the Insignia acquisition and related transactions; and
- for working capital and other general corporate purposes.

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CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of CBRE Holding as of June 30, 2003:

- on an actual basis; and
- on a pro forma as adjusted basis to reflect the consummation of the Insignia acquisition and the related transactions, including our receipt of (1) the net proceeds from the issuance of the notes, (2) the borrowings of additional tranche B term loans under an amended and restated credit agreement governing our senior secured credit facilities and (3) the equity contribution to CBRE Holding of $120.0 million by certain of its existing stockholders.

	As of June 30, 2003	
	Actual	Pro Forma As Adjusted
	(Dollars in thousands)	
Cash and cash equivalents (1)	$ 23,018	$ 108,709
Current maturities of long-term debt	$ 10,760	$ 11,510
Long-term debt, excluding current portion:		
CB Richard Ellis Services:		
Term loan facilities (2)	206,013	280,263
9 3/4% senior notes due 2010	200,000	200,000
11 1/4% senior subordinated notes due 2011 (3)	226,055	226,055
Other long-term debt	12,320	12,320
Total long-term debt, excluding current portion, of CB Richard Ellis Services and its subsidiaries	644,388	718,638
CBRE Holding:		
16% senior notes due 2011 (4)	63,344	63,344
Total long-term debt, excluding current portion, of CBRE Holding and its subsidiaries	707,732	781,982
Stockholders' equity:		
Class A common stock; $0.01 par value; 75,000,000 shares authorized; 1,835,123 shares issued and outstanding, actual; 1,835,123 shares issued and outstanding, pro forma as adjusted	18	27
Class B common stock; $0.01 par value; 25,000,000 authorized; 12,624,813 shares issued and outstanding, actual; 20,124,813 shares issued and outstanding, pro forma as adjusted	127	193
Additional paid-in capital	241,475	361,400
Notes receivable from sale of stock	(4,762)	(4,762)
Accumulated earnings	39,978	32,996
Accumulated other comprehensive loss	(22,272)	(22,272)
Treasury stock at cost, 120,174 shares	(1,892)	(1,892)
Total stockholders' equity	252,672	365,690
Total capitalization	$ 971,164	$ 1,159,182

(1) The pro forma as adjusted amount of cash and cash equivalents includes $16.4 million of restricted cash.

(2) On October 14, 2003, we refinanced our term loan facilities, which among other things, resulted in an increase in our outstanding term loan facility debt, including current portions, to $300.0 million as of such date. See "Prospectus Summary—Recent Developments." This refinancing is not reflected in the pro forma as adjusted capitalization of CBRE Holding.

(3) The amount shown is net of unamortized discount of $2.9 million associated with the issuance of our 11 1/4% senior subordinated notes due 2011.

(4) The amount shown is net of unamortized discount of $5.0 million associated with the issuance of CBRE Holding's 16% senior notes dues 2011.

THE INSIGNIA ACQUISITION AND RELATED TRANSACTIONS

Insignia Acquisition. We offered and sold the outstanding notes in connection with our acquisition of Insignia, which was completed on July 23, 2003. Upon the terms and subject to the conditions set forth in an amended and restated merger agreement dated as of May 28, 2003 among us, CBRE Holding, Apple Acquisition Corp. and Insignia, each share of Insignia's outstanding common stock was converted in the acquisition into the right to receive $11.156 in cash. Also in connection with the acquisition, each share of Insignia's outstanding Series A preferred stock and Series B preferred stock was cancelled and converted into the right to receive a cash payment of $100.00, plus accrued and unpaid dividends. The merger agreement relating to the Insignia acquisition further provided for the termination of all of Insignia's vested and unvested options, except for options granted under Insignia's 1998 Stock Incentive Plan, and warrants to acquire Insignia common stock in consideration of a cash payment to the holder of each option or warrant of the excess, if any, of the $11.156 consideration paid per share of common stock in the Insignia acquisition over the exercise price of the option or warrant. With respect to the options granted under Insignia's 1998 Stock Incentive Plan, the merger agreement provided for the termination of all of such vested and unvested options in consideration of a cash payment to the holder of each such option of the excess, if any, of the highest closing sale price of Insignia common stock on the New York Stock Exchange during the 60-day period immediately prior to the closing of the Insignia acquisition, which was $11.20 per share, over the exercise price of such option. As a result of this acquisition, we own all of the outstanding capital stock of Insignia.

Sale of Residential Real Estate Services Subsidiaries. On March 14, 2003, Insignia completed the sale of its residential real estate services subsidiaries, Insignia Douglas Elliman LLC and Insignia Residential Group LLC, to Montauk Battery Realty, LLC for $66.8 million in cash, $0.5 million in cash held in escrow, up to $0.5 million in cash to be held in escrow until receipt of pending commissions and the assumption of an existing earn-out obligation of Insignia of up to $4.0 million. All escrowed amounts will be made available to satisfy any indemnity claims against Insignia by Montauk Battery Realty, and will otherwise be released from escrow on March 14, 2004. Insignia used the net cash proceeds from this sale to reduce its outstanding indebtedness.

Sale of Real Estate Investment Assets. Pursuant to the merger agreement relating to the Insignia acquisition, Insignia had the right, but not the obligation, to market for sale to third parties specified real estate investment assets that we refer to in this prospectus as the "real estate investment assets." The real estate investment assets consisted of Insignia subsidiaries and joint ventures that held minority investments in office, retail, industrial, apartment and hotel properties, minority investments in office development projects and a related parcel of undeveloped land, wholly owned or consolidated investments in Norman, Oklahoma, New York City and the U.S. Virgin Islands, and investments in two private equity funds that invest primarily in mortgage-backed debt securities.

On May 28, 2003, we, Insignia and Island Fund I LLC entered into a purchase agreement that provided for the sale of substantially all of the real estate investment assets to Island Fund. The sale to Island Fund was completed immediately prior to the completion of the Insignia acquisition on July 23, 2003. In connection with the sale, Island Fund paid cash proceeds to us of approximately $36.9 million and assumed approximately $7.9 million of contingent payment obligations that Insignia otherwise would have been obligated to pay to certain of its executive officers as a result of the completion of the Insignia acquisition. See "Risk Factors—Risks Related to Our Business—We agreed to retain contingent liabilities in connection with Insignia's sale of substantially all of its real estate investment assets" and "Risk Factors—Risks Related to Our Business—Although Island Fund has agreed to indemnify us with respect to certain losses related to the real estate investment assets, we may not be able to obtain such indemnification from Island Fund in the future."

Equity Financing. To partially finance the transactions contemplated by the merger agreement, we and CBRE Holding entered into a subscription agreement with certain of CBRE Holding's existing stockholders, including investment funds affiliated with Blum Capital Partners, L.P., investment funds affiliated with Credit Suisse First Boston, California Public Employees' Retirement System and Frederic Malek, who is a director of

CBRE Holding. Pursuant to this agreement, these stockholders contributed $120.0 million of cash to CBRE Holding in exchange for shares of common stock of CBRE Holding, including an aggregate of approximately $105.4 million by the affiliates of Blum Capital Partners, L.P. Immediately prior to the completion of the Insignia acquisition, CBRE Holding contributed $100.0 million of the $120.0 million to us.

As a result of these equity contributions, as of September 30, 2003 the investment funds affiliated with Blum Capital Partners, L.P. beneficially own approximately 76.2% of CBRE Holding's outstanding shares of Class B common stock and approximately 67.2% of CBRE Holding's outstanding shares of Class A and Class B common stock, taken together. In connection with any matter to be decided by CBRE Holding's stockholders, shares of Class B common stock have 10 votes per share and shares of Class A common stock have one vote per share. For additional information regarding the beneficial ownership of CBRE Holding common stock, you should read the information in the section of this prospectus titled "Principal Stockholders."

Application of Proceeds. The net proceeds from the offering of the outstanding notes, together with the cash contributions from CBRE Holding's existing stockholders, the borrowings of additional tranche B term loans under an amended and restated credit agreement governing our senior secured credit facilities and the cash proceeds from Island Fund, were used as follows at the closing of the Insignia acquisition:

- to pay the holders of Insignia's common stock, preferred stock, warrants and options the consideration described above;
- to repay all existing loans under Insignia's existing senior credit agreement and senior subordinated credit agreement, each of which was terminated in connection with these repayments;
- to pay certain severance and similar obligations to senior management and other former employees of Insignia and its subsidiaries pursuant to their employment agreements or Insignia employee benefit plans; and
- to pay fees and expenses associated with the acquisition and the related debt and equity financings.

CBRE Holding's existing 16% senior notes due 2011 and our existing 11 1/4% senior subordinated notes due 2011 remained outstanding after the Insignia acquisition. For additional information regarding the terms of CBRE Holding's existing senior notes, our existing senior subordinated notes and the senior secured credit facilities, you should read the information included under the caption "Description of Other Indebtedness." For additional information regarding the use of proceeds received in connection with the offering of the outstanding notes, you should read the information included under the caption "Use of Proceeds" in this prospectus.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information is based on the historical financial statements of CBRE Holding and Insignia included elsewhere in this prospectus. The unaudited pro forma combined balance sheet as of June 30, 2003 gives effect to the Insignia acquisition and the related transactions, excluding the sale by Insignia of its residential real estate services subsidiaries, as if they had occurred on June 30, 2003. The unaudited pro forma combined statements of operations for the twelve months ended December 31, 2002 and the six months ended June 30, 2003 give effect to the Insignia acquisition and the related transactions, excluding the sale by Insignia of its residential real estate services subsidiaries, as if they had occurred on January 1, 2002. We refer to the Insignia acquisition and related transactions, excluding the sale by Insignia of its residential real estate services subsidiaries, as the "pro forma transactions." Insignia's historical financial statements that are included elsewhere in this prospectus present Insignia's residential real estate subsidiaries, which were sold by Insignia on March 14, 2003, as discontinued operations. See note 6 to Insignia's June 30, 2003 consolidated financial statements and note 3 to Insignia's 2002 consolidated financial statements included elsewhere in this prospectus.

This unaudited pro forma financial information is presented for informational purposes only and does not purport to represent what CBRE Holding's results of operations or financial position actually would have been had the Insignia acquisition and the related transactions in fact occurred on the dates specified, nor does the information purport to project CBRE Holding's results of operations or financial position for any future period or at any future date. All pro forma adjustments are based on preliminary estimates and assumptions and are subject to revision upon finalization of the purchase accounting for the Insignia acquisition and the related transactions.

Once we have completed the valuation studies necessary to finalize the required purchase price allocations in connection with the Insignia acquisition and identified any changes necessary to conform Insignia's financial presentation to ours, the unaudited pro forma financial information will be subject to adjustment. Such adjustments will likely result in changes to the unaudited pro forma combined balance sheet and the unaudited pro forma combined statements of operations to reflect, among other things, the final allocation of the purchase price. There can be no assurance that such changes will not be material.

The unaudited pro forma financial information does not reflect any adjustments for synergies that CBRE Holding expects to realize commencing upon consummation of the Insignia acquisition. No assurances can be made as to the amount of cost savings or revenue enhancements, if any, that may be realized.

The unaudited financial information does not given effect to the recently completed refinancing of our senior secured credit facilities. For additional information regarding this refinancing, see "Prospectus Summary—Recent Developments."

The unaudited pro forma financial information should be read in conjunction with the other information contained in this prospectus under the captions "Prospectus Summary—Summary Historical and Pro Forma Financial Data," "The Insignia Acquisition and Related Transactions," "Capitalization," "Selected Historical Financial Data" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and the respective financial statements of CBRE Holding and Insignia and the related notes included elsewhere in this prospectus.

CBRE HOLDING, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
As of June 30, 2003
(in thousands, except per share data)

	Historical		Pro Forma Adjustments		
	CBRE Holding	Insignia	Disposition of Real Estate Investment Assets (a)	Insignia Acquisition	Pro Forma Combined
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 21,163	$ 55,991	$ 35,329	$ (20,183)(b)(d)	$ 92,300
Restricted cash	1,855	21,153	(6,599)	—	16,409
Receivables, net of allowance	154,224	133,082	(1,577)	—	285,729
Warehouse receivable	138,240	—	—	—	138,240
Prepaid expenses	19,623	10,547	(93)	(1,334)(c)	28,743
Deferred tax assets, net	19,758	—	—	—	19,758
Other current assets	14,143	—	—	—	14,143
Total current assets	369,006	220,773	27,060	(21,517)	595,322
Cash held in escrow	200,000	—	—	(200,000)(d)	—
Property and equipment, net	68,959	42,140	(147)	(5,587)(e)	105,365
Goodwill	577,137	260,565	—	(83,333)(c)(f)(g)	754,369
Other intangible assets, net	89,494	4,684	—	97,990 (h)	192,168
Deferred compensation assets	69,533	—	—	—	69,533
Investment in and advances to unconsolidated subsidiaries	57,691	—	—	—	57,691
Real estate investments, net	—	131,411	(128,373)	—	3,038
Deferred tax assets, net	35,972	62,086	(2,922)	(19,016)(i)	76,120
Other assets	94,109	12,590	(1,501)	7,867 (j)	113,065
Total assets	$ 1,561,901	$ 734,249	$ (105,883)	$ (223,596)	$ 1,966,671
LIABILITIES & STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable and accrued expenses	$ 98,096	$ 50,120	$ (7,659)	$ 22,621 (k)	$ 163,178
Compensation and employee benefits payable	61,491	61,693	(7)	—	123,177
Accrued bonus and profit sharing	49,853	13,958	(431)	—	63,380
Income taxes payable	—	3,609	—	—	3,609
Short Term Borrowings:					
Warehouse line of credit	138,240	—	—	—	138,240
Revolver and swingline credit facility	11,250	—	—	—	11,250
Other short term borrowings	56,149	—	—	—	56,149
Total short-term borrowings	205,639	—	—	—	205,639
Current maturities of long term debt	10,760	—	—	750 (l)	11,510
Total current liabilities	425,839	129,380	(8,097)	23,371	570,493

	Historical		Pro Forma Adjustments		
	CBRE Holding	Insignia	Disposition of Real Estate Investment Assets (a)	Insignia Acquisition	Pro Forma Combined
Long-term Liabilities:					
Senior secured term loans	206,013	—	—	74,250 (l)	280,263
Notes payable	—	43,000	—	(43,000)(l)	—
Real estate mortgage notes	—	71,986	(71,986)	—	—
9 3/4% senior notes of CB Richard Ellis Services	200,000	—	—	—	200,000
11 1/4% senior subordinated notes of CB Richard Ellis Services	226,055	—	—	—	226,055
16% senior notes of CBRE Holding	63,344	—	—	—	63,344
Other long-term debt	12,320	—	—	—	12,320
Total long-term debt	707,732	114,986	(71,986)	31,250	781,982
Deferred compensation liability	112,741	17,229	—	—	129,970
Deferred tax liabilities	—	23,396	(752)	(22,644)(i)	—
Other liabilities	56,836	28,763	—	26,856 (m)	112,455
Total liabilities	1,303,148	313,754	(80,835)	58,833	1,594,900
Minority interest	6,081	—	—	—	6,081
Stockholders' Equity:					
Preferred Stock, $0.01 par value, 20,000,000 shares authorized, 250,000 Series A shares and 125,000 Series B shares issued and outstanding —actual, no shares issued and outstanding pro forma	—	4	—	(4)(n)	—
Class A common stock; $0.01 par value; 75,000,000 shares authorized; 1,835,123 shares issued and outstanding (including treasury shares) — actual, 2,687,988 issued and outstanding (including treasury shares) pro forma.	18	—	—	9 (n)	27
Class B common stock; $0.01 par value; 25,000,000 shares authorized; 12,624,813 shares issued and outstanding—actual, 19,271,948 shares issued and outstanding pro forma	127	—	—	66 (n)	193
Common Stock, par value $.01 per share—80,000,000 shares authorized, 24,082,121 shares issued and outstanding, net of 1,502,600 shares held in treasury—actual, no shares issued and outstanding pro forma	—	241	—	(241)(n)	—
Additional paid-in capital	241,475	443,101	—	(323,176)(n)	361,400
Notes receivable from sale of stock	(4,762)	(1,006)	—	1,006 (n)	(4,762)
Accumulated earnings (deficit)	39,978	(24,104)	(25,048)	42,170 (n)	32,996
Accumulated other comprehensive income (loss)	(22,272)	2,259	—	(2,259)(n)	(22,272)
Treasury stock at cost	(1,892)	—	—	—	(1,892)
Total stockholders' equity	252,672	420,495	(25,048)	(282,429)	365,690
Total liabilities & stockholders' equity	$ 1,561,901	$ 734,249	$ (105,883)	$ (223,596)	$ 1,966,671

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

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Notes to Unaudited Pro Forma Combined Balance Sheet
as of June 30, 2003

(a) Reflects the sale of the real estate investment assets by Insignia to Island Fund I, LLC for cash consideration of approximately $36.9 million, which gives effect to the assumption by Island Fund I, LLC of certain contingent obligations. This disposition was completed immediately prior to the closing of the Insignia acquisition. Accordingly, the difference between the proceeds from the disposition of the real estate investment assets and their historical book value has been recorded as an adjustment to Insignia's historical equity.

Cash and cash equivalents of $35.3 million related to the disposition of the real estate investment assets consist of the following:

	(in thousands)
Historical cash and cash equivalents related to disposed real estate investment assets	$ (1,541)
Proceeds from the sale of the real estate investment assets	36,870
Cash and cash equivalents—real estate investment asset dispositions	$ 35,329

(b) Reflects the net effect of the pro forma transactions on cash and cash equivalents as follows:

	(in thousands)
Sources:	
Additional tranche B term loan borrowings (note (l))	$ 75,000
9 3/4% senior notes due May 15, 2010	200,000
Equity contribution from CBRE Holding stockholders (note (n))	120,000
Total sources	$ 395,000
Uses:	
Purchase of outstanding shares of Insignia (24,108,533 shares at $11.156 per share, net of repayment of notes receivable from sale of stock, note (f))	$ (266,903)
Purchase of Series A and Series B preferred shares of Insignia (375,000 shares at $100.00 per share plus accrued and unpaid dividends, note (f))	(38,244)
Settlement of outstanding stock options and warrants of Insignia (note (f))	(7,923)
Change of control, severance payments and other	(23,168)
Payment of transaction costs, net of financing costs (note (f))	(16,598)
Repayment of Insignia's senior credit facility (note (l))	(28,000)
Repayment of Insignia's subordinated credit facility (note (l))	(15,000)
Payment of financing costs (note (j))	(19,347)
Total uses	(415,183)
Change in cash and cash equivalents	$ (20,183)

We anticipate incurring approximately $213.3 million in expenditures associated with the pro forma transactions. These expenditures include change of control payments, employee severance, facilities closure costs, retention payments, integration costs, financing costs, capital expenditures and other transaction costs. The payment schedule for, and accounting treatment of, such costs is expected to be as follows:

	Paid By Closing	Paid Over Time	Total Costs
		(in thousands)	
Record as goodwill	$ 41,100	$ 54,620	$ 95,720
Expense as incurred	1,300	74,800	76,100
Record as deferred financing costs/property and equipment	19,347	11,000	30,347
Payout of deferred compensation liability	—	11,100	11,100
Total	$ 61,747	$ 151,520	$ 213,267

The pro forma cash and cash equivalents balance of $92.3 million as of June 30, 2003 is higher than what we would have had historically as of June 30, 2003. This excess cash balance is the result of the borrowing at the closing of the Insignia acquisition and related transactions of the entire $75.0 million principal balance of the additional tranche B term loan and the release from escrow at the closing of the Insignia acquisition and related transactions of the net proceeds from the offering of $200.0 million in aggregate principal amount of the 9 $^{3}/_{4}$% senior notes for purposes of the accompanying unaudited pro forma combined balance sheet. In addition, we have not assumed the application of the $36.9 million in proceeds from the sale of the real estate investment assets for any particular use. We anticipate the incurrence of non-recurring expenditures associated with the integration of Insignia's businesses and expect that this excess cash will be utilized to fund these integration costs.

(c) Represents the adjustment to reflect the reclassification of transaction costs related to the Insignia acquisition paid by us through June 30, 2003 (increase to goodwill).

(d) In accordance with the terms of the indenture governing our $200.0 million in aggregate principal amount 9$^{3}/_{4}$% senior notes, the proceeds from the sale of these notes were placed in escrow until the close of the Insignia acquisition. This adjustment reflects the reclassification of these proceeds to cash.

(e) Represents adjustment to acquired property and equipment to reflect its estimated fair market value as of the date of the Insignia acquisition.

(f) The Insignia acquisition is being accounted for under the purchase method of accounting. Accordingly, the total purchase price is being allocated to the assets acquired and the liabilities assumed based upon their respective estimated fair values. A preliminary allocation of the purchase price has been made to major categories of assets and liabilities in the unaudited pro forma combined balance sheet based on our preliminary assessment. The final allocation of the purchase price may result in significant differences from the pro forma amounts included in this unaudited pro forma combined financial information.

The following represents the calculation of the purchase price of the Insignia acquisition and the excess purchase price over the estimated fair value of net assets acquired:

	(in thousands)
Purchase of outstanding shares of Insignia, net (24,108,533 shares at $11.156 per share)	$ 266,903
Purchase of Series A and Series B preferred shares of Insignia (375,000 shares at $100.00 per share plus accrued and unpaid dividends)	38,244
Settlement of outstanding stock options and warrants of Insignia	7,923
Transaction costs, net of financing costs	20,300
Total purchase price	333,370
Less: estimated fair value of net assets acquired (see table below)	(156,138)
Excess purchase price over estimated fair value of net assets acquired	$ 177,232

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Preliminary allocation of the purchase price to the assets and liabilities of Insignia is comprised of the following:

	(in thousands)
Assets:	
Current assets	$ 247,833
Property and equipment	36,406
Other intangible assets	102,674
Other assets	9,629
Deferred tax assets, net	40,148
Total assets	$ 436,690
Liabilities:	
Current liabilities	$ 116,084
Liabilities incurred in connection with the Insignia acquisition	75,420
Notes payable	43,000
All other liabilities	46,048
Total liabilities	280,552
Estimated fair value of net assets acquired	$ 156,138

(g) The adjustments to goodwill are comprised of the following:

	(in thousands)
Insignia historical goodwill	$ (260,565)
Less: Excess purchase price over estimated fair value of net assets acquired	177,232
Net pro forma adjustments to goodwill	$ (83,333)

(h) The adjustments to other intangible assets are comprised of the following:

	(in thousands)
Fair value of Insignia's net revenue backlog as of June 30, 2003	$ 50,000
Fair value of definite life intangible assets	27,674
Fair value of Richard Ellis trade name in the United Kingdom	25,000
Write-off of the historical book value of Insignia's intangible assets	(4,684)
Net pro forma adjustments to other intangible assets	$ 97,990

Fair value of Insignia's net revenue backlog as of June 30, 2003 represents the estimated backlog of Insignia's revenue producing transactions acquired by us in the Insignia acquisition. The backlog consists of commissions receivable on Insignia's revenue producing transactions, which were at various stages of completion prior to the Insignia acquisition. Purchase accounting rules under generally accepted accounting principles in the United States require these commissions to be recorded as an intangible asset purchased. This asset will be amortized as cash is received upon final closing of these pending transactions.

Definite life intangible assets are primarily comprised of property management contracts in the United States, the United Kingdom, France and other European operations, which will be amortized over their estimated useful lives of up to seven years. The Richard Ellis trade name in the United Kingdom, which was owned by Insignia prior to the Insignia acquisition, is assumed to have an indefinite life and accordingly will not be amortized. The trade name will be subject to at least an annual review for impairment.

(i) Represents the net adjustment to reflect the tax effect of the pro forma adjustments at applicable statutory rates. Deferred taxes are subject to the final appraisal and purchase price allocation to assets and liabilities other than goodwill. The adjustment also includes the reclassification of $22.6 million of Insignia's deferred tax liabilities as a reduction to deferred tax assets to conform to our presentation.

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(j) The adjustments to other assets are comprised of the following:

	(in thousands)
Financing costs associated with debt issued in connection with the pro forma transactions	$ 19,347
Fair value of Insignia's below market leases	1,602
Write-off of deferred financing costs of our prior credit facility	(6,982)
Write-off of deferred financing costs of Insignia's debt to be repaid	(1,616)
Other	(4,484)
Net pro forma adjustments to other assets	$ 7,867

Financing costs represent our estimate of transaction fees and costs directly attributable to the debt financings related to the pro forma transactions. Costs will be allocated to each debt instrument based on specific identification or as a percentage of face value, as appropriate. Such costs will be amortized over the term of the appropriate debt instrument.

(k) The adjustments to accounts payable and accrued expenses are comprised of the following:

	(in thousands)
Write-off of Insignia's existing net deferred revenue	$ (5,199)
Accrued severance and other contractual obligations	17,252
Accrued facilities closure costs	8,200
Accrued transaction costs	2,368
Net pro forma adjustment to accounts payable and accrued expenses	$ 22,621

We have recorded as a component of the Insignia purchase price the estimated costs associated with an involuntary plan of termination of certain of Insignia's employees. This plan was implemented concurrently with the closing of the Insignia acquisition. We have also recorded as a component of the Insignia purchase price the estimated cost to exit duplicate facilities of Insignia. These accruals have been recorded in accordance with EITF 95-3.

(l) Reflects the incurrence and repayment of debt as follows:

	(in thousands)
Non-current portion:	
Additional tranche B term loan borrowings	$ 74,250
Repayment of Insignia's revolving credit facility	(28,000)
Repayment of Insignia's subordinated credit facility	(15,000)
Adjustment to non-current portion of long-term debt	$ 31,250
Current portion:	
Current portion of additional tranche B term loan borrowings	$ 750
Adjustment to current portion of long-term debt	$ 750

In connection with the Insignia acquisition, we entered into an amended and restated credit agreement with Credit Suisse First Boston, or "CSFB", and other lenders. Our previous credit facility was, and the amended and restated credit agreement entered into in connection with the Insignia acquisition continued to be, jointly and severally guaranteed by CBRE Holding and its wholly owned domestic subsidiaries and secured by substantially all of their assets. The amended and restated credit agreement included a tranche A term facility of $50.0 million, which was fully drawn in connection with the acquisition of CB Richard Ellis Services, Inc. by CBRE Holding in 2001, maturing on July 20, 2007; a tranche B term facility of $260.0 million, $185.0 million of which was drawn in connection with the 2001 acquisition and $75.0 million of

which was drawn in connection with the Insignia acquisition, maturing on July 18, 2008; and a revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. After the amendment and restatement in connection with the Insignia acquisition, borrowings under the tranche A and revolving facility bore interest at varying rates based, at our option, on either the applicable LIBOR plus 3.00% to 3.75% or the alternate base rate plus 2.00% to 2.75%, in both cases as determined by reference to the ratio of total debt less available cash to EBITDA, which were defined in the amended and restated credit agreement. Pursuant to the amended and restated credit agreement entered into in connection with the Insignia acquisition, borrowings under the tranche B facility bore interest at varying rates based, at our option, on either the applicable LIBOR plus 4.25% or the alternate base rate plus 3.25%. The alternate base rate was the higher of (1) CSFB's prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

On October 14, 2003, we refinanced all of the outstanding loans under the amended and restated credit agreement described above. As part of this refinancing, we entered into a new amended and restated credit agreement, pursuant to which, among other things, the interest rates, amortization schedule and maturity date for our term loans were amended. For additional information regarding the terms of the new amended and restated credit agreement, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of Other Indebtedness—Our Senior Secured Credit Facilities."

(m) The adjustments to other long-term liabilities are comprised of the following:

	(in thousands)
Accrued facilities closure costs	$ 20,900
Accrued severance and other contractual obligations	5,900
Fair value adjustment for Insignia's above market leases	2,525
Write-off of Insignia's existing net deferred rent expense	(2,469)
Net pro forma adjustment to other long term liabilities	$ 26,856

(n) Represents the elimination of Insignia's historical equity (after adjustments for dispositions) and the issuance of 852,865 shares of Class A common stock, $0.01 par value per share, of CBRE Holding and 6,647,135 shares of Class B common stock, $0.01 par value per share, of CBRE Holding to certain stockholders of CBRE Holding as follows:

	(in thousands)
Elimination of Insignia's equity:	
Insignia's historical preferred stock	$ (4)
Insignia's historical common stock	(241)
Insignia's additional paid-in capital	(443,101)
Repayment of notes receivable from sale of stock	1,006
Insignia's accumulated deficit	49,152
Insignia's accumulated other comprehensive income	(2,259)
Pro forma adjustments to Insignia's historical equity	$ (395,447)
Adjustments to CBRE Holding's equity:	
Issuance of Class A common stock	$ 9
Issuance of Class B common stock	66
Additional paid-in capital	119,925
Accumulated earnings (write off of deferred financing costs of prior credit facility)	(6,982)
Pro forma adjustments to CBRE Holding's equity	$ 113,018
Net pro forma adjustments to equity	$ (282,429)

The net decrease in additional paid-in capital of $323.2 million is comprised of the elimination of Insignia's additional paid-in capital of $443.1 million, offset by the increase in additional paid-in capital of $119.9 million associated with the equity issued to stockholders of CBRE Holding. Certain stockholders of CBRE Holding provided $120.0 million in equity to fund a portion of the Insignia acquisition through the purchase of 852,865 shares of Class A common stock, $0.01 par value per share, of CBRE Holding and 6,647,135 shares of Class B common stock, $0.01 par value per share, of CBRE Holding, in each case at $16.00 per share in cash.

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CBRE HOLDING, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
For the Twelve Months Ended December 31, 2002
(in thousands, except share data)

	Historical		Pro Forma Adjustments		
	CBRE Holding	Insignia	Disposition of Real Estate Investment Assets (a)	Insignia Acquisition	Pro Forma Combined
Revenue	$ 1,170,277	$ 587,532	$ (13,647)	$ —	$ 1,744,162
Costs and expenses:					
Cost of services	554,942	—	—	—	554,942
Operating, administrative and other	493,949	—	—	—	493,949
Costs and expenses—Insignia	—	547,684	(16,268)	222 (b)	531,638
Depreciation and amortization	24,614	20,241	(1,993)	317 (c)	43,179
Equity income from unconsolidated subsidiaries	(9,326)	(3,482)	3,482	—	(9,326)
Merger-related charges	36	—	—	—	36
	1,064,215	564,443	(14,779)	539	1,614,418
Operating income	106,062	23,089	1,132	(539)	129,744
Interest income	3,272	3,936	(29)	—	7,179
Interest expense	60,501	10,976	(2,122)	20,983 (d)	90,338
Income from continuing operations before provision for income tax	48,833	16,049	3,225	(21,522)	46,585
Provision for income taxes	30,106	7,012	1,604	(8,609)(e)	30,113
Income from continuing operations	$ 18,727	$ 9,037	$ 1,621	$ (12,913)	$ 16,472
Basic earnings per share from continuing operations	$ 1.25				$ 0.73
Weighted average shares outstanding for basic earnings per share	15,025,308				22,525,308(f)
Diluted earnings per share from continuing operations	$ 1.23				$ 0.72
Weighted average shares outstanding for diluted earnings per share	15,222,111				22,722,111(f)

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

Notes to Unaudited Pro Forma Combined Statements of Operations for the Twelve Months Ended December 31, 2002

(a) Reflects the elimination of the historical results of the real estate investment assets, which were sold by Insignia to Island Fund I, LLC immediately prior to the closing of the Insignia acquisition. For purposes of the unaudited pro forma combined statement of operations, these dispositions were assumed to have occurred on January 1, 2002.

(b) This adjustment represents incremental pro forma deferred rent expense resulting from the recalculation of deferred rent expense from the assumed Insignia acquisition closing date of January 1, 2002.

(c) This increase is comprised of pro forma amortization expense related to Insignia's property management contracts established in purchase accounting over their estimated useful lives of up to seven years, partially offset by the reversal of Insignia's historical amortization expense. In addition, depreciation expense was adjusted as a result of fair value adjustments to property and equipment.

(d) The increase in pro forma interest expense as a result of the pro forma transactions is summarized as follows:

	(in thousands)
Interest on $200.0 million in aggregate principal amount senior notes at 9¾% per annum	$ 19,500
Interest on $75.0 million in additional tranche B term loan borrowings at LIBOR plus 4.25% (1)	4,573
Additional 0.50% interest rate margin on existing senior secured term loan facilities	1,249
Incremental revolving credit facility loans at LIBOR plus 3.75% (1) (2)	1,092
Amortization of deferred financing costs over the term of each respective debt instrument	2,995
Incremental commitment and administration fees	231
Subtotal	29,640
Less: historical interest expense of Insignia	(5,760)
Less: historical amortization of deferred financing costs of CBRE Holding (prior credit facility)	(1,711)
Less: historical amortization of deferred financing costs of Insignia	(1,186)
Subtotal	(8,657)
Net increase in interest expense	$ 20,983

(1) For purposes of the calculations above, LIBOR is based on the average three month LIBOR rate for fiscal year 2002.

(2) The incremental revolving credit facility loans reflect the difference between Insignia's outstanding revolving credit facility balance as of December 31, 2002 of $95.0 million and the amounts outstanding in excess of $95.0 million during 2002. Such excess was assumed to be financed at LIBOR plus 3.75% under the amended and restated credit agreement we entered into in connection with the closing of the Insignia acquisition.

(e) Represents the tax effect of the pro forma adjustments included in notes (a) through (d) above at the respective statutory rates, excluding some items that are permanently non-deductible for tax purposes.

(f) Reflects the pro forma number of weighted average shares giving effect to the 852,865 shares of Class A common stock of CBRE Holding and 6,647,135 shares of Class B common stock of CBRE Holding issued in connection with the Insignia acquisition.

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CBRE HOLDING, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2003
(in thousands, except share data)

	Historical		Pro Forma Adjustments		
	CBRE Holding	Insignia	Disposition of Real Estate Investment Assets (a)	Insignia Acquisition	Pro Forma Combined
Revenue	$ 585,441	$ 285,606	$ (5,481)	$ —	$ 865,566
Costs and expenses:					
Cost of services	276,665	—	—	—	276,665
Operating, administrative and other	263,596	—	—	—	263,596
Costs and expenses—Insignia	—	280,850	(7,631)	122 (b)	273,341
Depreciation and amortization	12,500	8,946	(788)	1,022 (c)	21,680
Equity (income) loss from unconsolidated subsidiaries	(6,864)	3,318	(3,318)	—	(6,864)
Merger-related charges	3,310	4,885	—	(4,885)(d)	3,310
	549,207	297,999	(11,737)	(3,741)	831,728
Operating income (loss)	36,234	(12,393)	6,256	3,741	33,838
Interest income	1,776	1,646	—	(260)(e)	3,162
Interest expense	31,264	4,134	(841)	8,531 (f)	43,088
Income (loss) from continuing operations before provision (benefit) for income tax	6,746	(14,881)	7,097	(5,050)	(6,088)
Provision (benefit) for income taxes	2,921	(5,208)	2,923	(2,020)(g)	(1,384)
Income (loss) from continuing operations	$ 3,825	$ (9,673)	$ 4,174	$ (3,030)	$ (4,704)
Basic earnings (loss) per share from continuing operations	$ 0.25				$ (0.21)
Weighted average shares outstanding for basic earnings (loss) per share	15,035,075				22,535,075
Diluted earnings (loss) per share from continuing operations	$ 0.25				$ (0.21)
Weighted average shares outstanding for diluted earnings (loss) per share	15,321,994				22,535,075

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

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Notes to Unaudited Pro Forma Combined Statements of Operations
For the Six Months Ended June 30, 2003

(a) Reflects the elimination of the historical results of the real estate investment assets, which were sold by Insignia to Island Fund I, LLC immediately prior to the closing of the Insignia acquisition. For purposes of the unaudited pro forma combined statement of operations, these dispositions were assumed to have occurred on January 1, 2002.

(b) This adjustment represents incremental pro forma deferred rent expense resulting from the recalculation of deferred rent expense from the assumed Insignia acquisition closing date of January 1, 2002.

(c) This increase is comprised of pro forma amortization expense related to Insignia's property management contracts established in purchase accounting over their estimated useful lives of up to seven years, partially offset by the reversal of Insignia's historical amortization expense. In addition, depreciation expense was adjusted as a result of fair value adjustments to property and equipment.

(d) Per Rule 11-02 of Regulation S-X, the pro forma combined statement of operations shall disclose income (loss) from continuing operations before nonrecurring charges or credits directly attributable to the transaction. Accordingly, this adjustment removes such charges for the pro forma combined statement of operations. Insignia's historical merger costs represent professional fees incurred related to the Insignia acquisition.

(e) Represents the reversal of historical interest income earned by us on the net proceeds from the $200.0 million in aggregate principal amount 9 3/4% senior notes held in escrow from May 22, 2003 through July 23, 2003, the date of the closing of the Insignia acquisition. The net proceeds held in escrow were released to us upon consummation of the acquisition.

(f) The increase in pro forma interest expense as a result of the pro forma transactions is summarized as follows:

	(in thousands)
Interest on $200 million in aggregate principal amount 9 3/4% senior notes at 9 3/4% per annum	$ 9,750
Interest on $75.0 million in additional tranche B term loan borrowings at LIBOR plus 4.25% (1)	2,100
Additional 0.50% interest rate margin on existing senior secured term loan facilities	580
Amortization of deferred financing costs over the term of each respective debt instrument	1,497
Incremental commitment and administration fees	174
Subtotal	14,101
Less: historical interest expense of CBRE Holding for $200.0 million in aggregate principal amount 9 3/4% senior notes	(2,167)
Less: historical interest expense of Insignia	(1,667)
Less: historical amortization of deferred financing costs of CBRE Holding (credit facility in effect prior to Insignia acquisition and 9 3/4% senior notes)	(1,001)
Less: amortization of deferred financing costs of Insignia	(735)
Subtotal	(5,570)
Net increase in interest expense	$ 8,531

(1) For purposes of the calculations above, LIBOR is based on the average three month LIBOR rate for the six months ended June 30, 2003.

(g) Represents the tax effect of the pro forma adjustments included in notes (a) through (f) above at the respective statutory rates, excluding some items that are permanently non-deductible for tax purposes.

(h) Reflects the pro forma number of weighted average shares giving effect to the 852,865 shares of Class A common stock of CBRE Holding and the 6,647,135 shares of Class B common stock of CBRE Holding issued in connection with the Insignia acquisition.

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SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth CBRE Holding's selected historical consolidated financial information for each of the five years in the period ended December 31, 2002 and for the six-month periods ended June 30,2002 and June 30, 2003. The statement of operations data for the six-month periods ended June 30, 2002 and June 30, 2003 and the balance sheet data as of June 30, 2003 were derived from the unaudited consolidated financial statements of CBRE Holding included elsewhere in this prospectus. The statement of operations data for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 and the balance sheet data as of December 31, 2001 and 2002 were derived from CBRE Holding's or our predecessor's audited consolidated financial statements included elsewhere in this prospectus. The statement of operations data for the twelve month periods ended December 31, 1998 and 1999 and the balance sheet data as of December 31, 1998, 1999 and 2000 were derived from audited consolidated financial statements of our predecessor that are not included in this prospectus.

The selected financial data presented below are not necessarily indicative of results of future operations and should be read in conjunction with CBRE Holding's consolidated financial statements and the information included under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Financial Information" included elsewhere in this prospectus.

	Predecessor	Predecessor	Predecessor	Company	Company	Company
	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	December 31, 1998	December 31, 1999	December 31, 2000	December 31, 2001	December 31, 2002	June 30, 2003
				(Dollars in thousands)		
Balance Sheet Data:						
Cash and cash equivalents	$ 19,551	$ 27,844	$ 20,854	$ 57,450	$ 79,701	$ 23,018
Total assets	$ 856,892	$ 929,483	$ 963,105	$ 1,354,512	$ 1,324,876	$ 1,561,901
Long-term debt	$ 373,691	$ 357,872	$ 303,571	$ 522,063	$ 511,133	$ 707,732
Total liabilities	$ 660,175	$ 715,874	$ 724,018	$ 1,097,693	$ 1,067,920	$ 1,303,148
Total stockholders' equity	$ 190,842	$ 209,737	$ 235,339	$ 252,523	$ 251,341	$ 252,672
Number of shares outstanding (1)	20,636,134	20,435,692	20,605,023	14,380,414	14,307,893	14,339,762

	Predecessor	Predecessor	Predecessor	Predecessor	Company	Company	Company	Company
	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	Twelve Months Ended December 31, 1998(2)	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 2000	Period From January 1 to July 20, 2001	February 20, 2001 (inception) Through December 31, 2001 (3)	Twelve Months Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
				(Dollars in thousands, except per share amounts)				
Statement of Operations Data:								
Revenue	$ 1,034,503	$ 1,213,039	$ 1,323,604	$ 607,934	$ 562,828	$ 1,170,277	$ 508,883	$ 585,441
Operating income (loss)	$ 78,476	$ 76,899	$ 107,285	$ (14,174)	$ 62,732	$ 106,062	$ 32,177	$ 36,234
Interest expense, net	$ 27,993	$ 37,438	$ 39,146	$ 18,736	$ 27,290	$ 57,229	$ 29,523	$ 29,488
Net income (loss)	$ 24,557	$ 23,282	$ 33,388	$ (34,020)	$ 17,426	$ 18,727	$ 1,194	$ 3,825
Basic EPS (4)	$ (0.38)	$ 1.11	$ 1.60	$ (1.60)	$ 2.22	$ 1.25	$ 0.08	$ 0.25
Weighted average shares outstanding for basic EPS (1)(4)	20,136,117	20,998,097	20,931,111	21,306,584	7,845,004	15,025,308	15,042,584	15,033,075
Diluted EPS (4)	$ (0.38)	$ 1.10	$ 1.58	$ (1.60)	$ 2.20	$ 1.23	$ 0.08	$ 0.25
Weighted average shares outstanding for diluted EPS (1)(4)	20,136,117	21,072,436	21,097,240	21,306,584	7,909,797	15,222,111	15,212,141	15,321,994

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	Predecessor	Predecessor	Predecessor	Predecessor	Company	Company	Company	Company
	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	Twelve Months Ended December 31, 1998(2)	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 2000	Period From January 1 to July 20, 2001	February 20, 2001 (inception) Through December 31, 2001 (3)	Twelve Months Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
	(Dollars in thousands, except per share amounts)							
Other Data:								
Net cash provided by (used in) operating activities	$ 76,005	$ 70,340	$ 80,859	$ (120,230)	$ 91,334	$ 64,882	$ (40,132)	$ (74,555)
Net cash (used in) provided by investing activities	$ (222,911)	$ (23,096)	$ (32,469)	$ (12,139)	$ (261,393)	$ (24,130)	$ (16,210)	$ 2,396
Net cash provided by (used in) financing activities	$ 119,438	$ (37,721)	$ (53,523)	$ 126,230	$ 213,831	$ (17,838)	$ 17,910	$ 14,171
EBITDA (5)	$ 110,661	$ 117,369	$ 150,484	$ 11,482	$ 74,930	$ 130,676	$ 43,880	$ 48,734

Note: CBRE Holding and its predecessor have not declared any cash dividends on common stock for the periods shown.

(1) For the period from February 20, 2001 (inception) through December 31, 2001, the 7,845,004 and the 7,909,797 represent the weighted average shares outstanding for basic and diluted earnings per share, respectively. These balances take into consideration the lower number of shares outstanding prior to the acquisition of CB Richard Ellis Services by CBRE Holding in 2001. The 14,380,414 represents the outstanding number of shares at December 31, 2001.

(2) The results for the twelve months ended December 31, 1998 include the activities of REI, Ltd. from April 17, 1998 and CB Hillier Parker Limited from July 7, 1998. For the twelve months ended December 31, 1998, basic and diluted loss per share include a deemed dividend of $32.3 million on the repurchase of our preferred stock.

(3) The results for the period from February 20, 2001 through December 31, 2001 include the activities of CB Richard Ellis Services, Inc. from July 20, 2001, the date CB Richard Ellis Services was acquired by CBRE Holding.

(4) EPS represents earnings (loss) per share. See earnings per share information in note 16 to CBRE Holding's consolidated financial statements included elsewhere in this prospectus.

(5) EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. We believe that the presentation of EBITDA will enhance an investor's understanding of our operating performance. EBITDA is also a measure used by our senior management to evaluate the performance of our various lines of business and for other required or discretionary purposes, such as our use of EBITDA as a significant component when measuring performance under our employee incentive programs. Additionally, many of our and CBRE Holding's debt covenants are based upon a measure similar to EBITDA. EBITDA should not be considered as an alternative to (1) operating income determined in accordance with accounting principles generally accepted in the United States or (2) operating cash flow determined in accordance with accounting principles generally accepted in the United States. Our calculation of EBITDA may not be comparable to similarly titled measures reported by other companies.

EBITDA is calculated as follows:

	Predecessor	Predecessor	Predecessor	Predecessor	Company	Company	Company	Company
	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 2000	Period From January 1 to July 20, 2001	February 20, 2001 (inception) Through December 31, 2001	Twelve Months Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
	(Dollars in thousands)							
Operating income (loss)	$ 78,476	$ 76,899	$ 107,285	$ (14,174)	$ 62,732	$ 106,062	$ 32,177	$ 36,234
Add:								
Depreciation and amortization	32,185	40,470	43,199	25,656	12,198	24,614	11,703	12,500
EBITDA	$ 110,661	$ 117,369	$ 150,484	$ 11,482	$ 74,930	$ 130,676	$ 43,880	$ 48,734

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the risks described in "Risk Factors" and elsewhere in this prospectus. You should read the following discussion in conjunction with the information included under the captions "Unaudited Pro Forma Financial Information" and "Selected Historical Financial Data" and the financial statements and related notes included elsewhere in this prospectus.

Overview

We are one of the world's largest global commercial real estate services firms in terms of revenue, offering a full range of services to commercial real estate occupiers, owners, lenders and investors. In 2002, on a pro forma basis after giving effect to the Insignia acquisition, we and Insignia provided commercial real estate services through a combined total of 250 offices in 47 countries. We have worldwide capabilities to assist buyers in the purchase and sellers in the disposition of commercial property, to assist tenants in finding available space and owners in finding qualified tenants, to provide valuation and appraisals for real estate property, to assist in the placement of financing for commercial real estate, to provide commercial loan servicing, to provide research and consulting services, to help institutional investors manage commercial real estate portfolios, to provide property and facilities management services and to serve as the outsource service provider to corporations seeking to be relieved of the responsibility for managing their real estate operations.

A significant portion of our revenue is seasonal. Historically, this seasonality has caused the revenue, operating income, net income and cash flow from operating activities to be lower in the first two quarters and higher in the third and fourth quarters of each year. The concentration of earnings and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the fiscal year-end, while incurring constant, non-variable expenses throughout the year. In addition, our operations are directly affected by actual and perceived trends in various national and economic conditions, including interest rates, the availability of credit to finance commercial real estate transactions and the impact of tax laws. Our international operations are subject to political instability, currency fluctuations and changing regulatory environments. To date, we do not believe that general inflation has had a material impact upon our operations. Revenue, commissions and other variable costs related to revenue are primarily affected by real estate market supply and demand rather than general inflation.

In connection with the Insignia acquisition and the related transactions, we have undergone a substantial review of our and Insignia's combined operations in order to identify areas of overlap. During 2002, we and Insignia incurred costs related to (1) the compensation of senior executive management personnel of Insignia who did not join CBRE Holding after the Insignia acquisition, (2) administrative and support costs associated with those executives, (3) field support activities, including human resources, legal, accounting and other administrative functions, of Insignia that overlap with ours and (4) similar field support activities of ours that we expect to eliminate. We expect to eliminate these costs as part of a detailed integration plan developed in connection with the Insignia acquisition. However, we cannot assure you as to when or if all of these expected cost savings will be realized. As we continue to implement our integration plan, a portion of the costs that we expect to save may relate to the elimination of certain of our own personnel. See "Risk Factors—Risks Relating to Our Business—We cannot assure you as to when or if we will be able to achieve all of our expected cost savings in connection with the Insignia acquisition."

Basis of Presentation

On July 20, 2001, CBRE Holding acquired CB Richard Ellis Services, Inc., pursuant to an Amended and Restated Agreement and Plan of Merger dated May 31, 2001 among CBRE Holding, CB Richard Ellis Services

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and Blum CB Corp., a wholly owned subsidiary of CBRE Holding. Blum CB was merged with and into CB Richard Ellis Services, with CB Richard Ellis Services being the surviving corporation. At the effective time of such merger, CB Richard Ellis Services became a wholly owned subsidiary of CBRE Holding. For purposes of this section of the prospectus, we refer to the merger of Blum CB into CB Richard Ellis Services as the "2001 merger," the merger agreement related thereto, as amended, as the "2001 merger agreement" and CB Richard Ellis Services prior to the 2001 merger as "our predecessor."

CBRE Holding's results of operations, including its segment operations and cash flows, for the year ended December 31, 2001 have been derived by combining the results of operations and cash flows of CBRE Holding for the period from February 20, 2001 (inception) to December 31, 2001 with the results of operations and cash flows of our predecessor, prior to the 2001 merger, from January 1, 2001 through July 20, 2001, the date of the 2001 merger. The results of operations and cash flows of our predecessor prior to the 2001 merger incorporated in the following discussion are the historical results and cash flows of our predecessor. These results of our predecessor do not reflect any purchase accounting adjustments, which are included in the results of CBRE Holding subsequent to the 2001 merger. Due to the effects of purchase accounting applied as a result of the 2001 merger and the additional interest expense associated with the debt incurred to finance the 2001 merger, the results of operations of CBRE Holding may not be comparable in all respects to the results of operations for our predecessor prior to the 2001 merger. However, CBRE Holding's management believes a discussion of the 2001 operations is more meaningful by combining the results of CBRE Holding with the results of our predecessor.

Results of Operations

The following tables set forth items derived from the consolidated statements of operations for the six months ended June 30, 2002 and 2003 and for the years ended December 31, 2000, 2001 and 2002, presented in dollars and as a percentage of revenue:

	Six Months Ended June 30,			
	2002		2003	
	(Dollars in thousands)			
Revenue	$ 508,883	100.0%	$ 585,441	100.0%
Costs and expenses				
Cost of services	227,836	44.8	276,665	47.3
Operating, administrative and other	240,206	47.2	263,596	45.0
Depreciation and amortization	11,703	2.3	12,500	2.1
Equity income from unconsolidated subsidiaries	(3,644)	(0.7)	(6,864)	(1.2)
Merger-related charges	605	0.1	3,310	0.6
Operating income	32,177	6.3	36,234	6.2
Interest income	1,398	0.3	1,776	0.3
Interest expense	30,921	6.1	31,264	5.3
Income before provision for income taxes	2,654	0.5	6,746	1.2
Provision for income taxes	1,460	0.3	2,921	0.5
Net income	$ 1,194	0.2%	$ 3,825	0.7%
EBITDA	$ 43,880	8.6%	$ 48,734	8.3%

	Year Ended December 31,					
	2000		2001		2002	
	(Dollars in thousands)					
Revenue	$ 1,323,604	100.0%	$ 1,170,762	100.0 %	$ 1,170,277	100.0%
Costs and expenses:						
Cost of services	628,097	47.4	547,577	46.8	554,942	47.4
Operating, administrative and other	551,528	41.7	512,632	43.8	493,949	42.2
Depreciation and amortization	43,199	3.3	37,854	3.2	24,614	2.1
Equity income from unconsolidated subsidiaries	(6,505)	(0.5)	(4,428)	(0.4)	(9,326)	(0.8)
Merger-related and other nonrecurring charges	—	—	28,569	2.5	36	—
Operating income	107,285	8.1	48,558	4.1	106,062	9.1
Interest income	2,554	0.2	3,994	0.4	3,272	0.3
Interest expense	41,700	3.2	50,020	4.3	60,501	5.2
Income before provision for income taxes	68,139	5.1	2,532	0.2	48,833	4.2
Provision for income taxes	34,751	2.6	19,126	1.6	30,106	2.6
Net income (loss)	$ 33,388	2.5%	$ (16,594)	(1.4)%	$ 18,727	1.6%
EBITDA	$ 150,484	11.4%	$ 86,412	7.4 %	$ 130,676	11.2%

EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. We believe that the presentation of EBITDA will enhance an investor's understanding of our operating performance. EBITDA is also a measure used by our senior management to evaluate the performance of our various lines of business and for other required or discretionary purposes, such as our use of EBITDA as a significant component when measuring performance under our employee incentive programs. Additionally, many of CBRE Holding's and our debt covenants are based upon a measurement similar to EBITDA. EBITDA should not be considered as an alternative to (1) operating income determined in accordance with accounting principles generally accepted in the United States or (2) operating cash flow determined in accordance with accounting principles generally accepted in the United States. Our calculation of EBITDA may not be comparable to similarly titled measures reported by other companies.

EBITDA is calculated as follows:

	Six Months Ended June 30,	
	2002	2003
	(Dollars in thousands)	
Operating income	$ 32,177	$ 36,234
Add:		
Depreciation and amortization	11,703	12,500
EBITDA	$ 43,880	$ 48,734

	Year Ended December 31,		
	2000	2001	2002
	(Dollars in thousands)		
Operating income	$ 107,285	$ 48,558	$ 106,062
Add:			
Depreciation and amortization	43,199	37,854	24,614
EBITDA	$ 150,484	$ 86,412	$ 130,676

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

CBRE Holding reported consolidated net income of $3.8 million for the six months ended June 30, 2003 on revenue of $585.4 million as compared to consolidated net income of $1.2 million on revenue of $508.9 million for the six months ended June 30, 2002.

Revenue on a consolidated basis increased $76.6 million or 15.0% during the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. The increase was driven by significantly higher worldwide sales transaction revenue as well as increased worldwide appraisal and consultation fees, and lease transaction revenue.

Cost of services on a consolidated basis totaled $276.7 million, an increase of $48.8 million or 21.4% from the six months ended June 30, 2002. This increase was mainly due to higher worldwide sales transaction commissions driven by increased worldwide sales transaction revenue as well as increased worldwide payroll related costs, primarily insurance. As a result of the latter, cost of services as a percentage of revenue increased from 44.8% for the six months ended June 30, 2002 to 47.3% for the six months ended June 30, 2003.

Operating, administrative and other expenses on a consolidated basis were $263.6 million, an increase of $23.4 million or 9.7% for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. The increase was primarily driven by higher worldwide bonus and payroll related expenses as well as increased consulting expenses in the Americas and Europe. These increases were partially offset by foreign currency transaction gains resulting from the weaker U.S. dollar. Included in the 2003 bonus amount was an accrual for a one-time performance award of approximately $5.0 million.

Depreciation and amortization expense on a consolidated basis increased by $0.8 million or 6.8% mainly due to an increase in amortization expense for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. This was mainly due to a one-time reduction of amortization expense recorded in the prior year, which arose from the adjustment of certain intangible assets to their estimated fair values as of their acquisition date as determined by independent third party appraisers.

Equity income from unconsolidated subsidiaries increased $3.2 million or 88.4% for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002 primarily due to a gain on sale of owned units in an investment fund.

Merger-related charges on a consolidated basis were $3.3 million and $0.6 million for the six months ended June 30, 2003 and 2002, respectively. The current year charges primarily consisted of consulting and severance costs attributable to the acquisition of Insignia. The prior year charges mainly represented costs for professional services related to the acquisition of CB Richard Ellis Services by CBRE Holding in 2001.

Consolidated interest expense for the six months ended June 30, 2003 was comparable to the six months ended June 30, 2002 at $31.3 million.

Provision for income tax on a consolidated basis was $2.9 million for the six months ended June 30, 2003 as compared to $1.5 million for the six months ended June 30, 2002. The effective tax rate decreased from 55.0% for the six months ended June 30, 2002 to 43.3% for the six months ended June 30, 2003. This decrease was primarily due to non-taxable gains associated with CB Richard Ellis Services' deferred compensation plan in the current year versus the non-deductible losses experienced in the prior year.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

CBRE Holding reported consolidated net income of $18.7 million for the year ended December 31, 2002 on revenue of $1,170.3 million as compared to a consolidated net loss of $16.6 million on revenue of $1,170.8 million for the year ended December 31, 2001.

CBRE Holding’s revenue on a consolidated basis for the year ended December 31, 2002 was comparable to the year ended December 31, 2001. Declines in lease transaction revenue, principally in the Americas and Asia Pacific, combined with a nonrecurring prior year sale of mortgage fund contracts of $5.6 million, was mostly offset by higher worldwide sales transaction revenue, consulting fees, investment management fees and loan fees.

CBRE Holding’s cost of services on a consolidated basis totaled $554.9 million for the year ended December 31, 2002, an increase of $7.4 million or 1.3% from the year ended December 31, 2001. Cost of services as a percentage of revenue increased slightly to 47.4% for the year ended December 31, 2002 as compared to 46.8% for the year ended December 31, 2001. This increase was primarily due to higher producer compensation within CBRE Holding’s international operations associated with expanded international activities. These increases were partially offset by lower variable commissions, principally in the Americas, driven by lower lease transaction revenue.

CBRE Holding’s operating, administrative and other expenses on a consolidated basis were $493.9 million for the year ended December 31, 2002, a decrease of $18.7 million or 3.6% as compared to the year ended December 31, 2001. This decrease was primarily driven by cost cutting measures and operational efficiencies from programs initiated in May 2001, as well as foreign currency transaction and settlement gains resulting from the weaker U.S. dollar. These reductions were partially offset by an increase in bonuses and other incentives, primarily within our international operations, due to higher results.

CBRE Holding’s depreciation and amortization expense on a consolidated basis decreased by $13.2 million or 35.0% mainly due to the discontinuation of goodwill amortization after the 2001 merger in accordance with Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (SFAS No. 142) and lower depreciation expense, principally due to lower capital expenditures for the year ended December 31, 2002. The year ended December 31, 2002 also included a one-time reduction of amortization expense of $2.0 million arising from the adjustment of certain intangible assets to their estimated fair values as of the acquisition date as determined by independent third party appraisers in 2002.

CBRE Holding’s equity income from unconsolidated subsidiaries increased by $4.9 million or 110.6% for the year ended December 31, 2002 as compared to the prior year, primarily due to improved performance from several domestic joint ventures.

The year ended December 31, 2001 included merger-related and other nonrecurring charges on a consolidated basis of $28.6 million. These costs primarily consisted of merger-related costs of $18.3 million, the write-off of assets, primarily e-business investments, of $7.2 million as well as severance costs of $3.1 million related to our cost reduction program instituted in May 2001.

CBRE Holding’s consolidated interest expense was $60.5 million, an increase of $10.5 million or 21.0% over the year ended December 31, 2001. This was primarily attributable to our change in debt structure as a result of the 2001 merger.

CBRE Holding’s income tax expense on a consolidated basis was $30.1 million for the year ended December 31, 2002 as compared to $19.1 million for the year ended December 31, 2001. The income tax provision and effective tax rate were not comparable between periods due to effects of the 2001 merger and the adoption of SFAS No. 142, which resulted in the elimination of the amortization of goodwill. In addition, the decline in the market value of assets associated with the deferred compensation plan for which no tax benefit was realized contributed to an increased effective tax rate.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

CBRE Holding reported a consolidated net loss of $16.6 million for the year ended December 31, 2001 on revenue of $1,170.8 million compared to consolidated net income of $33.4 million on revenue of $1,323.6 million for the year ended December 31, 2000. The 2001 results include a nonrecurring sale of

mortgage fund management contracts of $5.6 million. The 2000 results include a nonrecurring sale of certain non-strategic assets of $4.7 million.

CBRE Holding's revenue on a consolidated basis decreased by $152.8 million or 11.5% during the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was mainly driven by a $98.2 million decrease in lease transaction revenue and a $62.8 million decline in sales transaction revenue during 2001. The lower revenue was primarily attributable to our North American operation. However, our European and Asian operations also experienced lower sales and lease transaction revenue as compared to 2000. These decreases were slightly offset by a $6.4 million or 11.0% increase in loan origination and servicing fees as well as a $6.0 million or 8.1% increase in appraisal fees driven by increased refinancing activities due to a decline in interest rates in the United States and increased fees in the European operation.

CBRE Holding's cost of services on a consolidated basis totaled $547.6 million, a decrease of $80.5 million or 12.8% for the year ended December 31, 2001 as compared to the prior year. This decrease was primarily due to the lower sales and lease transaction revenue within North America. This decline in revenue also resulted in lower variable commissions expense within this region as compared to 2000. This was slightly offset by producer compensation within the international operations, which is typically fixed in nature and does not decrease as a result of lower revenue. Accordingly, cost of services as a percentage of revenue decreased slightly to 46.8% for 2001 as compared to 47.4% for 2000.

CBRE Holding's operating, administrative and other expenses on a consolidated basis were $512.6 million, a decrease of $38.9 million or 7.1% for the year ended December 31, 2001 as compared to the prior year. This decrease was due to cost cutting measures and operational efficiencies from programs initiated in May 2001. An organizational restructure was also implemented after the 2001 merger that included the reduction of administrative staff in corporate and divisional headquarters and the scaling back of unprofitable operations. In addition, bonus incentives and profit share declined due to our lower results.

CBRE Holding's depreciation and amortization expense on a consolidated basis decreased by $5.3 million or 12.4% primarily due to the discontinuation of goodwill amortization after the 2001 merger in accordance with SFAS No. 142.

CBRE Holding's equity income from unconsolidated subsidiaries decreased by $2.1 million or 31.9% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, primarily due to decreased results from several domestic joint ventures.

CBRE Holding's merger-related and other nonrecurring charges on a consolidated basis were $28.6 million for the year ended December 31, 2001. This included merger-related costs associated with the 2001 merger of $18.3 million, the write-off of assets, primarily e-business investments, of $7.2 million and severance costs of $3.1 million attributable to our cost reduction program instituted in May 2001.

CBRE Holding's consolidated interest expense was $50.0 million, an increase of $8.3 million or 20.0% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was attributable to increased debt as a result of the 2001 merger.

CBRE Holding's provision for income taxes on a consolidated basis was $19.1 million for the year ended December 31, 2001 as compared to a provision for income taxes of $34.8 million for the year ended December 31, 2000. CBRE Holding's income tax provision and effective tax rate were not comparable between periods due to the 2001 merger. In addition, we adopted SFAS No. 142, which resulted in the elimination of the amortization of goodwill.

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Segment Operations

In the third quarter of 2001, subsequent to our acquisition by CBRE Holding, we reorganized our business segments as part of our efforts to reduce costs and streamline our operations. We report our operations through three geographically organized segments: (1) Americas, (2) Europe, the Middle East and Africa, or "EMEA," and (3) Asia Pacific. The Americas consists of operations located in the United States, Canada, Mexico and South America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand.

The following table summarizes our revenue, costs and expenses and operating income (loss) by operating segment for the six months ended June 30, 2002 and 2003 and the years ended December 31, 2000, 2001 and 2002. Our Americas results for the six months ended June 30, 2003 include merger-related charges of $1.7 million attributable to the acquisition of Insignia. Our Americas results for the six months ended June 30, 2002 include merger-related charges of $0.6 million, which represent costs for professional services related to the 2001 merger. Our Americas 2001 results include a nonrecurring sale of mortgage fund contracts of $5.6 million as well as costs related to the 2001 merger and other nonrecurring charges of $26.9 million. Our Americas 2000 results include a nonrecurring sale of certain non-strategic assets of $4.7 million. The EMEA results for the six months ended June 30, 2003 include merger-related charges of $1.6 million associated with our acquisition of Insignia. Our Asia Pacific 2001 results include costs related to the 2001 merger and other nonrecurring charges of $1.2 million.

	Six Months Ended June 30,			
	2002		2003	
	(Dollars in thousands)			
Americas				
Revenue	$ 394,521	100.0%	$ 442,487	100.0%
Costs and expenses:				
Cost of services	181,254	45.9	215,929	48.8
Operating, administrative and other	180,961	45.9	187,182	42.3
Depreciation and amortization	8,207	2.1	9,191	2.1
Equity income from unconsolidated subsidiaries	(3,106)	(0.8)	(6,843)	(1.5)
Merger-related charges	605	0.2	1,738	0.4
Operating income	$ 26,600	6.7%	$ 35,290	8.0%
EBITDA	$ 34,807	8.8%	$ 44,481	10.1%
EMEA				
Revenue	$ 73,371	100.0%	$ 97,630	100.0%
Costs and expenses:				
Cost of services	29,281	7.4	40,381	9.1
Operating, administrative and other	40,176	10.2	53,149	12.0
Depreciation and amortization	1,974	0.5	1,821	0.4
Equity (income) loss from unconsolidated subsidiaries	(10)	—	108	—
Merger-related charges	—	—	1,572	0.4
Operating income	$ 1,950	2.7%	$ 599	0.6%
EBITDA	$ 3,924	5.3%	$ 2,420	2.5%
Asia Pacific				
Revenue	$ 40,991	100.0%	$ 45,324	100.0%
Costs and expenses:				
Cost of services	17,301	42.2	20,355	44.9
Operating, administrative and other	19,069	46.5	23,265	51.3
Depreciation and amortization	1,522	3.7	1,488	3.3
Equity income from unconsolidated subsidiaries	(528)	(1.3)	(129)	(0.3)
Operating income	$ 3,627	8.8%	$ 345	0.8%
EBITDA	$ 5,149	12.6%	$ 1,833	4.0%

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	Year Ended December 31,					
	2000		2001		2002	
	(Dollars in thousands)					
Americas						
Revenue	$ 1,074,080	100.0 %	$ 928,799	100.0 %	$ 896,064	100.0%
Costs and expenses:						
Cost of services	530,284	49.3	448,813	48.4	438,842	48.9
Operating, administrative and other	422,698	39.4	388,645	41.8	367,312	41.0
Depreciation and amortization	28,600	2.7	27,452	3.0	16,958	1.9
Equity income from unconsolidated subsidiaries	(5,553)	(0.5)	(3,808)	(0.4)	(8,425)	(0.9)
Merger-related and other nonrecurring charges	—	—	26,923	2.8	36	—
Operating income	$ 98,051	9.1%	$ 40,774	4.4%	$ 81,341	9.1%
EBITDA	$ 126,651	11.8 %	$ 68,226	7.3%	$ 98,299	10.9%
EMEA						
Revenue	$ 164,539	100.0 %	$ 161,306	100.0 %	$ 182,222	100.0%
Costs and expenses:						
Cost of services	61,194	37.1	63,343	39.3	75,475	41.4
Operating, administrative and other	84,172	51.2	81,728	50.6	84,963	46.6
Depreciation and amortization	9,837	6.0	6,492	4.0	4,579	2.5
Equity income from unconsolidated subsidiaries	(3)	—	(2)	—	(82)	—
Merger-related and other nonrecurring charges	—	—	451	0.3	—	—
Operating income	$ 9,339	5.7%	$ 9,294	5.8%	$ 17,287	9.5%
EBITDA	$ 19,176	11.7 %	$ 15,786	9.7%	$ 21,866	12.0%
Asia Pacific						
Revenue	$ 84,985	100.0 %	$ 80,657	100.0 %	$ 91,991	100.0%
Costs and expenses:						
Cost of services	36,619	43.1	35,421	43.9	40,625	44.2
Operating, administrative and other	44,658	52.5	42,259	52.4	41,674	45.3
Depreciation and amortization	4,762	5.6	3,910	4.9	3,077	3.3
Equity income from unconsolidated subsidiaries	(949)	(1.1)	(618)	(0.8)	(819)	(0.9)
Merger-related and other nonrecurring charges	—	—	1,195	1.5	—	—
Operating income (loss)	$ (105)	(0.1)%	$ (1,510)	(1.9)%	$ 7,434	8.1%
EBITDA	$ 4,657	5.5%	$ 2,400	2.9%	$ 10,511	11.4%

EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. We believe that the presentation of EBITDA will enhance an investor's understanding of our operating performance. EBITDA is also a measure used by our senior management to evaluate the performance of our various lines of business and for other required or discretionary purposes, such as our use of EBITDA as a significant component when measuring performance under our employee incentive programs. Additionally many of CBRE Holding's and our debt covenants are based upon a measurement similar to EBITDA. EBITDA should not be considered as an alternative to (1) operating income determined in accordance with accounting principles generally accepted in the United States or (2) operating cash flow determined in accordance with accounting principles generally accepted in the United States. Our calculation of EBITDA may not be comparable to similarly titled measures reported by other companies.

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EBITDA is calculated as follows:

	Six Months Ended June 30,	
	2002	2003
	(Dollars in thousands)	
Americas		
Operating income	$ 26,600	$ 35,290
Add:		
Depreciation and amortization	8,207	9,191
EBITDA	$ 34,807	$ 44,481
EMEA		
Operating income	$ 1,950	$ 599
Add:		
Depreciation and amortization	1,974	1,821
EBITDA	$ 3,924	$ 2,420
Asia Pacific		
Operating income	$ 3,627	$ 345
Add:		
Depreciation and amortization	1,522	1,488
EBITDA	$ 5,149	$ 1,833

	Year Ended December 31,		
	2000	2001	2002
	(Dollars in thousands)		
Americas			
Operating income	$ 98,051	$ 40,774	$ 81,341
Add:			
Depreciation and amortization	28,600	27,452	16,958
EBITDA	$ 126,651	$ 68,226	$ 98,299
EMEA			
Operating income	$ 9,339	$ 9,294	$ 17,287
Add:			
Depreciation and amortization	9,837	6,492	4,579
EBITDA	$ 19,176	$ 15,786	$ 21,866
Asia Pacific			
Operating income (loss)	$ (105)	$ (1,510)	$ 7,434
Add:			
Depreciation and amortization	4,762	3,910	3,077
EBITDA	$ 4,657	$ 2,400	$ 10,511

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

Americas

Revenue increased by $48.0 million or 12.2% for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002 primarily driven by significantly higher sales transaction revenue due to an increased number of transactions and a higher average value per transaction. Cost of services increased by $34.7 million or 19.1% for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002 due to higher sales transaction revenue as well as increased payroll related costs, primarily insurance. As a result of the latter, cost of services as a percentage of revenue increased from 45.9 % for the six months ended June 30, 2002 to 48.8% for the six months ended June 30, 2003. Operating, administrative and other expenses increased $6.2 million or 3.4% due to higher bonus and payroll related costs partially offset by foreign currency transaction gains resulting from the weakened U.S. dollar. Included in the 2003 bonus amount was an accrual for a one-time performance award of approximately $5.0 million.

EMEA

Revenue increased by $24.3 million or 33.1% for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. This was mainly driven by higher sales and lease transaction revenue across Europe. These revenue increases were partially offset by reduced revenue in our French investment management business due to the timing of selected transactions coupled with business start-up costs, which are not expected to have a full year negative impact. Cost of services increased $11.1 million or 37.9% as a result of higher producer compensation expense due to new hires and increased payroll related costs, including pension and insurance expenses, and in part due to the improved results. Operating, administrative and other expenses increased by $13.0 million or 32.3% due to higher bonus, payroll related and consulting expenses.

Asia Pacific

Revenue increased by $4.3 million or 10.6% for the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. The increase was primarily driven by an overall increase in revenue in Australia and New Zealand. These revenue increases were partially offset by reduced revenue in the Company’s Japanese investment management business due to the timing of selected transactions, which is not expected to have a full year negative impact. Cost of services increased by $3.1 million or 17.7% mainly attributable to higher producer compensation expense due to increased headcount in Australia and New Zealand. Operating, administrative and other expenses increased by $4.2 million or 22.0% primarily due to an increased accrual for long term incentives in Australia and New Zealand.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Americas

Revenue decreased by $32.7 million or 3.5% for the year ended December 31, 2002 as compared to the year ended December 31, 2001, primarily driven by lower lease transaction revenue, partially offset by an increase in sales transaction revenue and loan fees. The lease transaction revenue decrease was primarily due to a lower average value per transaction partially offset by a higher number of transactions. The sales transaction revenue increase was driven by a higher number of transactions as well as a higher average value per transaction. Loan fees also increased compared to the prior year principally due to an increase in the number of transactions. Cost of services decreased by $10.0 million or 2.2% for the year ended December 31, 2002 as compared to the year ended December 31, 2001, caused primarily by lower variable commissions due to lower lease transaction revenue. Cost of services as a percentage of revenue were relatively flat when compared to the prior year at approximately 48.9%. Operating, administrative and other expenses decreased by $21.3 million or 5.5% as a result of cost reduction and efficiency measures, the organizational restructure implemented after the 2001 merger and foreign currency transaction and settlement gains resulting from the weaker U.S. dollar.

EMEA

Revenue increased by $20.9 million or 13.0% for the year ended December 31, 2002 as compared to the year ended December 31, 2001. This was mainly driven by higher sales transaction revenue across Europe as well as higher lease transaction revenue and investment management fees in France. Cost of services increased by $12.1 million or 19.2% due to higher producer compensation as a result of increased revenue arising from expanded activities in the United Kingdom, France, Germany, Italy and Spain. Operating, administrative and other expenses increased by $3.2 million or 4.0% mainly attributable to higher incentives due to increased results, higher occupancy costs and consulting fees.

Asia Pacific

Revenue increased by $11.3 million or 14.1% for the year ended December 31, 2002 as compared to the year ended December 31, 2001. This increase was primarily driven by higher investment management fees in Japan and an increase in overall revenue in Australia and New Zealand, partially offset by lower revenues as a result of conversions of small, wholly owned offices to affiliate offices elsewhere in Asia. Cost of services increased by $5.2 million or 14.7% primarily driven by higher producer compensation expense due to increased personnel requirements in Australia, China and New Zealand, slightly offset by lower commissions due to conversions to affiliate offices elsewhere in Asia. Operating, administrative and other expenses decreased by $0.6 million or 1.4% primarily as a result of conversions to affiliate offices. This decrease was mostly offset by an increased accrual for bonuses due to higher results in Australia and New Zealand.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Americas

Revenue decreased by $145.3 million or 13.5% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, primarily driven by the softening global economy as well as the tragic events of September 11, 2001. Lease transaction revenue decreased by $85.3 million and sales transaction revenue declined by $55.5 million due to a lower number of transactions completed as well as a lower average value per transaction during 2001 as compared to 2000. Consulting and referral fees also decreased by $12.1 million or 20.0% as compared to 2000. These declines were slightly offset by an increase in loan origination and servicing fees of $6.4 million as well as higher appraisal fees of $4.4 million driven by increased refinancing activities due to the low interest rate environment in North America. Cost of services decreased by $81.5 million or 15.4% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, caused primarily by the lower lease transaction and sales transaction revenue. The decline in revenue also resulted in lower variable commissions expense. As a result, cost of services as a percentage of revenue decreased from 49.3% in 2000 to 48.4% in 2001. Operating, administrative and other expenses decreased by $34.1 million or 8.1% as a result of cost reduction and efficiency measures initiated in May 2001 as well as the organizational restructure implemented after the 2001 merger. Key executive bonuses and profit share also declined due to the lower results.

EMEA

Revenue decreased by $3.2 million or 2.0% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was mainly driven by lower sales transaction and lease transaction revenue due to the overall weakness in the European economy, particularly in France and Germany. This was slightly offset by higher consulting and referral fees in the United Kingdom as well as an overall increase in appraisal fees throughout Europe. Cost of services increased by $2.1 million or 3.5% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, primarily due to a higher number of producers, mainly in the United Kingdom. Producer compensation in EMEA is typically fixed in nature and does not decrease with a decline in revenue. Operating, administrative and other expenses decreased by $2.4 million or 2.9% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, mainly attributable to decreased bonuses and other incentives due to lower 2001 results.

Asia Pacific

Revenue decreased by $4.3 million or 5.1% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was primarily driven by lower lease transaction revenue due to the weak economy in China and Singapore. Operating, administrative and other expenses decreased by $2.4 million or 5.4% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. The decrease was primarily due to lower personnel requirements and other cost containment measures put in place during May 2001 as well as the organizational restructure implemented after the 2001 merger.

Liquidity and Capital Resources

On July 23, 2003, pursuant to an Amended and Restated Agreement and Plan of Merger, dated as of May 28, 2003, by and among CB Richard Ellis Services, CBRE Holding, Apple Acquisition Corp., a Delaware corporation and wholly owned subsidiary of CB Richard Ellis Services, and Insignia Financial Group, Inc. (Insignia), Apple Acquisition was merged with and into Insignia. Insignia was the surviving corporation in the merger and at the effective time of the merger became a wholly owned subsidiary of CB Richard Ellis Services.

In conjunction with and immediately prior to our acquisition of Insignia, Island Fund I, LLC (Island), a Delaware limited liability company, which is affiliated with Andrew L. Farkas, Insignia's former Chairman and Chief Executive Officer, and some of Insignia's other former officers, completed the purchase of specified real estate investment assets of Insignia, pursuant to a Purchase Agreement, dated as of May 28, 2003, by and among Insignia, CB Richard Ellis Services, CBRE Holding, Apple Acquisition and Island.

Pursuant to the terms of the purchase agreement with Island, as a result of the completion of our acquisition of Insignia, the sale pursuant to the purchase agreement prior to our acquisition of Insignia and the satisfaction of certain conditions set forth in the merger agreement, (1) each issued and outstanding share of Insignia's common stock (other than treasury shares), par value $0.01 per share, was converted into the right to receive $11.156 in cash, without interest, (2) each issued and outstanding share of Insignia's Series A Preferred Stock, par value $0.01 per share, and Series B Preferred Stock, par value $0.01 per share, was converted into the right to receive $100.00 per share, plus accrued and unpaid dividends, (3) all outstanding warrants and options to acquire Insignia common stock other than as described below, whether vested or unvested, were canceled and represented the right to receive a cash payment, without interest, equal to the excess, if any, of the merger consideration received for each share of Insignia common stock over the per share exercise price of the option or warrant, multiplied by the number of shares of Insignia common stock subject to the option or warrant less any applicable withholding taxes, and (4) outstanding options to purchase Insignia common stock granted pursuant to Insignia's 1998 Stock Investment Plan, whether vested or unvested, were canceled and represented the right to receive a cash payment, without interest, equal to the excess, if any, of (a) the higher of (x) the merger consideration received for each share of Insignia common stock, or (y) the highest final sale price per share of the Insignia common stock as reported on the New York Stock Exchange at any time during the 60-day period preceding the closing of our acquisition of Insignia, which was $11.20, (b) over the exercise price of the options, multiplied by the number of shares of Insignia common stock subject to the options, less any applicable withholding taxes. Following the Insignia Acquisition, the Insignia Common Stock was delisted from the NYSE and deregistered under the Securities Exchange Act of 1934.

The funding to complete our acquisition of Insignia, as well as the refinancing of substantially all of the outstanding indebtedness of Insignia, was obtained through (a) the sale of 6,587,135 shares of CBRE Holding Class B Common Stock, par value $0.01 per share, to Blum Strategic Partners, L.P., a Delaware limited partnership, Blum Strategic Partners II, L.P., a Delaware limited partnership and Blum Strategic Partners II GmbH & Co. KG, a German limited partnership, for an aggregate cash purchase price of $105,394,160, (b) the sale of 227,865 shares of CBRE Holding's Class A Common Stock, par value $.01 per share, to DLJ Investment Partners, L.P., a Delaware limited partnership, DLJ Investment Partners II, L.P., a Delaware limited partnership, DLJIP II Holdings, L.P., a Delaware limited partnership, for an aggregate cash purchase price of $3,645,840, (c) the sale of 625,000 shares of CBRE Holding's Class A Common Stock to California Public Employees' Retirement System for an aggregate cash

purchase price of $10,000,000, (d) the sale of 60,000 shares of the Company's Class B Common Stock to Frederic V. Malek for an aggregate cash purchase price of $960,000, (e) the release from escrow of the net proceeds from the offering by CBRE Escrow, Inc., a wholly owned subsidiary of CB Richard Ellis Services that merged with and into CB Richard Ellis Services in connection with the acquisition of Insignia, of $200.0 million of the outstanding notes, which had been issued and sold by CB Escrow on May 22, 2003, (f) $75.0 million of term loan borrowings under the Amended and Restated Credit Agreement dated as of May 22, 2003, by and among CB Richard Ellis Services, Credit Suisse First Boston, or "CSFB," as Administrative Agent and Collateral Agent, the other lenders named in the credit agreement, CBRE Holding and the guarantors named in the credit agreement and (g) $36,870,229.61 of cash proceeds from the completion of the sale to Island.

We believe we can satisfy our non-acquisition obligations, as well as our working capital requirements and funding of investments, with internally generated cash flow, borrowings under the revolving line of credit with CSFB and other lenders or any replacement credit facilities. In the near term, further material acquisitions, if any, that necessitate cash will require new sources of capital such as an expansion of the revolving credit facility and /or issuing additional debt or equity. We anticipate that our existing sources of liquidity, including cash flow from operations, will be sufficient to meet our anticipated non-acquisition cash requirements for the foreseeable future, but at a minimum for the next twelve months.

Net cash used in operating activities totaled $74.6 million for the six months ended June 30, 2003, an increase of $34.4 million compared to the six months ended June 30, 2002. This increase was primarily due to the timing of payments to vendors and taxing authorities, as well as increased receivables as a result of higher sales transaction revenue.

Net cash provided by investing activities totaled $2.4 million for the six months ended June 30, 2003 compared to net cash used in investing activities of $16.2 million in the same period of the prior year. This decrease was primarily due to larger landlord rent concessions as well as the payment of expenses related to the 2001 Merger in the prior year.

Net cash provided by financing activities totaled $14.2 million for the six months ended June 30, 2003 compared to net cash provided by financing activities of $17.9 million for the six months ended June 30, 2002. This decrease was mainly attributable to a decline in net borrowings under the revolving credit facility, partially offset by higher Euro line borrowings for the six months ending June 30, 2003 as compared to the prior year.

Net cash provided by operating activities totaled $64.9 million for the year ended December 31, 2002, an increase of $93.8 million compared to the year ended December 31, 2001. This increase was primarily due to the improved 2002 earnings, as well as lower payments made in the year ended December 31, 2002 for 2001 bonus and profit sharing as compared to the 2000 bonus and profit sharing payments made in the year ended December 31, 2001.

We utilized $24.1 million in investing activities during the year ended December 31, 2002, a decrease of $249.4 million compared to the year ended December 31, 2001. This decrease was primarily due to the prior year payment of the purchase price and related expenses associated with the 2001 merger. Capital expenditures of $14.3 million during the year ended December 31, 2002, net of concessions received, were lower than 2001 by $7.0 million driven primarily by efforts to reduce spending and improve cash flows. Capital expenditures for 2002 and 2001 consisted primarily of purchases of computer hardware and software and furniture and fixtures. We expect to have capital expenditures, net of concessions received, of approximately $28.8 million in 2003 due to leasehold improvements anticipated in New York and London.

Net cash used in financing activities totaled $17.8 million for the year ended December 31, 2002, compared to cash provided by financing activities of $340.1 million for the year ended December 31, 2001. This decrease was mainly attributable to the debt and equity financing required by the 2001 merger in the year ended December 31, 2001.

We issued $200.0 million in aggregate principal amount of 9 3/4% senior notes due May 15, 2010 (the outstanding notes) on May 22, 2003. The outstanding notes are unsecured obligations, senior to all of our current and future unsecured indebtedness, but subordinated to all of our current and future secured indebtedness. The outstanding notes are jointly and severally guaranteed on a senior subordinated basis by CBRE Holding and its domestic subsidiaries. Interest accrues at a rate of 9 3/4% per year and is payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2003. The outstanding notes are redeemable at our option, in whole or in part, on or after May 15, 2007 at 104.875% of par on that date and at declining prices thereafter. In addition, before May 15, 2006, we may redeem up to 35.0% of the originally issued amount of the outstanding notes at 109 3/4% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, we are obligated to make an offer to purchase the outstanding notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the outstanding notes included in the accompanying consolidated balance sheets included elsewhere in this prospectus was $200.0 million as of June 30, 2003.

In accordance with the terms of the offering of the outstanding notes, the proceeds from the sale of the outstanding notes were placed in escrow on May 22, 2003 until the close of our acquisition of Insignia. Accordingly, we had $200.0 million of cash held in escrow included in the accompanying consolidated balance sheet as of June 30, 2003. The proceeds were released from this escrow account on July 23, 2003, the date we completed our acquisition of Insignia.

In connection with our acquisition of Insignia, we entered into an amended and restated credit agreement with CSFB and other lenders. On October 14, 2003, we refinanced all of the outstanding loans under the amended and restated credit agreement we entered into in connection with the completion of the Insignia acquisition. As part of this refinancing, we entered into a new amended and restated credit agreement. The prior credit facilities were, and the current amended and restated credit facilities continue to be, jointly and severally guaranteed by CBRE Holding and its domestic subsidiaries and secured by substantially all of their assets.

The amended and restated credit facilities entered into in connection with the Insignia acquisition included the following: (1) a Tranche A term facility of $50.0 million maturing on July 20, 2007, which was fully drawn in connection with CBRE Holding’s acquisition of CB Richard Ellis Services in 2001; (2) a Tranche B term facility of $260.0 million maturing on July 18, 2008, $185.0 million of which was drawn in connection with CBRE Holding’s acquisition of CB Richard Ellis Services in 2001 and $75.0 million of which was drawn in connection with the Insignia acquisition; and (3) a revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. After the amendment and restatement in connection with the Insignia acquisition, borrowings under the Tranche A and revolving facility bore interest at varying rates based on our option, at either the applicable LIBOR plus 3.00% to 3.75% or the alternate base rate plus 2.00% to 2.75%, in both cases as determined by reference to our ratio of total debt less available cash to EBITDA, which are defined in the amended and restated credit agreement. After the amendment and restatement in connection with the Insignia acquisition, borrowings under the Tranche B facility bore interest at varying rates based on our option at either the applicable LIBOR plus 4.25% or the alternate base rate plus 3.25%. The alternate base rate is the higher of (1) CSFB’s prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

In connection with the October 14, 2003 refinancing of the senior secured credit facilities and the signing of a new amended and restated credit agreement, the former Tranche A term facility and Tranche B term facility were combined into a single term loan facility. The new term loan facility, of which $300.0 million was drawn on October 14, 2003, requires quarterly principal payments of $2.5 million through September 30, 2008 and matures on December 31, 2008. Borrowings under the new term loan facility bear interest at varying rates based, at our option, on either LIBOR plus 3.25% or the alternate base rate plus 2.25%. The maturity date and interest rate for borrowings under the revolving credit facility remain unchanged in the new amended and restated credit agreement. The revolving line of credit requires the repayment of any outstanding balance for a period of 45 consecutive days commencing on any day in the month of December of each year as determined by us. We

repaid our revolving credit facility as of November 5, 2002 and October 14, 2003. The total amounts outstanding under the credit facilities included in senior secured term loans current maturities of long-term debt and short-term borrowings included elsewhere in this prospectus were $300.0 million, $227.6 million and $221.0 million as of October 14, 2003, June 30, 2003 and December 31, 2002, respectively.

We issued $229.0 million in aggregate principal amount of 11 1/4% senior subordinated notes due June 15, 2011 for approximately $225.6 million, net of discount, on June 7, 2001. Our 11 1/4% senior subordinated notes due 2011 are jointly and severally guaranteed on a senior subordinated basis by CBRE Holding and its domestic subsidiaries. Our 11 1/4% senior subordinated notes require semi-annual payments of interest in arrears on June 15 and December 15, having commenced on December 15, 2001, and are redeemable in whole or in part on or after June 15, 2006 at 105.625% of par on that date and at declining prices thereafter. In addition, before June 15, 2004, we may redeem up to 35.0% of the originally issued amount of the notes at 111 1/4% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, we are obligated to make an offer to purchase our 11 1/4% senior subordinated notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount included in the accompanying consolidated balance sheets included elsewhere in this prospectus, net of unamortized discount, was $226.1 million and $225.9 million at June 30, 2003 and December 31, 2002, respectively.

In connection with CBRE Holding’s acquisition of CB Richard Ellis in 2001, CBRE Holding issued an aggregate principal amount of $65.0 million of 16% senior notes due on July 20, 2011. The 16% senior notes are unsecured obligations, senior to all current and future unsecured indebtedness, but subordinated to all current and future secured indebtedness of CBRE Holding. Interest accrues at a rate of 16.0% per year and is payable quarterly in arrears. Interest may be paid in kind to the extent our ability to pay cash dividends is restricted by the terms of our senior secured credit facilities. Additionally, interest in excess of 12.0% may, at CBRE Holding’s option, be paid in kind through July 2006. CBRE Holding elected to pay in kind interest in excess of 12.0%, or 4.0%, that was payable on April 20, 2002, July 20, 2002, October 20, 2002, January 20, 2003 and April 20, 2003. CBRE Holding’s 16% senior notes are redeemable at CBRE Holding’s option, in whole or in part, at 116.0% of par commencing on July 20, 2001 and at declining prices thereafter. As of June 30, 2003, the redemption price was 112.8% of par. In the event of a change in control, CBRE Holding is obligated to make an offer to purchase all of the outstanding 16% senior notes at 101.0% of par. The total amount included in the accompanying consolidated balance sheets included elsewhere in this prospectus was $63.3 million and $61.9 million, net of unamortized discount, at June 30, 2003 and December 31, 2002, respectively.

CBRE Holding’s 16% senior notes are solely CBRE Holding’s obligation to repay. We have neither guaranteed nor pledged any of our assets as collateral for CBRE Holding’s 16% senior notes and are not obligated to provide cashflow to CBRE Holding for repayment of these notes. However, CBRE Holding has no substantive assets or operations other than its investment in us to meet any required principal and interest payments on its 16% senior notes. CBRE Holding will depend on our cash flows to fund principal and interest payments as they come due.

The outstanding notes, the 11 1/4% senior subordinated notes, our senior secured credit facilities and CBRE Holding’s 16% senior notes all contain numerous restrictive covenants that, among other things, limit our ability and the ability of CBRE Holding to incur additional indebtedness, pay dividends or distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. Our senior secured credit facilities currently require us to maintain a minimum coverage ratio of interest and certain fixed charges and a maximum leverage and senior secured leverage ratio of earnings before interest, taxes, depreciation and amortization to funded debt. Our senior secured credit facilities currently require us to pay a facility fee based on the total amount of the unused commitment.

On February 23, 2003, Moody’s Investor Service confirmed the ratings of our senior secured term loans and our 11 1/4% senior subordinated notes at B1 and B3, respectively. On May 1, 2003, Moody’s assigned the rating

of B1 to our outstanding notes and confirmed the ratings of the senior secured term loans at B1. On April 3, 2003, Standard and Poor's Ratings Service downgraded our senior secured term loans and 11 1/4% senior subordinated notes from BB- to B+ and B to B-, respectively. On April 14, 2003 Standard and Poor's assigned the rating B+ to our outstanding notes. On September 30, 2003, in connection with the refinance of the outstanding senior secured credit facilities, Standard and Poor's confirmed the B+ rating of the senior secured term loans. Neither the Moody's nor the Standard and Poor's ratings impact our ability to borrow or affect our interest rates for the senior secured term loans.

One of our subsidiaries has had a credit agreement with Residential Funding Corporation (RFC) since 2001 for the purpose of funding mortgage loans that will be resold. On December 16, 2002, we entered into the Third Amended and Restated Warehousing Credit and Security Agreement effective December 20, 2002. The agreement provides for a revolving line of credit of $200.0 million, bears interest at the lower of one-month LIBOR or 2.0%, which is the "RFC Base Rate," plus 1.0% and expires on August 31, 2003. On March 28, 2003, we were notified that effective May 1, 2003, the RFC Base Rate would be lowered to the greater of one-month LIBOR or 1.5%. On June 25, 2003, the agreement was further modified to provide a temporary revolving line of credit increase of $200.0 million that resulted in a total line of credit equaling $400.0 million, which expired on August 30, 2003 and to change the RFC Base Rate to one-month LIBOR plus 1.0%. By amendment on August 29, 2003, the expiration date of the Agreement was extended to September 25, 2003. On September 26, 2003, we entered into the Fourth Amended and Restated Warehousing Credit and Security Agreement. The agreement provides for a revolving line of credit of up to $200.0 million, bears interest at one-month LIBOR plus 1.0% and expires on August 31, 2004.

During the quarter ended June 30, 2003, we had a maximum of $178.7 million revolving line of credit principal outstanding with RFC. At June 30, 2003 and December 31, 2002, respectively, we had a $138.2 million and a $63.1 million warehouse line of credit outstanding, which are included in short-term borrowings in the accompanying consolidated balance sheets included elsewhere in this prospectus. Additionally, we had a $138.2 million and a $63.1 million warehouse receivable, which are also included in the accompanying consolidated balance sheets included elsewhere in this prospectus as of June 30, 2003 and December 31, 2002, respectively.

One of our subsidiaries has a credit agreement with JP Morgan Chase. The credit agreement provides for a non-recourse revolving line of credit of up to $20.0 million, bears interest at 1.0% in excess of the bank's cost of funds and expires on May 28, 2004. At June 30, 2003 and December 31, 2002, we had no revolving line of credit principal outstanding with JP Morgan Chase.

During 2001, we incurred $37.2 million of non-recourse debt through a joint venture. In June 2003, the maturity date on this non-recourse debt was extended to June 24, 2004. During the third quarter of 2003, the maturity date was further extended to July 31, 2008. At June 30, 2003 and December 31, 2002, respectively, we had $39.3 million and $40.0 million of non-recourse debt outstanding, which is included in short-term borrowings in the accompanying consolidated balance sheets.

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The following is a summary of our various contractual obligations as of July 31, 2003, except for operating leases which are as of December 31, 2002:

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(Dollars in thousands)				
Total debt (1)	$ 1,117,450	$ 296,486	$ 22,750	$ 298,545	$ 499,669
Operating leases	694,391	98,839	167,097	126,913	301,542
Deferred compensation plan liability (2)	131,564	—	—	—	131,564
Pension liability (2)	29,385	—	—	—	29,385
Total Contractual Obligations	$ 1,972,790	$ 395,325	$ 189,847	$ 425,458	$ 962,160

Other Commitments	Amount of Commitments Expiration				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
	(Dollars in thousands)				
Letters of credit	$ 28,395	$ 28,395	$ —	$ —	$ —
Acquisition loan notes (2)	13,785	—	—	—	13,785
Guarantees	2,457	2,457	—	—	—
Co-investment commitments	23,462	15,911	7,551	—	—
Total Commitments	$ 68,099	$ 46,763	$ 7,551	$ —	$ 13,785

(1) As described above in greater detail, on October 14, 2003, we refinanced our senior secured credit facilities, which, among other things, increased the amount of outstanding term loans and changed the amortization schedule for the term loans.
(2) An undeterminable portion of this amount will be paid in years one through five.

Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on or other amounts due in respect of our indebtedness. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our substantial leverage, including our ability to service our debt, would increase. See "Risk Factors—Risks Relating to Our Substantial Indebtedness—Servicing our indebtedness requires a significant amount of cash, and our ability to generate cash depends on many factors beyond our control."

Other Acquisitions

During 2001, we acquired a professional real estate services firm in Mexico for an aggregate purchase price of approximately $1.7 million in cash. We also purchased the remaining ownership interests that we did not already own in CB Richard Ellis/Hampshire, LLC for a purchase price of approximately $1.8 million in cash.

Derivatives and Hedging Activities

We apply Statement of Financial Accounting Standards (SFAS) No. 133, "*Accounting for Derivative Instruments and Hedging Activities*," as amended by SFAS No. 138, "*Accounting for Certain Derivative Instruments and Certain Hedging Activities*" when accounting for derivatives. In the normal course of business, we sometimes utilize derivative financial instruments in the form of foreign currency exchange forward contracts to mitigate foreign currency exchange exposure resulting from intercompany loans. We do not engage in any speculative activities with respect to foreign currency. At June 30, 2003, we had foreign currency exchange forward contracts with an aggregate notional amount of $29.0 million, which mature on various dates through

December 31, 2003. The net impact on the Company's earnings for the three and six months ending June 30, 2003 resulting from the unrealized gains and/or losses on these foreign currency exchange forward contracts was not significant.

Litigation

We are a party to a number of pending or threatened lawsuits arising out of, or incident to, our ordinary course of business. Management believes that any liability that may result from disposition of these lawsuits will not have a material effect on CBRE Holding's consolidated financial position or results of operations.

Net Operating Losses

CBRE Holding had federal income tax net operating losses (NOLs) of approximately $7.9 million at December 31, 2001 and had no federal income tax NOLs at December 31, 2002 or June 30, 2003.

Related Party Transactions

Our investment management business involves investing our own capital in certain real estate investments with clients, including our equity investments in CB Richard Ellis Strategic Partners, LP, Global Innovation Partners, LLC and other co-investments. We have provided investment management, property management, brokerage, appraisal and other professional services to these equity investees and earned revenues from these co-investments of $7.3 million, $15.4 million, $22.4 million and $9.4 million during the years ended December 31, 2000, 2001 and 2002 and the six months ended June 30, 2003, respectively.

Included in other current assets in the accompanying consolidated balance sheets included elsewhere in this prospectus is a note receivable from our equity investment in Investors 1031, LLC in the amount of $1.2 million as of December 31, 2002. This note was issued on June 20, 2002, bore interest at 20.0% per annum and was due on July 15, 2003. This note and related interest were repaid in full during the second quarter of 2003.

Included in other current and long-term assets in the accompanying consolidated balance sheets included elsewhere in this prospectus are employee loans of $5.9 million, $5.9 million and $1.6 million as of June 30, 2003 and December 31, 2002 and 2001, respectively. The majority of these loans represent prepaid retention and recruitment awards issued to employees at varying principal amounts, bear interest at rates up to 10.0% per annum and mature on various dates through 2007. These loans and related interest are typically forgiven over time, assuming that the relevant employee is still employed by, and is in good standing with, our company. As of June 30, 2003, the outstanding employee loan balances included a $0.3 million loan to Raymond E. Wirta, our Chief Executive Officer, and a $0.2 million loan to Brett White, our President. These non-interest-bearing loans to Mr. Wirta and Mr. White were issued during 2002 and are due and payable on December 31, 2003.

Included in the accompanying consolidated balance sheets included elsewhere in this prospectus are $4.8 million, $4.8 million and $5.9 million of notes receivable from sale of stock as of June 30, 2003 and December 31, 2002 and 2001, respectively. These notes are primarily composed of recourse loans to employees, officers and certain of our stockholders, which are secured by CBRE Holding's common stock that is owned by the borrowers. These recourse loans are at varying principal amounts, require quarterly interest payments, bear interest at rates up to 10.0% per annum and mature on various dates through 2010.

Pursuant to our predecessor's 1996 Equity Incentive Plan (EIP), Mr. Wirta purchased 30,000 shares of our predecessor's common stock in 2000 at a purchase price of $12.875 per share that was paid for by delivery of a full-recourse promissory note bearing interest at 7.40%. As part of our acquisition by CBRE Holding in 2001, the 30,000 shares of our predecessor common stock were exchanged for 30,000 shares of CBRE Holding's Class B common stock. These shares of Class B common stock were substituted for our predecessor's shares as security for the promissory note. All interest charged on the outstanding promissory note balance for any year is forgiven if Mr. Wirta's performance produces a high enough level of bonus (approximately $7,500 in interest is forgiven

for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. Wirta's promissory note for 2000 and 2001 was forgiven. As of June 30, 2003 and December 31, 2002 and 2001, Mr. Wirta had an outstanding loan balance of $385,950, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets included elsewhere in this prospectus.

Pursuant to the EIP, Mr. White purchased 25,000 shares of our predecessor's common stock in 1998 at a purchase price of $38.50 per share and 20,000 shares of our predecessor's common stock in 2000 at a purchase price of $12.875 per share. These purchases were paid for by delivery of full-recourse promissory notes bearing interest at 7.40%. As part of our acquisition by CBRE Holding in 2001, Mr. White's shares of our predecessor common stock were exchanged for a like amount of shares of CBRE Holding's Class B common stock. These shares of Class B common stock were substituted for our predecessor's shares as security for the notes. A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of CBRE Holding or its subsidiaries on November 16, 2002 and the fair market value of a share of CBRE Holding's common stock was less than $38.50 on November 16, 2002. Mr. White's 1998 promissory note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. During 2002, the 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for the remaining balance of $400,000 on the 1998 promissory note. All interest charged on the outstanding promissory note balances for any year is forgiven if Mr. White's performance produces a high enough level of bonus (approximately $7,500 in interest is forgiven for each $10,000 bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. White's promissory notes for 2000 and 2001 was forgiven. As of June 30, 2003 and December 31, 2002 and 2001, Mr. White had outstanding loan balances of $257,300, $257,300 and $657,300, respectively, which are included in notes receivable from sale of common stock in the accompanying consolidated balance sheets included elsewhere in this prospectus.

As of June 30, 2003 and December 31, 2002 and 2001, Mr. White had an outstanding loan of $179,886, $164,832 and $164,832, respectively, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets included elsewhere in this prospectus. This outstanding loan relates to the acquisition of 12,500 shares of our predecessor's common stock prior to our acquisition by CBRE Holding in 2001. Subsequent to the 2001 acquisition, these shares were converted into shares of CBRE Holding's common stock and the related loan amount was carried forward. This loan bears interest at 6.0% and is payable at the earliest of: (1) October 14, 2003, (2) the date of the sale of shares held by CBRE Holding pursuant to the related security agreement or (3) the date of the termination of Mr. White's employment.

At the time of our acquisition by CBRE Holding in 2001, Mr. Wirta delivered to CBRE Holding an $80,000 promissory note, which bore interest at 10.0% per year, as payment for the purchase of 5,000 shares of CBRE Holding's Class B common stock. Mr. Wirta repaid this promissory note in full in April of 2002. Additionally, Mr. Wirta and Mr. White delivered full-recourse notes in the amounts of $512,504 and $209,734, respectively, as payment for a portion of CBRE Holding's shares purchased in connection with the 2001 merger. During 2002, Mr. Wirta paid down his loan amount by $40,004 and Mr. White paid off his note in its entirety. During the first quarter of 2003, Mr. Wirta paid down his loan amount by $13,187. As of June 30, 2003 and December 31, 2002, Mr. Wirta had an outstanding loan balance of $459,313 and $472,500, respectively, which is included in notes receivable from sale of common stock in CBRE Holding's consolidated balance sheet included elsewhere in this prospectus.

In the event that CBRE Holding's common stock is not freely tradable on a national securities exchange or an over-the-counter market by June 2004, CBRE Holding has agreed to loan Mr. Wirta up to $3.0 million on a full-recourse basis to enable him to exercise an existing option to acquire shares held by The Koll Holding Company, if Mr. Wirta is employed by CBRE Holding at the time of exercise, was terminated without cause or resigned for good reason. This loan will become repayable upon the earliest to occur of: (1) 90 days following termination of his employment, other than by CBRE Holding without cause or by him for good reason, (2) seven months following the date CBRE Holding's common stock becomes freely tradable as described above and (3)

the receipt of proceeds from the sale of the pledged shares. This loan will bear interest at the prime rate in effect on the date of the loan, compounded annually, and will be repayable to the extent of any net proceeds received by Mr. Wirta upon the sale of any shares of CBRE Holding's common stock. Mr. Wirta will pledge the shares received upon exercise of the option as security for the loan.

Application of Critical Accounting Policies

CBRE Holding's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that management believes to be reasonable. Actual results may differ from those estimates under different assumptions or conditions. We believe that the following critical accounting policies represent the areas where more significant judgments and estimates are used in the preparation of CBRE Holding's consolidated financial statements:

Revenue Recognition

We record real estate commissions on sales upon close of escrow or upon transfer of title. Real estate commissions on leases are generally recorded as income once we satisfy all obligations under the commission agreement. A typical commission agreement provides that we earn a portion of the lease commission upon the execution of the lease agreement by the tenant, while the remaining portion(s) of the lease commission is earned at a later date, usually upon tenant occupancy. The existence of any significant future contingencies will result in the delay of recognition of revenue until such contingencies are satisfied. For example, if we do not earn all or a portion of the lease commission until the tenant pays its first month's rent, and the lease agreement provides the tenant with a free rent period, we delay revenue recognition until cash rent is paid by the tenant. Investment management and property management fees are recognized when earned under the provisions of the related agreements. Appraisal fees are recorded after services have been rendered. Loan origination fees are recognized at the time the loan closes and we have no significant remaining obligations for performance in connection with the transaction, while loan servicing fees are recorded to revenue as monthly principal and interest payments are collected from mortgagors. Other commissions, consulting fees and referral fees are recorded as income at the time the related services have been performed unless significant future contingencies exist.

In establishing the appropriate provisions for trade receivables, we make assumptions with respect to their future collectibility. Our assumptions are based on an individual assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivables balances. In addition to these individual assessments, in general, outstanding trade accounts receivable amounts that are more than 180 days overdue are fully provided for.

Principles of Consolidation

CBRE Holding's consolidated financial statements included elsewhere in this prospectus include the accounts of CBRE Holding and majority owned and controlled subsidiaries. Additionally, CBRE Holding's consolidated financial statements included elsewhere in this prospectus include our accounts prior to CBRE Holding's acquisition of us in 2001 as we are considered CBRE Holding's predecessor for purposes of Regulation S-X. The equity attributable to minority shareholders' interests in subsidiaries is shown separately in CBRE Holding's consolidated balance sheets included elsewhere in this prospectus. All significant intercompany accounts and transactions have been eliminated in consolidation.

CBRE Holding's investments in unconsolidated subsidiaries in which CBRE Holding has the ability to exercise significant influence over operating and financial policies, but does not control, are accounted for under the equity method. Accordingly, CBRE Holding's share of the earnings of these equity-method basis companies is included in consolidated net income. All other investments held on a long-term basis are valued at cost less any impairment in value.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price paid by us over the fair value of the tangible and intangible assets and liabilities of our predecessor at July 20, 2001, the date we were acquired by CBRE Holding. Other intangible assets include a trademark, which was separately identified as a result of the 2001 acquisition. The trademark is not being amortized and has an indefinite estimated life. The remaining other intangible assets represent management contracts and loan servicing rights and are amortized on a straight-line basis over estimated useful lives ranging up to ten years.

We fully adopted SFAS No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002. This statement requires us to perform at least an annual assessment of impairment of goodwill and other intangible assets deemed to have indefinite useful lives based on assumptions and estimates of fair value and future cash flow information. We engage a third-party valuation firm to perform an annual assessment of our goodwill and other intangible assets deemed to have indefinite lives for impairment as of the beginning of the fourth quarter of each year. We also assess goodwill and other intangible assets deemed to have indefinite useful lives for impairment when events or circumstances indicate that their carrying value may not be recoverable from future cash flows. We completed our required annual impairment test as of October 1, 2002 and determined that no impairment existed. We are in the process of completing our annual impairment test as of October 1, 2003.

New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 46, "*Consolidation of Variable Interest Entities*," which is an interpretation of Accounting Research Bulletin No. 51, "*Consolidated Financial Statements.*" This interpretation addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests and results of operations of a VIE need to be consolidated with its primary beneficiary. A company that holds variable interests in entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns or if the VIE does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. For VIEs in which a significant (but not majority) variable interest is held, certain disclosures are required. The consolidation requirements of FIN 46 apply immediately to VIEs created after January 31, 2003. Initially the consolidation requirements applied to existing VIEs in the first fiscal year or interim period beginning after June 15, 2003. On October 9, 2003, the effective date on FIN 46 was deferred until the end of the first interim or annual period ending after December 15, 2003 for VIEs created on or before January 31, 2003. Certain disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the VIE was established. The adoption of this interpretation is not expected to have a material impact on our financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149, "*Amendment to Statement 133 on Derivative Instruments and Hedging Activities.*" SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 is applied prospectively and is effective for contracts entered into or modified after June 30, 2003, except for SFAS No. 133 implementation issues that have been effective for fiscal quarters that began prior to June 15, 2003 and certain provisions relating to forward purchases and sales on securities that do not yet exist. The adoption of this statement is not expected to have a material impact on our financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for the classification and measurement of financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 15, 2003, and is otherwise effective at the

beginning of the first interim period beginning after June 15, 2003. We are currently assessing the impact, if any, that the adoption of this statement will have on our financial position or results of operations.

Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk consists of foreign currency exchange rate fluctuations related to our international operations and changes in interest rates on debt obligations.

Approximately 29% of our business is transacted in local currencies of foreign countries. We attempt to manage our exposure primarily by balancing monetary assets and liabilities, and maintaining cash positions only at levels necessary for operating purposes. We routinely monitor our transaction exposure to currency exchange rate changes and sometimes enter into foreign currency exchange forward and option contracts to limit our exposure, as appropriate. We do not engage in any speculative activities with respect to foreign currency. At June 30, 2003, we had foreign currency exchange forward contracts with an aggregate notional amount of $29.0 million, which mature on various dates through December 31, 2003. The net impact on our earnings for the six months ended June 30, 2003 resulting from the unrealized gains and/or losses on these foreign currency exchange forward contracts was not significant.

We manage our interest expense by using a combination of fixed and variable rate debt. Our fixed and variable rate long-term debt at July 31, 2003 consisted of the following:

Year of Maturity	Fixed Rate	One-Month Yen LIBOR +4.95%	One-Week LIBOR +1.0%	Three-Month LIBOR +3.25%	Three-Month LIBOR +3.75%	Interest Rate Range of 1.0% to 6.25%	Total
				(Dollars in thousands)			
2003	$ 460	$ —	$ 272,533	$ 4,376	$ 1,300	$ 12,143	$ 290,812
2004	33	—	—	8,750	2,600	—	11,383
2005	17	—	—	8,750	2,600	—	11,367
2006	17	—	—	8,750	2,600	—	11,367
2007	2,023	—	—	4,375	2,600	—	8,998
2008	17	39,254	—	—	2,600	—	41,871
Thereafter(1)	499,652	—	—	—	242,000	—	741,652
Totals	$ 502,219	$ 39,254	$ 272,533	$ 35,001	$ 256,300	$ 12,143	$ 1,117,450
Weighted Average Interest Rate	11.2%	5.0%	2.1%	4.4%	4.9%	5.5%	7.0%

(1) Primarily includes the 11 1/4% senior subordinated notes, the outstanding notes, the 16% senior notes and the Tranche B term loans under the senior secured credit facilities.

We utilize sensitivity analyses to assess the potential effect of its variable rate debt. If interest rates were to increase by 36 basis points, which represents approximately 10% of the weighted average variable rate at July 31, 2003, the net impact would be a decrease of $1.3 million on pre-tax income and cash provided by operating activities for the seven months ending July 31, 2003.

Based on dealers' quotes, the estimated fair value of our $225.9 million 11 1/4% senior subordinated notes was $239.5 million at June 30, 2003. There was no trading activity for the 16% senior notes of CBRE Holding which have an effective interest rate of 17.8% and are due in 2011. The carrying value of the 16% senior notes of CBRE Holding as of June 30, 2003 totaled $63.3 million. Estimated fair values for the term loans under the senior secured credit facilities and the remaining long-term debt are not presented because we believe that they are not materially different from book value, primarily because the majority of the remaining debt is based on variable rates that approximate terms that could be obtained at June 30, 2003.

As described in greater detail in "Liquidity and Capital Resources," on October 14, 2003 we refinanced our senior secured credit facilities, which included an increase in the amount of outstanding term loans, as well as changes to the amortization schedules, maturities and interest rates of the term loans.

BUSINESS

Overview

We are one of the world's largest commercial real estate services firms in terms of revenue, offering a full range of services to commercial real estate occupiers, owners, lenders and investors. On July 23, 2003, we acquired Insignia, another leading U.S. and international provider of commercial real estate services. Through our acquisition of Insignia, we expect to solidify our position as a market leader in the commercial real estate services industry. In 2002, on a pro forma basis after giving effect to the Insignia acquisition and related transactions, we and Insignia provided commercial real estate services through a combined total of 250 offices in 47 countries. We provide our services under the CB Richard Ellis brand name on a local, national and international basis. During 2002, on a pro forma basis, we and Insignia advised on approximately 29,050 commercial lease transactions involving aggregate rents of approximately $33.0 billion and approximately 6,160 commercial sales transactions with an aggregate value of approximately $49.0 billion. Also during 2002, on a pro forma basis, we and Insignia managed approximately 668.5 million square feet of property, provided investment management services for approximately $12.9 billion in assets, originated approximately $9.0 billion in loans, serviced approximately $58.9 billion in loans through a joint venture, engaged in approximately 40,800 valuation, appraisal and advisory assignments and serviced over 1,400 subscribers with proprietary research.

History

CBRE Holding, a Delaware corporation, was incorporated on February 20, 2001 as Blum CB Holding Corporation. On March 26, 2001, Blum CB Holding Corporation changed its name to CBRE Holding, Inc., which we refer to in this prospectus as CBRE Holding. CBRE Holding and its former wholly owned subsidiary, Blum CB Corporation, a Delaware corporation, which we refer to as Blum CB, were created to acquire all of our then-outstanding shares. Prior to July 20, 2001, CBRE Holding was a wholly owned subsidiary of Blum Strategic Partners, L.P., which was then known as RCBA Strategic Partners, L.P., and is an affiliate of Richard C. Blum, one of our directors and a director of CBRE Holding.

On July 20, 2001, CBRE Holding acquired us pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001, among CBRE Holding, us and Blum CB. Blum CB was merged with and into us, and we were the surviving corporation. Our operations after the 2001 merger are substantially the same as the operations of CB Richard Ellis Services, Inc., an international real estate services firm, prior to the 2001 merger, which we refer to as our predecessor. In addition, CBRE Holding has no substantive operations other than its investment in us. Information regarding the 2001 merger is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and within note 3 to CBRE Holding's consolidated financial statements included elsewhere in this prospectus.

Business Segments

In the third quarter of 2001, subsequent to the 2001 merger, we reorganized our business segments as part of our efforts to reduce costs and streamline our operations. We now conduct and report our commercial real estate operations through three geographically-organized segments: (1) Americas, (2) Europe, the Middle East and Africa (EMEA) and (3) Asia Pacific. The Americas consists of operations in the United States, Canada, Mexico and South America. EMEA mainly consists of operations in Europe, and Asia Pacific consists of operations in Asia, Australia and New Zealand. We have worldwide capabilities to assist buyers in the purchase and sellers in the disposition of commercial property, to assist tenants in finding available space and owners in finding qualified tenants, to provide valuations and appraisals for real estate property, to assist in the arrangement of financing for commercial real estate, to provide commercial loan servicing, to provide research and consulting services, to help institutional investors manage commercial real estate portfolios, to provide property and facilities management services and to serve as the outsource service provider to corporations seeking to be relieved of the responsibility for managing their real estate operations. Previously, we operated and reported our segments based on the applicable type of revenue transaction.

Information regarding revenue and operating income or loss, attributable to each of our business segments, is included in “Segment Operations” within the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this prospectus and within note 21 to CBRE Holding’s consolidated financial statements included elsewhere in this prospectus. Information concerning the identifiable assets of each of our business segments is set forth in note 21 to CBRE Holding’s consolidated financial statements included elsewhere in this prospectus.

Americas

The Americas is our largest business segment in terms of revenue, earnings and cash flow. It includes the following major lines of businesses:

- *Our brokerage services line of business* provides sales, leasing and consulting services relating to commercial real estate. This line of business is built upon relationships that we establish with clients. This business does not require significant capital expenditures on a recurring basis. However, due to the low barriers to entry and strong competition, we strive to retain top producers through an attractive compensation program that motivates our sales force to achieve higher revenue production. Therefore, the most significant cost is commission expense. In addition, we believe that the CB Richard Ellis brand provides us with a competitive operating advantage. At December 31, 2002, this line of business employed approximately 2,120 people in offices located in most of the largest metropolitan areas in the United States and approximately 410 people in Canada and Latin America.
- *Our investment properties line of business* provides similar brokerage services primarily for commercial, multi-housing and hotel real estate property marketed for sale to institutional and private investors. At December 31, 2002, this line of business employed approximately 480 people in offices mainly located in North America.
- *Our corporate services line of business* focuses on building relationships with large corporate clients. The objective is to establish long-term relationships with clients that could benefit from utilizing corporate services’ broad array of services and/or global presence. These clients are offered the opportunity to be relieved of the responsibility of managing their commercial real estate activities at a lower cost than they could achieve by managing these activities themselves. Corporate services includes research and consulting, structured finance, project management, lease administration and transaction management. These services can be delivered on a bundled or unbundled basis involving other lines of business in single or multiple markets. At December 31, 2002, this business line employed approximately 420 people primarily within North America.
- *Our commercial mortgage line of business* provides commercial loan origination and loan servicing through our wholly owned subsidiary, L.J. Melody & Company. The commercial mortgage business line focuses on the origination of commercial mortgages without incurring principal risk. As part of its activities, L.J. Melody has established correspondent relationships and conduit arrangements with investment banking firms, national banks, credit companies, insurance companies, pension funds and government agencies. Additionally, L.J. Melody participates in a partnership whereby costs are shared in the servicing of its loan portfolios, which allows for a significant cost savings. At December 31, 2002, this business line employed approximately 325 people in the United States.
- *Our valuation line of business* provides valuation, appraisal and market research services. These services include market value appraisals, litigation support, discounted cash flow analyses and feasibility and fairness opinions. We believe that our valuation business line is one of the largest in its industry domestically. At December 31, 2002, this business line had over 200 employees on staff in the Americas. It has developed proprietary technology for preparing and delivering valuation reports to its clients, which provides a competitive advantage over its rivals.

- *Our investment management line of business* provides investment management services through our wholly owned subsidiary, CBRE Investors L.L.C. CBRE Investors' clients include pension plans, investment funds, insurance companies and other organizations seeking to generate returns and diversification through investment in real estate. CBRE Investors sponsors funds and investment programs that span the risk/return spectrum. In higher yield strategies, CBRE Investors "co-invests" with its clients/partners. CBRE Investors is organized into three general client-focused groups according to investment strategy, which include managed accounts group (low risk), strategic partners (value added funds) and special situations (higher yield and highly focused strategies). Operationally, a dedicated investment team with the requisite skill sets and location executes each investment strategy. Each team's compensation is driven largely by the investment performance of its particular strategy/fund. This organizational structure is designed to align the interests of team members with those of the firm and its investor clients/partners and to enhance accountability and performance. Dedicated teams share resources such as accounting, financial controls, information technology, investor services and research. In addition to the research within the CB Richard Ellis platform, which focuses primarily on market conditions and forecasts, CBRE Investors has an in-house team of research professionals who focus on investment strategy and underwriting. At December 31, 2002, CBRE Investors had approximately 110 employees located in its Los Angeles headquarters and in a regional office in Boston.

- *Our asset services line of business* provides value-added asset and related services for income-producing properties owned by local, regional and institutional investors. At December 31, 2002, it managed approximately 216.8 million square feet of commercial space in the Americas. Asset services includes property management, construction management, marketing, leasing and accounting and financial services for investor owned properties, including office, industrial and retail properties. Asset services works closely with its clients to implement their specific goals and objectives, focusing on the enhancement of property values. Asset services markets its services primarily to long-term institutional owners of large commercial real estate assets. Asset services' contractual relationships put us in a position to provide other services for the owner including refinancing, appraisal and lease and sales brokerage services. At December 31, 2002, asset services employed more than 1,010 people in the United States, Canada and Latin America, part of whose compensation is reimbursed by clients. Most asset services are performed by management teams located on-site or in the vicinity of the properties they manage. This provides property owners and tenants with immediate and easily accessible service, enhancing client awareness of manager accountability. All personnel are trained and are encouraged to continue their education through both internally-sponsored and outside training. Asset services personnel utilize state-of-the-art technology to deliver marketing, operations and accounting services.

- *Our facilities management line of business* specializes in the administration, management, maintenance and project management of properties that are occupied by large corporations and institutions. At December 31, 2002, facilities management had approximately 105.3 million square feet under management in the Americas, comprised of corporate headquarters, regional offices, administrative offices and manufacturing and distribution facilities. At December 31, 2002, the facilities management business line employed over 820 people in the Americas, most of whose compensation is reimbursed by clients. In addition to providing a full range of corporate services through contractual relationships, the facilities management group responds to client requests generated by our other business lines for significant, single-assignment acquisition, disposition and strategic real estate consulting assignments that may lead to long-term relationships.

EMEA

Our EMEA division has offices located in 27 countries, with its largest operations located in the United Kingdom, France, Spain, the Netherlands and Germany. Operations within the various countries typically provide, at a minimum, the following services: brokerage, investment properties, corporate services, valuation/appraisal services, asset services and facilities management. Our operations in some countries also provide

financial and investment management services. These services are provided to a wide range of clients and cover office, retail, leisure, industrial, logistics, biotechnology, telecommunications and residential property assets.

We are one of the leading real estate services companies in the United Kingdom. We provide a broad range of commercial property real estate services to investment, commercial and corporate clients located in London. We also have four regional offices in Birmingham, Manchester, Edinburgh and Glasgow. In France, we are a key market leader in Paris and provide a complete range of services to the commercial property sector, as well as some services to the residential property market. In Spain, we provide expensive coverage operating through our offices in Madrid, Barcelona, Valencia, Malaga, Marbella and Palma de Mallorca. Our Netherlands business is based in Amsterdam, while our German operations are located in Frankfurt, Munich, Berlin and Hamburg. Our operations in these countries generally provide a full range of services to the commercial property sector, along with some residential property services. At December 31, 2002, there were approximately 1,300 professional and support staff employed, of which approximately 700 were in the United Kingdom.

Asia Pacific

Our Asia Pacific division has offices located in 11 countries. We believe that we are one of only a few companies that can provide a full range of real estate services to large corporations throughout the region, including brokerage, investment management (in Japan only), corporate services, valuation/appraisal services, asset services and facilities management. We believe that the CB Richard Ellis brand name is recognized throughout this region as one of the leading worldwide commercial real estate services firms. At December 31, 2002, this division employed approximately 2,000 people. In Asia, our principal operations are located in China (including Hong Kong), Singapore, South Korea and Japan. The Pacific region includes Australia and New Zealand, with principal offices located in Brisbane, Melbourne, Syndey, Perth, Auckland and Wellington.

Competitive Environment

The market for our commercial real estate business is both highly fragmented and competitive. Thousands of local commercial real estate brokerage firms and hundreds of regional commercial real estate brokerage firms have offices throughout the world. Most of our competitors in brokerage and asset services are local or regional firms that are substantially smaller than we are on an overall basis, but in some cases may be larger locally. In addition, there are several national, and in some cases international, real estate brokerage firms with whom we compete.

We believe we have a variety of competitive advantages that have helped to establish our strong, global leadership position within the commercial real estate services industry. These advantages include the following:

- *Global Brand Name and Presence.* We are one of the largest commercial real estate services providers in the world in terms of revenue. Together with our predecessors, we have been in existence for 97 years. We believe that we are among the leading commercial real estate services firms in several major U.S. markets, including New York, Los Angeles, Chicago, Houston, Dallas/Fort Worth and Phoenix, as well as in many other important real estate markets around the world, including Hong Kong, London and Paris. We believe that our extensive global reach combined with our localized knowledge enables us to provide world-class service to our numerous multi-regional and multi-national clients. Furthermore, as a result of our global brand recognition and geographic reach, we believe that large corporations, institutional owners and users of real estate recognize us as a pre-eminent provider of high-quality, professional, multi-functional real estate services.
- *Market Leader and Full Service Provider*. We provide a full range of real estate services to meet the needs of our clients. These services include commercial real estate brokerage services, investment properties, corporate services, mortgage banking, investment management, valuation and appraisal services, real estate market research, asset services and facilities management. We believe that our

combination of significant local market presence, strong client relationships and scalable, diversified line of business platforms differentiates us from our competitors and provides us with a competitive advantage.

- *Strong Relationships with Established Customers*. We have long-standing relationships with a number of major real estate investors, and our broad national and international presence has enabled us to develop extensive relationships with many leading corporations. Our clients represent over 60% of the Fortune 100.
- *Recurring Revenue Stream*. We believe we are well positioned to generate recurring revenue through the turnover of leases and properties for which we have previously acted as transaction manager. Our years of strong local market presence have allowed us to develop significant repeat client relationships, which are responsible for a large part of our business.
- *Attractive Business Model*. Our business model features a diversified revenue base, a variable cost structure and low capital requirements.
  - *Diversified Revenue Base*. Our global operations, multiple service lines and extensive customer relationships provide us with a diversified revenue base. Approximately 27% of our 2002 revenue was generated outside the United States.
  - *Variable Cost Structure*. Our sales and leasing producers are generally paid on a commission and bonus basis, which correlates with our revenue performance. This flexible cost structure allows us to maintain our operating margins in a variety of economic conditions.
  - *Low Capital Requirements*. Our business model is structured to provide high value-added services with low capital intensity. Our capital expenditures in 2002 remained low at approximately 1.4% of our 2002 revenue.
- *Empowered Resources*. Our proprietary data network gives our professionals instant access to local and global market knowledge to meet our clients' needs. It also enables our professionals to build cross-functional teams to work collaboratively on projects. With real-time access to state-of-the-art information systems, our professionals are empowered to support clients in achieving their business goals.
- *Strong Senior Management with a Significant Equity Stake*. Our senior management team consists of a number of highly-respected executives, most of whom have over 20 years of broad experience in the real estate industry. Our executive officers beneficially own, in the aggregate, approximately 3.6% of CBRE Holding's outstanding common stock after the Insignia acquisition and the related transactions.

Our Strategy

Our goal is to be the world's leading commercial real estate services firm offering unparalleled breadth and quality of services across the globe. To achieve this goal, we intend to:

Increase Market Share by Capitalizing on Breadth of Services, Global Presence and Continued Cross-Selling. We intend to continue to increase our domestic and international market share by further penetrating the local markets where we currently operate and by capitalizing on our worldwide platform to meet the global needs of our clients. In addition, we intend to increase our revenue per client by continuing to encourage our employees in one business unit to market the services of other business units to their clients, a practice referred to as "cross-selling." We emphasize cross-selling to our employees through education and incentive programs.

Capitalize on Increased Corporate Outsourcing to Increase Market Share. We believe that major corporations are increasingly outsourcing their real estate activities and that we are one of the few companies

with the geographic reach and the service offerings to handle these large and complex outsourcing opportunities. We believe that corporate outsourcing will contribute significantly to our revenue growth in future years.

Grow Our Investment Management Business. We intend to continue to grow our assets under management because this provides us with an attractive revenue source through management fees and the cross-selling of our other services for portfolio investment companies. Historically, we have generated significant revenues through the provision of services on an arm's length basis to funds managed by one of our subsidiaries, CBRE Investors, and we expect to continue this practice in the future.

Continue to Focus on Efficiency Improvements and the Reduction of Costs. We remain focused on improving efficiencies and cost saving opportunities in our core businesses in order to maximize our operating margins and cash flow from our revenue base. Efficiency improvements from information technology enhancements and process redesign should enable us to augment the scalability of our resources and human capital. We reduced our operating, administrative and other cost and expense from $551.5 million in 2000 to $493.9 million in 2002.

Employees

At December 31, 2002, we had approximately 9,500 employees worldwide. We believe that relations with our employees are good. At December 31, 2002, Insignia had approximately 6,000 employees worldwide, including employee brokers and other qualified real estate agents.

Facilities

We lease the following offices as of December 31, 2002:

Location	Sales Offices	Corporate Offices	Total
Americas	134	2	136
Europe, Middle East and Africa	43	1	44
Asia Pacific	25	1	26
Total	202	4	206

We do not own any offices, which is consistent with our strategy to lease instead of own. In general, these offices are fully utilized. There is adequate alternative office space available at acceptable rental rates to meet our needs, although rental rates in some markets may negatively affect our profits in those markets.

Legal Proceedings

We are party to a number of pending or threatened lawsuits arising out of, or incident to, our ordinary course of business. Management believes that any liability imposed on us that may result from disposition of these lawsuits will not have a material effect on CBRE Holding's consolidated financial position or results of operations.

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MANAGEMENT

Executive Officers and Directors

The following table sets forth information about our directors and executive officers.

Name	Age	Position
Ray Wirta	59	Chief Executive Officer and Director
Brett White	43	President and Director
Kenneth J. Kay	48	Chief Financial Officer
Richard C. Blum	68	Chairman of the Board of Directors
Jeffrey A. Cozad	39	Director
Bradford M. Freeman	61	Director
Frederic Y. Malek	66	Director
Jeffrey S. Pion	42	Director
Christian Puscasiu	32	Director
Gary L. Wilson	63	Director

Ray Wirta. Mr. Wirta has been Chief Executive Officer of CBRE Holding since July 2001 and a director of CBRE Holding since September 2001. He has been our Chief Executive Officer since May 1999 and a director of our company since August 1997. He served as our Chief Operating Officer from May 1998 to May 1999. Mr. Wirta holds a B.A. from California State University, Long Beach and an M.B.A. in International Management from Golden Gate University.

Brett White. Mr. White has been the President and a director of CBRE Holding since September 2001. He has been a director of our company since July 2001. He was our Chairman of the Americas from May 1999 to September 2001 and was our President of Brokerage Services from August 1997 to May 1999. Previously, he was our Executive Vice President from March 1994 to July 1997 and Managing Officer of our Newport Beach, California office from May 1993 to March 1994. Mr. White is a member of the board of directors of Mossimo, Inc. Mr. White received his B.A. from the University of California, Santa Barbara.

Kenneth J. Kay. Mr. Kay has been the Chief Financial Officer of CBRE Holding since July 2002. He previously served as Vice President and Chief Financial Officer of Dole Food Company, Inc. from December 1999 to June 2002. Mr. Kay served as Executive Vice President and Chief Financial Officer for the consumer products group of Universal Studios, Inc. from December 1997 to December 1999. Mr. Kay is a certified public accountant in the State of California and holds a B.A. and an M.B.A. from the University of Southern California.

Richard C. Blum. Mr. Blum has been the chairman of the board of directors of CBRE Holding since September 2001 and a director of CBRE Holding since July 2001. He has been the chairman of the board of directors of our company since September 2001 and one of our directors since 1993. He is the Chairman and President of Blum Capital Partners, L.P., a merchant banking firm he founded in 1975. Mr. Blum is a member of the boards of directors of Northwest Airlines Corporation, Glenborough Realty, URS Corporation and Playtex Products, Inc. Mr. Blum also serves as Vice Chairman of URS Corporation. Mr. Blum holds a B.A. from the University of California, Berkeley, a graduate degree from the University of Vienna and an M.B.A. from the University of California, Berkeley.

Jeffrey A. Cozad. Mr. Cozad has been a director of CBRE Holding and our company since September 2001. Mr. Cozad has been a partner of Blum Capital Partners, L.P. since 2000. Prior to joining Blum Capital Partners, Mr. Cozad was a Managing Director of Security Capital Group Incorporated, a global real estate research, investment and operating management company. Mr. Cozad holds a B.A. from DePaul University and an M.B.A. from the University of Chicago Graduate School of Business.

Bradford M. Freeman. Mr. Freeman has been a director of CBRE Holding since July 2001. He has been a director of CBRE Holding since August 1997. Mr. Freeman was a director of Koll Real Estate Services and Koll Management Services, Inc. from November 1994 to August 1997. Mr. Freeman is a founding partner of Freeman Spogli & Co. Incorporated, a private investment company, and its affiliated investment partnerships or companies, founded in 1983. Mr. Freeman is also a member of the boards of directors of Edison International and RDO Equipment Company, an agricultural and industrial equipment distributor. Mr. Freeman holds a B.A. from Stanford University and an M.B.A. from Harvard Business School.

Frederic V. Malek. Mr. Malek has been a director of CBRE Holding and our company since September 2001. He previously served as a director of our company from 1989 to July 2001 and served as co-chairman of our board of directors from April 1989 to November 1996. He has served as Chairman of Thayer Capital Partners, a merchant banking firm he founded, since 1993. He was President of Marriott Hotels and Resorts from 1981 through 1988 and was Executive Vice President of Marriott Corp. from 1978 through 1988. He was Senior Advisor to the Carlyle Group, L.P., a merchant banking firm, from November 1988 through December 1991. From September 1989 through June 1990, he was President of Northwest Airlines Corporation and from June 1990 through December 1991, he served as Vice Chairman of Northwest Airlines Corporation. From December 1991 through November 1992, Mr. Malek served as Campaign Manager for the 1992 Bush/Quayle presidential campaign. He also serves on the boards of directors of American Management Systems, Inc., Automatic Data Processing Corp., Fannie Mae, FPL Group, Inc., Manor Care, Inc., Northwest Airlines Corporation, UBS Brinson and Aegis Communications Co., Inc. Mr. Malek holds a B.S. degree from the United States Military Academy at West Point and an M.B.A. from Harvard Business School.

Jeffrey S. Pion. Mr. Pion has been a director of CBRE Holding and our company since October 2003. Mr. Pion has been an Executive Vice President of CBRE Holding since January 2003. For the last 18 years, Mr. Pion has been a broker at CB Richard Ellis, Inc., a subsidiary of the company, focusing on the sale and leasing of office and commercial properties. Prior to joining CB Richard Ellis, Inc., Mr. Pion worked at Central Real Estate Corp., a real estate development and investment company based in Los Angeles. Mr. Pion holds a B.A. degree from the University of California, Santa Barbara.

Christian Puscasiu. Mr. Puscasiu has been a director of CBRE Holding and our company since October 2003. Mr. Puscasiu has been a Vice President of Blum Capital Partners, L.P. since 1999. Prior to joining Blum Capital, Mr. Puscasiu was an Associate at AEA Investors, a New York based private equity investment firm. Prior to AEA, Mr. Puscasiu spent two and one-half years at Bain & Company. Mr. Puscasiu holds a B.S. in Electrical Engineering and Computer Science from the University of California at Berkeley and an M.B.A. from Harvard Business School.

Gary L. Wilson. Mr. Wilson has been a director of CBRE Holding and our company since September 2001. He previously served as a director of our company from 1989 to July 2001. Since April 1997, Mr. Wilson has been Chairman of Northwest Airlines Corporation, for which he served as Co-Chairman from January 1991 to April 1997. From 1985 to January 1990, Mr. Wilson was an Executive Vice President, Chief Financial Officer and a director of The Walt Disney Company and remains a director of the Walt Disney Company. From 1974 to 1985, he was Executive Vice President and Chief Financial Officer of Marriott Corporation. Mr. Wilson also serves on the boards of directors of On Command Corporation, Veritas Holdings GmbH and Yahoo! Inc. Mr. Wilson holds a B.A. from Duke University and an M.B.A. from the Wharton Graduate School of Business and Commerce at the University of Pennsylvania.

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Compensation of Executive Officers

Summary Compensation Table

The following table sets forth information concerning the compensation of our Chief Executive Officer and our three other executive officers for the years ended December 31, 2002, 2001 and 2000:

	Annual Compensation				Long-Term Compensation		
Name and Principal Position	Year	Salary	Bonus (1)	Other Annual Compensation (2) (3)	Restricted Stock Awards (3)	Security Underlying Stock Options	All Other Compensation (4)
Ray Wirta	2002	$ 518,511	$ —	$ 27,359	—	—	$ —
Chief Executive Officer	2001	518,510	—	8,092	—	176,153	489,375
	2000	500,000	972,000	20,251	30,000	35,000	—
Brett White	2002	450,501	—	71,897	—	—	—
President	2001	415,883	—	62,552	—	141,782	408,500
	2000	375,000	714,601	49,692	20,000	20,000	—
Kenneth J. Kay (5)	2002	207,692	77,295	—	—	—	300,000(6)
Senior Executive Vice President and Chief Financial Officer							
James H. Leonetti (7)	2002	147,138	—	—	—	—	170,000(8)
Senior Executive Vice President and Chief	2001	254,458	—	—	—	—	453,500
Financial Officer	2000	72,115	82,500	—	—	25,000	—

(1) Bonus for each year is paid pursuant to the Annual Management Bonus Plan in the first quarter of the following year, e.g., the bonus shown for 2000 was paid in March of 2001.

(2) With respect to Other Annual Compensation paid in 2000, the amounts listed include a $12,000 automobile allowance. For Messrs. Wirta and White, such amounts also include interest accrued and forgiven under the promissory notes delivered by them pursuant to our predecessor's 1996 Equity Incentive Plan (EIP).

(3) Pursuant to our predecessor's EIP, Mr. White purchased 25,000 shares of our predecessor's common stock in 1998 for a purchase price of $38.50 per share and 20,000 shares of our predecessor's common stock in 2000 for a purchase price of $12.875 per share. These purchases were paid for by the delivery of full-recourse promissory notes. A First Amendment to Mr. White's 1998 Promissory Note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of CBRE Holding or its subsidiaries on November 16, 2002 and the fair market value of our common stock was at least $38.50 per share on November 16, 2002. Mr. White's Promissory Note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. The 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for this note. The remaining note delivered by Mr. White bears interest at 7.40%. As part of the 2001 merger, the 20,000 shares of our predecessor's common stock purchased by Mr. White were exchanged for 20,000 shares of Class B common stock of CBRE Holding, which shares were substituted for our predecessor's shares as security for the note. Pursuant to the EIP, Mr. Wirta purchased 30,000 shares of our predecessor's common stock in 2000 at a purchase price of $12.875 paid for by the delivery of a full-recourse promissory note bearing interest at 7.40%. As part of the 2001 merger, the 30,000 shares of our predecessor's common stock were exchanged for 30,000 shares of Class B common stock of CBRE Holding, which shares were substituted for CBRE Holding's shares as security for the note. All interest charged on the outstanding promissory note balances for any year is forgiven if the executive's performance produces a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and 2002, all interest on Mr. White's promissory notes for 2000 and 2001 was forgiven. As a result of bonuses paid in 2001 and 2002, all interest on Mr. Wirta's note for 2000 and 2001 was forgiven.

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(4) In connection with CBRE Holding's acquisition of us in 2001, CBRE Holding awarded cash retention bonuses to Messrs. Wirta, White and Leonetti to provide an incentive and reward for continued service up to and including the acquisition. At the effective time of the acquisition, Messrs. Wirta, White and Leonetti also received for each of their options to purchase shares of CBRE Holding's common stock, the greater of (A) the amount by which $16.00 exceeded the exercise price of the option, if any, and (B) $1.00. In connection with the 2001 merger, Mr. Leonetti also received payments pursuant to his employment agreement.
(5) Mr. Kay joined us effective June 13, 2002.
(6) Pursuant to Mr. Kay's employment agreement, he received a sign-on bonus of $300,000.
(7) Mr. Leonetti ceased to be an officer and an employee of CBRE Holding on July 19, 2002.
(8) Pursuant to Mr. Leonetti's leaving CBRE Holding, he received a severance payment of $170,000.

Option Grants Table

The following table sets forth information concerning stock option grants during the year ended December 31, 2002 to the persons named in the preceding table.

					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	**Number of Securities Underlying Options Granted**	**Percentage of Total Options Granted to Employed in 2002**	**Exercise Price Per Share**	**Expiration Date**	**5%**	**10%**
Kenneth J. Kay (1)	62,000	50.1%	$ 16.000	7/20/12	$ 623,863	$ 1,580,993

(1) The options vest 20% per year beginning July 2003.

Aggregated Options Table

The following table sets forth information concerning unexercised options held as of December 31, 2002 by the persons named in the table under "Summary Compensation Table." No options were exercised by the named executive officers during fiscal year 2002.

			Number of Securities Underlying Unexercised Options at December 31, 2002		Value of Unexercised In-the-Money Options at December 31, 2002	
Name	**Shares Acquired on Exercise**	**Value Realized ($)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Ray Wirta	—	—	35,231	140,922	—	—
Brett White	—	—	28,356	113,426	—	—
Kenneth J. Kay	—	—	—	62,000	—	—

Incentive Plans

Deferred Compensation Plan

Our deferred compensation plan permits a select group of management employees, as well as other highly compensated employees, to elect, immediately prior to the beginning of each calendar year, to defer receipt of some or all of their compensation for the next year until a future distribution date and have it credited to one or more of several funds in the deferred compensation plan. From time to time, we have also granted deferred compensation awards in connection with our incentive programs. The three funds in which deferred compensation amounts may be credited are:

- *The Insurance Fund*. A participant may elect to have his or her deferred compensation allocated to the Insurance Fund. Within the Insurance Fund, the employee can elect to have gains or losses on deferrals measured by one or more of approximately 30 mutual funds. We hedge our obligations to the participants under the Insurance Fund by buying a contract of insurance within which we have

premiums invested in the mutual funds, which participants have elected to measure the value of their deferred compensation. Historically, we have held the insurance contracts in a Rabbi Trust. The participants, as general unsecured creditors of us, have no interest in or claim to the Rabbi Trust, the insurance contract or the mutual funds within the insurance contract. The insurance contract and the Rabbi Trust are our assets and are available to our general creditors, including the deferred compensation plan participants, in the event of our bankruptcy or insolvency. While in the past we have elected to deposit in the Rabbi Trust the full amount of deferrals into the Insurance Fund, we are not obligated to do so in the future, and we anticipate that any future funding will be limited so that we maintain cash equal to the incremental tax we must pay because deferred compensation plan allocations are not deductible for tax purposes.

- *The Stock Fund.* A participant may elect to have his or her deferrals allocated to our stock fund. After the effective date of the 2001 merger, no new deferrals are allowed in stock fund units.
- *The Interest Index Funds.* From the deferred compensation plan's inception in 1994 until May 1999, participants could elect to have their deferrals allocated to an Interest Index Fund, which we refer to as "Interest Index Fund I." All of these allocations were credited with interest at the rate payable by us under our principal credit agreement. Effective June 1, 2001 a new Interest Index Fund, which we refer to as "Interest Index Fund II," was established. All deferrals allocated to Interest Index Fund II are credited with interest at 11¼% per year for five years or until distributed if earlier, and after that time at a rate no lower than the rate we pay under the credit agreement governing our senior secured credit facilities. The deferrals to Interest Index Fund II will not be funded with a Rabbi Trust or otherwise. Interest Index Fund II will only accept up to $20 million in deferrals, other than pursuant to our 2000 Company Match Program. A participant may elect to move allocations from the Insurance Fund—but not the Stock Fund or Interest Index Fund I – into Interest Index Fund II. After five years, we reserve the right to terminate Interest Index Fund II. In the event that Interest Index Fund II is terminated, a participant's account balance in Interest Fund II either will be distributed in cash to the participant or invested in the Insurance Fund. If a participant's account balance in Interest Index Fund II is to be invested in the Insurance Fund, we will transfer cash equal to the account balance into the Rabbi Trust for the Insurance Fund. The choice between a cash distribution and a new investment in the Insurance Fund is that of the participant, but the choice must be made prior to January 1, 2003. Any participant that did not make a choice prior to January 1, 2003, will be deemed to have elected a cash distribution.

The deferred compensation plan permits participants to elect in-service distributions, which may not begin less than three years following the election and post-employment distributions. These distributions may be (1) in the form of a lump sum payment on a date selected by the participant or (2) in a series of quarterly installment payments or annual installment payments in the case of stock fund units. Stock fund units are distributed only in the form of shares of CBRE Holding Class A common stock. Separate distribution elections are permitted with respect to the deferrals for each year. There is a limited flexibility to change distribution elections once made. A participant may elect to receive a distribution of his or her vested accounts at any time subject to a charge equal to 7.5% of the amount to be distributed.

Capital Accumulation Plan

We maintain a Capital Accumulation Plan, which is a tax qualified retirement plan that we generally refer to as the 401(k) plan. Generally, an employee is eligible to participate in the plan if the employee is at least 21 years old. The plan provides for participant contributions as well as discretionary employer contributions. A participant is allowed to contribute to the plan from 1% to 15%, in whole percentages, of his or her compensation, subject to limits imposed by the United States Internal Revenue Code. Each year, we determine an amount of employer contributions, if any, we will contribute to the plan, which we refer to as "our contributions," based on the performance and profitability of our consolidated U.S. operations. Our contributions for a year are allocated to participants who are actively employed on the last day of the plan year in proportion to each participant's pre-tax contributions for that year, up to 5% of the participant's compensation.

In connection with the 2001 merger, each share of common stock formerly held by the Capital Accumulation Plan and credited to participant accounts was exchanged for $16.00 in cash. Additionally, the plan was amended to eliminate our common stock as an investment option within the plan. The cash received for the shares of our common stock was available for reinvestment in one or more of the investment alternatives contained within the plan in accordance with the terms of the plan, including CBRE Holding Class A common stock, under a new plan investment alternative. All of our active U.S. employees participating in the plan at the time of the 2001 merger were offered the opportunity to direct the trustee of the 401(k) plan to purchase, for allocation to their account balance, shares of CBRE Holding Class A common stock. Subsequent to the 2001 merger, participants are no longer entitled to purchase additional shares of CBRE Holding Class A common stock for allocation to their account balance.

A participant may elect to receive a distribution in a single lump sum payment of his or her Capital Accumulation Plan account balance following termination of the participant's employment with us. However, if the participant has an account balance in the CBRE Holding Class A common stock fund, the participant may receive all or a portion of his or her balance in that fund either in shares or in cash.

Employment Agreements

Ray Wirta and Brett White. In connection with the acquisition of us by CBRE Holding in 2001, Ray Wirta and Brett White entered into three-year employment agreements with us, which became effective on the closing of the 2001 merger. Following the three-year term, it is expected that the employment agreements will be automatically extended for successive twelve-month periods if notice is not received by either party within 120 days prior to the expiration of the initial term or any renewal term.

Mr. Wirta became a member of CBRE Holding's board of directors and its Chief Executive Officer following the 2001 merger and continues to hold identical positions with our company. Pursuant to his employment agreement, he will receive an annual base salary of approximately $519,000 and will be eligible for an annual bonus of up to 200% of his target bonus based upon the achievement of performance goals established by CBRE Holding's board of directors. Mr. Wirta's target bonus was $900,000 for both 2001 and 2002.

Mr. White became a member of CBRE Holding's board of directors and its President following the 2001 merger and continues to hold identical positions with our company. Pursuant to the employment agreement, he will receive an annual base salary of approximately $395,000 (subject to increase from time to time at the sole discretion of CBRE Holding's board of directors) and will be eligible for an annual bonus of up to 200% of his target bonus based upon the achievement of performance goals established by CBRE Holding's board of directors. Mr. White's base salary for 2002 as determined by CBRE Holding's board of directors was approximately $451,000. Mr. White's target bonus was $675,000 for both 2001 and 2002.

At the time of the 2001 merger, CBRE Holding granted Mr. Wirta 176,153 options and granted Mr. White 141,782 options, each having the same terms as the options granted to other designated managers at the time of the 2001 merger. Pursuant to their employment agreements, all unvested options held by Messrs. Wirta and White will automatically vest if there is a change of control of CBRE Holding (as defined in these agreements) prior to termination of that executive's employment with our company.

Each employment agreement provides that the executive's employment with us may be terminated by either party at any time. If during the term of the agreement we terminate the executive's employment without cause or the executive terminates his employment for good reason, the executive is entitled to the following severance payments and benefits:

- any earned or accrued but unpaid salary, bonus, business expenses and employee benefits;
- continued payment of base salary and average annual bonus based on the previous two fiscal years for a period of two years following the termination of employment; and

- continued coverage under our medical plans on the same basis as our active executives until the earlier of the second anniversary of the termination of employment or the date the executive becomes eligible for comparable coverage under any future employer's medical plan.

If during the term of the agreement the executive's employment is terminated due to his death or disability, the executive is entitled to the following severance payments:

- any earned or accrued but unpaid salary, bonus, business expenses and employee benefits; and
- a pro rata portion of any annual bonus that the executive would have been entitled to receive in the year of termination, payable at the time the bonus would otherwise have been paid.

Each employment agreement also contains a customary provision regarding confidentiality, a non-solicitation provision applicable for a period of two years following the executive's termination of employment for any reason and a non-compete provision applicable for a period of two years following the executive's termination of employment with us without cause or by the executive for good reason.

Kenneth Kay. On June 13, 2002, Mr. Kay entered into a two-year employment agreement with CBRE Holding to serve as its Chief Financial Officer.

Pursuant to his employment agreement, he will receive an annual base salary of approximately $450,000 and a sign-on bonus of $300,000 and will be eligible for an annual bonus of up to 66 $^{2}/_{3}$% of his base salary based upon the achievement of performance goals established by CBRE Holding's board of directors. Additionally, Mr. Kay was granted an option to purchase 62,000 shares of CBRE Holding stock at a $16.00 per share exercise price, which will vest 20% per year on the anniversary date of the grant over the next five years.

If prior to the second anniversary of the agreement CBRE Holding terminates Mr. Kay's employment for any reason, he is entitled to receive a severance payment equal to 100% of one year's base salary. If Mr. Kay voluntarily resigns from his employment within the first 24 months of employment, he will not be eligible to receive this severance payment. In the event that Mr. Kay's employment is terminated as a result of a change of control, he is eligible to receive 150% of one year's base salary as a severance payment in lieu of any other severance payment to which he would otherwise be entitled.

Mr. Kay's employment agreement also contains a customary provision regarding confidentiality following his termination of employment with CBRE Holding.

Limitation of Liability and Indemnification

Each of CBRE Holding's and our respective restated certificates of incorporation includes provisions that eliminate the personal liability of its and our directors for monetary damages for breach of fiduciary duty as a director, except to the extent such limitation is not permitted under the Delaware General Corporation Law.

CBRE Holding's and our respective restated certificates of incorporation and bylaws further provide for the indemnification of directors and officers to the fullest extent permitted by Section 145 of the Delaware General Corporation Law, including circumstances in which indemnification is otherwise discretionary. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons under the foregoing provisions or otherwise, we and CBRE Holding have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In addition, we maintain and CBRE Holding may in the future obtain directors and officers' liability insurance.

Compensation Committee Interlocks and Insider Participation

The members of the compensation committee currently are Frederic Malek and Bradford Freeman. None of the executive officers of CBRE Holding serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on CBRE Holding's board of directors or compensation committee.

Director Compensation

CBRE Holding reimburses its non-employee directors for all out-of-pocket expenses incurred in the performance of their duties as directors. CBRE Holding does not pay fees to directors for attendance at meetings or for their services as members of the board of directors.

RELATED PARTY TRANSACTIONS

Overview

Since January 1, 2000, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we or CBRE Holding (both prior to, as of and after its acquisition of us in 2001) were, was, is or will be a party in which the amount involved exceeds $60,000 and in which any director, executive officer or holder of more than 5% of CBRE Holding's common stock, or an immediate family member of any of the foregoing, had or will have a direct or indirect interest other than compensation arrangements that are described in "Management" and the transactions described below.

Co-Investment Activities

Our investment management business involves investing our own capital in certain real estate investments with clients, including our equity investments in CB Richard Ellis Strategic Partners, LP, Global Innovation Partners, LLC and other co-investments. We have provided investment management, property management, brokerage, appraisal and other professional services to these equity investees and earned revenues from these co-investments of $7.3 million, $15.4 million, $22.4 million and $9.4 million during the years ended December 31, 2000, 2001 and 2002 and the six-month period ended June 30, 2003, respectively.

Included in other current assets in the accompanying consolidated balance sheets included elsewhere in this prospectus is a note receivable from our equity investment in Investors 1031, LLC in the amount of $1.2 million as of December 31, 2002. This note was issued on June 20, 2002, bore interest at 20.0% per annum and was due on July 15, 2003. This note and related interest were repaid in full during the second quarter of 2003.

Employee Loans

Included in other current and long-term assets in the accompanying consolidated balance sheets included elsewhere in this prospectus are employee loans of $1.6 million, $5.9 million and $5.9 million as of December 31, 2001 and 2002 and June 30, 2003, respectively. The majority of these loans represent prepaid retention and recruitment awards issued to employees at varying principal amounts, bear interest at rates up to 10.0% per annum and mature on various dates through 2007. These loans and related interest are typically forgiven over time, assuming that the relevant employee is still employed by, and is in good standing with, our company. As of June 30, 2003, the outstanding employee loan balances included a $0.3 million loan to Ray Wirta, our Chief Executive Officer, and a $0.2 million loan to Brett White, our President. These non-interest-bearing loans to Mr. Wirta and Mr. White were issued during 2002 and are due and payable on December 31, 2003.

Included in the accompanying consolidated balance sheets included elsewhere in this prospectus are $5.9 million, $4.8 million and $4.8 million of notes receivable from sale of stock as of December 31, 2001 and 2002 and June 30, 2003, respectively. These notes are primarily composed of recourse loans to employees, officers and certain of our stockholders, which are secured by CBRE Holding's common stock that is owned by the borrowers. These recourse loans are at varying principal amounts, require quarterly interest payments, bear interest at rates up to 10.0% per annum and mature on various dates through 2010.

As of December 31, 2001 and 2002 and June 30, 2003, Mr. White had an outstanding loan of $164,832, $164,832 and $179,886, respectively, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets included elsewhere in this prospectus. This outstanding loan relates to the acquisition of 12,500 shares of our predecessor's common stock prior to CBRE Holding's acquisition of us in 2001. Subsequent to the 2001 acquisition, these shares were converted into shares of CBRE Holding's common stock and the related loan amount was carried forward. This loan bears interest at 6.0% and is payable at the earliest of: (1) October 14, 2003, (2) the date of the sale of shares held by CBRE Holding pursuant to the related security agreement or (3) the date of termination of Mr. White's employment.

At the time of our acquisition by CBRE Holding in 2001, Mr. Wirta delivered to CBRE Holding an $80,000 promissory note, which bore interest at 10.0% per year, as payment for the purchase of 5,000 shares of CBRE Holding's Class B common stock. Mr. Wirta repaid this promissory note in full in April of 2002. Additionally, Mr. Wirta and Mr. White delivered full-recourse notes in the amounts of $512,504 and $209,734, respectively, as payment for a portion of CBRE Holding's shares purchased in connection with the 2001 merger. During 2002, Mr. Wirta paid down his loan amount by $40,004 and Mr. White paid off his note in its entirety. During the first quarter of 2003, Mr. Wirta paid down his loan amount by $13,187. As of June 30, 2003, Mr. Wirta has an outstanding loan of $459,313, which is included in notes receivable from sale of common stock in CBRE Holding's consolidated balance sheet included elsewhere in this prospectus.

In the event that CBRE Holding's common stock is not freely tradable on a national securities exchange or an over-the-counter market by June 2004, CBRE Holding has agreed to loan Mr. Wirta up to $3.0 million on a full-recourse basis to enable him to exercise an existing option to acquire shares held by The Koll Holding Company, if Mr. Wirta is employed by CBRE Holding at the time of exercise, was terminated without cause or resigned for good reason. This loan will become repayable upon the earliest to occur of: (1) 90 days following termination of his employment, other than by CBRE Holding without cause or by him for good reason, (2) seven months following the date CBRE Holding's common stock becomes freely tradable as described above and (3) the receipt of proceeds from the sale of the pledged shares. This loan will bear interest at the prime rate in effect on the date of the loan, compounded annually, and will be repayable to the extent of any net proceeds received by Mr. Wirta upon the sale of any shares of CBRE Holding's common stock. Mr. Wirta will pledge the shares received upon exercise of the option as security for the loan.

1996 Equity Incentive Plan

Pursuant to our predecessor's 1996 Equity Incentive Plan (EIP), Mr. Wirta purchased 30,000 shares of our predecessor's common stock in 2000 at a purchase price of $12.875 per share that was paid for by delivery of a full-recourse promissory note bearing interest at 7.40%. As part of CBRE Holding's acquisition of us in 2001, the 30,000 shares of our predecessor common stock were exchanged for 30,000 shares of CBRE Holding's Class B common stock. These shares of Class B common stock were substituted for our predecessor shares as security for the promissory note. All interest charged on the outstanding promissory note balance for any year is forgiven if Mr. Wirta's performance produces a high enough level of bonus (approximately $7,500 in interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. Wirta's promissory note for 2000 and 2001 was forgiven. As of December 31, 2001 and 2002 and June 30, 2003, Mr. Wirta had an outstanding loan balance of $385,950, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets included elsewhere in this prospectus.

Pursuant to the EIP, Mr. White purchased 25,000 shares of our predecessor's common stock in 1998 at a purchase price of $38.50 per share and 20,000 shares of our predecessor's common stock in 2000 at a purchase price of $12.875 per share. These purchases were paid for by delivery of full-recourse promissory notes bearing interest at 7.40%. As part of CBRE Holding's acquisition of us in 2001, Mr. White's shares of our predecessor common stock were exchanged for a like amount of shares of CBRE Holding's Class B common stock. These shares of Class B common stock were substituted for our predecessor shares as security for the notes. A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of CBRE Holding or its subsidiaries on November 16, 2002 and the fair market value of a share of CBRE Holding's common stock was less than $38.50 on November 16, 2002. Mr. White's 1998 promissory note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. During 2002, the 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for the remaining balance of $400,000 on the 1998 promissory note. All interest charged on the outstanding promissory note balances for any year is forgiven if Mr. White's performance produces a high enough level of bonus (approximately $7,500 in interest is forgiven for each $10,000 bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. White's promissory notes for 2000 and

2001 was forgiven. As of December 31, 2001 and 2002 and June 30, 2003, respectively, Mr. White had outstanding loan balances of $657,300. $257,300 and $257,300 which are included in notes receivable from sale of common stock in the accompanying consolidated balance sheets included elsewhere in this prospectus.

Securityholders' Agreement

In connection with the closing of CBRE Holding's acquisition of us in 2001, the members of the buying group, together with California Public Employees Retirement System, or CalPERS, investment funds affiliated with Credit Suisse First Boston, or "CSFB," and certain assignees of CSFB, entered into a securityholders' agreement. The "buying group" consisted of Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P. and Blum Strategic Partners II GmbH & Co. KG, which are each affiliates of Blum Capital Partners, L.P. and which together are referred to in section as the "Blum funds," as well as Ray Wirta, Brett White, Frederic V. Malek, the Koll Holding Company, FS Equity Partners III, L.P. and FS Equity Partners International, L.P. The securityholders agreement defines various rights of the parties to the agreement related to their ownership of shares of CBRE Holding common stock, including voting of the shares of CBRE Holding common stock, a right of first offer for potential sales of some of their shares, co-sale and required sale rights applicable in connection with transactions involving CBRE Holding shares, participation rights regarding future issuances of CBRE Holding's shares of common stock and registration rights.

Each of the members of the buying group agreed to vote all of the shares of CBRE Holding's Class B common stock it or he beneficially owns to elect to CBRE Holding's board of directors individuals designated by various members of the buying group. A majority of the directors of CBRE Holding generally may be designated by the Blum funds at any time. Pursuant to the securityholders' agreement, our board of directors will be comprised of the same members as CBRE Holding's board of directors. Accordingly, CBRE Holding's and our boards of directors have been controlled by the Blum funds since CBRE Holding's acquisition of us in 2001. In addition, FS Equity Partners III, L.P. and FS Equity Partners International, L.P., together, generally may designate one of CBRE Holding's directors. Ray Wirta, our Chief Executive Officer, and Brett White, our President, also are each designated as a director. The securityholders' agreement also provides that CBRE Holding is prohibited from taking certain actions without the consent of the director nominated by FS Equity Partners III, L.P. and FS Equity Partners International, L.P., including incurring certain indebtedness, consummating certain acquisitions or dispositions and issuing stock or options to its employees, subject to certain exceptions.

Subject to exceptions, each of the members of the buying group agreed to vote the shares of CBRE Holding common stock it or he beneficially owns on matters to be decided by CBRE Holding stockholders in the same manner as the Blum funds vote the shares of CBRE Holding Class B common stock that they beneficially own. As a result, on most matters to be decided by CBRE Holding stockholders, the Blum funds are able to control the outcome.

Pursuant to the securityholders' agreement, FS Equity Partners III, L.P. and FS Equity Partners International, L.P., together, are entitled to have two non-voting observers, the investment funds affiliated with CSFB, collectively, are entitled to have one non-voting observer and CalPERS is entitled to have one non-voting observer at all meetings of CBRE Holding's board of directors as long as, respectively, Freeman Spogli owns at least 7.5% of CBRE Holding's outstanding common stock, the investment funds affiliated with CSFB, collectively, own at least 1.0% of CBRE Holding's outstanding common stock and a majority of the 16% senior notes issued by CBRE Holding, and CalPERS owns any of CBRE Holding's outstanding common stock.

Also pursuant to the securityholders' agreement, CBRE Holding has agreed, at the request of the Blum funds, FS Equity Partners III, L.P. and FS Equity Partners International, L.P. or the investment funds affiliated with CSFB to initiate the registration under the Securities Act of shares held by the requesting party. In addition, CBRE Holding has also agreed that each member of the buying group, as well as the investment funds affiliated with CSFB has limited "piggyback" registration rights on specified types of registration statements that CBRE Holding files. These piggyback registration rights generally will not apply until after CBRE Holding has completed, if ever, an underwritten initial public offering of shares of its common stock after which these shares

are listed on a national securities exchange or on the Nasdaq National Market. Piggyback rights will not apply to an underwritten initial public offering unless registrable securities of the Blum funds are sold in that offering.

Participation in the Offerings of CBRE Holding Class A Common Stock and Options to Acquire Class A Common Stock

Purchase of Stock and Grants of Stock Options

In connection with the offering of shares for direct ownership in connection with CBRE Holding's acquisition of us in 2001, each "designated manager" was entitled to receive a grant of options to purchase shares of CBRE Holding Class A common stock if he or she subscribed for at least the percentage of 625,000 shares allocated to the designated manager by CBRE Holding's board of directors. The "designated managers" were certain of our employees at the time we were acquired by CBRE Holding that were designated by our board of directors in consultation with Ray Wirta and Brett White. The number of shares that a designated manager was required to subscribe for in order to receive a grant of options was reduced by the number of deferred compensation plan stock fund units acquired by the designated manager at the closing of the employee offerings by the transfer of account balances then allocated to the deferred compensation plan insurance fund. The aggregate number of options available for grant to the designated managers equaled approximately 10% of the number of fully diluted shares of CBRE Holding Class A common stock and Class B common stock outstanding at the time of the 2001 merger, including all shares issuable upon exercise of outstanding options and warrants. The options issued to designated managers have an exercise price of $16.00 per share and a term of 10 years. Twenty percent of the options vest on each of the first five anniversaries of CBRE Holding's acquisition of us in 2001 and all unvested options vest if there is a change in control of CBRE Holding. The number of shares that were purchased by each executive officer were as follows:

- Ray Wirta—64,063 shares; and
- Brett White—26,563 shares.

As a result, each executive officer received the following grants of options:

- Ray Wirta—176,153 stock options; and
- Brett White—141,782 stock options.

Full-Recourse Note

In connection with the offering of shares of CBRE Holding common stock for direct ownership in connection with the 2001 acquisition, under specified circumstances, each designated manager was allowed to deliver to CBRE Holding a full-recourse note as payment for a portion of the offering price for shares that he or she purchased. The maximum amount of the full-recourse note that could be delivered by a designated manager was to be reduced by the amount, if any, of the manager's deferred compensation plan account balance then allocated to the insurance fund that he or she transferred to stock fund units. Unless CBRE Holding's board of directors determined otherwise, each designated manager was able to use a full-recourse note if the designated manager subscribed for at least the percentage of the 625,000 shares that was allocated to the designated manager by CBRE Holding's board of directors.

Accordingly, based upon each of their participation in the employee offerings, the amount of the full-recourse notes that each of the executive officers delivered to CBRE Holding as payment for a portion of the shares he purchased in the offering of shares for direct ownership was the following:

- Ray Wirta—$512,504; and
- Brett White—$209,734.

Each of these executive officers pledged as security for his full-recourse note a number of shares having an offering price equal to 200% of the amount of the note. These notes bear interest at 10% per year, payable

quarterly. Mr. Wirta paid down his loan amount by $40,004 in 2002 and by $13,187 during the first quarter of 2003 (leaving an outstanding principal balance of approximately $459,313 as of June 30, 2003) and Mr. White paid off his note in its entirety.

Equity Contributions to CBRE Holding

2001 Acquisition by CBRE Holding

In connection with CBRE Holding's acquisition of us in 2001, the members of the buying group contributed 8,052,087 shares of our common stock to CBRE Holding in exchange for an equal number of shares of our common stock. Also in connection with the acquisition, the Blum Funds made aggregate cash contributions of approximately $71.0 million in exchange for an aggregate of 4,435,154 shares of CBRE Holding Class B common stock and CalPERS made a cash contribution of $10 million in exchange for 625,000 shares of CBRE Holding Class A common stock.

Insignia Acquisition

In connection with the Insignia acquisition and related transactions, the Blum funds made aggregate cash contributions of $105,394,160 in exchange for an aggregate of 6,587,135 shares of CBRE Holding Class B common stock, CalPERS made a cash contribution of $10 million in exchange for 625,000 shares of CBRE Holding Class A common stock, investment funds affiliated with CSFB made aggregate cash contributions of $3,645,840 in exchange for an aggregate of 227,865 shares of CBRE Holding Class A common stock and Frederic V. Malek made a cash contribution of $960,000 in exchange for $60,000 shares of CBRE Holding Class B common stock.

Treatment of Warrants in Connection with the 2001 Acquisition by CBRE Holding

Pursuant to an agreement entered into in connection with the acquisition of us by CBRE Holding in 2001, CBRE Holding issued to FS Equity Partners III, L.P. and FS Equity Partners International, L.P. a warrant to acquire 255,477 shares of CBRE Holding Class B common stock at an exercise price of $30 per share in exchange for the cancellation of previously outstanding warrants to acquire 364,884 shares or our common stock. Also pursuant to the same agreement, previously outstanding warrants to acquire 84,988 shares of our common stock beneficially owned by Ray Wirta and Donald Koll each were converted into the right to receive $1.00 per share underlying these warrants.

Transaction Fees Paid to our Stockholders in Connection with the 2001 Acquisition by CBRE Holding

In connection with advisory services related to CBRE Holding's acquisition of us in 2001, we paid a fee of $3.0 million to the general partner of Blum Strategic Partners, L.P. and $2.0 million to Freeman Spogli & Co. Incorporated, which is an affiliate of FS Equity Partners III, L.P. and FS Equity Partners International, L.P. We also reimbursed certain expenses of the Blum funds and FS Equity Partners III, L.P. and FS Equity Partners International, L.P. in connection with the 2001 merger.

Debt Financing Fees

In connection with the Insignia acquisition and the related financings, Credit Suisse First Boston and its affiliates received customary fees and reimbursement of expenses with respect to the amendment and restatement of the senior secured credit facilities, the offering and initial purchase of the outstanding notes and mergers and acquisitions advisory services performed by them. Credit Suisse First Boston and its affiliates also received customary fees and reimbursements of expenses in 2001 regarding the senior secured credit facilities entered into in connection with CBRE Holding's acquisition of us, the 11 1/4% senior subordinated notes due 2011 issued by us, the 16% senior notes due 2011 issued by CBRE Holding and the tender offer and consent solicitation for our formerly outstanding 8 7/8% senior subordinated notes. Affiliates of Credit Suisse First Boston beneficially owned approximately 28.0% of CBRE Holding's Class A common stock and approximately 3.3% of CBRE Holding's Class A common stock and Class B common stock, taken together, in each case as of September 30, 2003.

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PRINCIPAL STOCKHOLDERS

The table below sets forth information regarding the estimated beneficial ownership of the shares of CBRE Holding Class A common stock and CBRE Holding Class B common stock as of September 30, 2003. The table sets forth the number of shares beneficially owned, and the percentage ownership, for:

- each person that beneficially owns 5% or more of CBRE Holding's Class A common stock or CBRE Holding's Class B common stock;
- each of CBRE Holding's directors;
- each of CBRE Holding's executive officers; and
- all of the directors and executive officers of CBRE Holding as a group.

Holders of the Class A common stock are generally entitled to one vote per share on all matters submitted to stockholders of CBRE Holding, while holders of the Class B common stock of CBRE Holding generally are entitled to ten votes per share on all matters submitted to stockholders of CBRE Holding. The rights of the Class A and Class B common stock are the same in all other respects.

Except as otherwise noted below, the address for each person listed on the table is c/o CBRE Holding, Inc., 865 South Figueroa Street, Suite 3400, Los Angeles, California 90017. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Beneficial ownership is determined in accordance with the rules that generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares subject to options or warrants held by that person that were exercisable as of September 30, 2003 or will become exercisable within 60 days after such date are deemed outstanding, although the shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

	Number of Shares Beneficially Owned			Percentage of Shares Beneficially Owned		
Name of Beneficial Owner	**Class A Common Stock**	**Class B Common Stock**	**Both Classes of Common Stock**	**Class A Common Stock**	**Class B Common Stock**	**Both Classes of Common Stock**
5% Stockholders:						
RCBA Strategic Partners, L.P.						
Blum Strategic Partners II, L.P. (1) (2)	—	14,688,060	14,688,060	— %	76.2%	67.2%
Blum Strategic Partners II GmbH & Co. KG						
FS Equity Partners III, L.P.						
FS Equity Partners International, L.P. (1) (3)	—	3,402,463	3,402,463	—	17.7	15.6
Credit Suisse First Boston (4)	718,344	—	718,344	28.0	—	3.3
California Public Employees' Retirement System (CalPERS) (5)	1,250,000	—	1,250,000	48.6	—	5.7
Directors and Executive Officers:						
Richard Blum (1) (2)	—	14,688,060	14,688,060	—	76.2	67.2
Jeffrey Cozad (1) (2)	—	14,688,060	14,688,060	—	76.2	67.2
Bradford Freeman (1) (3)	—	3,402,463	3,402,463	—	17.7	15.6
Kenneth Kay	—	—	—	—	—	—
Frederic Malek (1) (6)	—	457,873	457,873	—	2.4	2.1

Name of Beneficial Owner	Number of Shares Beneficially Owned			Percentage of Shares Beneficially Owned		
	Class A Common Stock	Class B Common Stock	Both Classes of Common Stock	Class A Common Stock	Class B Common Stock	Both Classes of Common Stock
Directors and Executive Officers, continued:						
Jeffrey Pion	—	—	—	—	—	—
Christian Puscasiu (1) (2)	—	14,688,060	14,688,050	—	76.2	67.2
Brett White (1) (7) (9)	58,276	32,500	90,776	2.2	*	*
Gary Wilson	—	—	—	—	—	—
Ray Wirta (1) (8) (9)	134,524	556,590	691,114	5.1	2.9	3.2
All directors and executive officers as a group (includes 12 persons)	217,800	19,112,486	19,330,286	8.1	99.2	88.0

* less than 1.0%

(1) As a result of the securityholders' agreement to which these parties or their respective affiliates are a party, these parties, together with the other holders of CBRE Holding Class B common stock, may be deemed to constitute a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934. Accordingly, each of the members of this group may be deemed to beneficially own 19,271,948 shares of CBRE Holding Class B common stock, which represents 100% of the CBRE Holding Class B common stock and approximately 88.2% of all outstanding shares of CBRE Holding common stock.

(2) Consists of 6,720,494 shares of CBRE Holding Class B common stock owned by Blum Strategic Partners, L.P., 7,806,606 shares of CBRE Holding Class B common stock owned by Blum Strategic Partners II, L.P. and 160,960 shares of CBRE Holding Class B common stock owned by Blum Strategic Partners II GmbH & Co. KG. The sole general partner of Blum Strategic Partners, L.P. is Blum Strategic GP, L.L.C., and the sole general partner of Blum Strategic Partners II, L.P. and the managing limited partner of Blum Strategic Partners II GmbH & Co. KG is Blum Strategic GP II, L.L.C. Richard Blum, who is a director of CBRE Holding, is a managing member of Blum Strategic GP, L.L.C. and Blum Strategic GP II, L.L.C. Jeffrey Cozad and Christian Puscasiu, each of whom is a director of CBRE Holding, are members of Blum Strategic GP, L.L.C. and Blum Strategic GP II, L.L.C. Except as to any pecuniary interest, each of Messrs. Blum, Cozad and Puscasiu disclaims beneficial interest in all of these shares. The business address of Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P., Blum Strategic Partners II GmbH & Co. KG, Blum Strategic GP, L.L.C., Blum Strategic GP II, L.L.C., Richard Blum, Jeffrey Cozad and Christian Puscasiu is 909 Montgomery Street, Suite 400, San Francisco, California 94133. Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P. and Blum Strategic Partners II GmbH & Co. KG have sole dispositive power over 14,688,060 of the indicated shares. As a result of the securityholders' agreement, Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P. and Blum Strategic Partners II GmbH & Co. KG have shared voting power over 14,688,060 of the indicated shares.

(3) Includes 3,278,447 shares of CBRE Holding Class B common stock held by FS Equity Partners III, L.P. (FSEP III) and 124,016 shares of CBRE Holding Class B common stock held by FS Equity Partners International, L.P. (FSEP International). As general partner of FS Capital Partners, L.P., which is the general partner of FSEP III, FS Holdings, Inc. has power to vote and dispose of the shares owned by FSEP III. As general partner of FS&Co. International, L.P., which is the general partner of FSEP International, FS International Holdings Limited has the power to vote and dispose of the shares owned by FSEP International. Bradford Freeman, who is a director of CBRE Holding, Ronald Spogli, Frederick Simmons, William Wardlaw, John Roth and Charles Rullman, Jr. are the directors, officers and shareholders of FS Holdings, Inc. and FS International Holdings Limited, and may be deemed to be the beneficial owners of the shares of CBRE Holding Class B common stock, and rights to acquire common stock owned by FSEP III and FSEP International. The business address of FSEP III, FS Capital Partners, L.P. and FS Holdings and their directors, officers and beneficial owners is 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, California 90025. The business address of FSEP International, FS&Co. International and FS International

Holdings, Limited is c/o Paget-Brown & Company, Ltd., West Winds Building, Third Floor, Grand Cayman, Cayman Islands, British West Indies. As a result of the securityholders' agreement, FS Equity Partners III, L.P. and FS Equity Partners International, L.P. have shared voting power and shared dispositive power over 3,402,463 of the indicated shares.

(4) Credit Suisse First Boston (CSFB) reports beneficial ownership on behalf of itself and its affiliates to the extent that they constitute part of the CSFB business unit. The CSFB business unit is engaged in the worldwide corporate and investment banking, trading, including equity, fixed income and foreign exchange, and private equity investment and derivatives businesses. CSFB and its affiliates engage in other separately managed activities, most of which constitute the independently operated Credit Suisse Asset Management business unit. The Credit Suisse Asset Management business unit provides asset management and investment advisory services to institutional investors worldwide. The indicated shares are held by one or more indirect subsidiaries of the CSFB business unit. The business address of CSFB and the CSFB business unit is 11 Madison Avenue, New York, New York 10010.

The ultimate parent company of CSFB is Credit Suisse Group (CSG), which is a corporation formed under the laws of Switzerland. The principal business of CSG is acting as a holding company for a global financial services group with five distinct specialized business units that are independently operated. In addition to the two business units referred to above, CSG and its consolidated subsidiaries, other than CSFB and its subsidiaries, are comprised of (1) the Credit Suisse Private Bank business unit that engages in the global private banking business, (2) the Credit Suisse business unit that engages in the Swiss domestic banking business and (3) the Winterthur business unit that engages in the global insurance business. CSG's business address is Paradeplatz 8, Postfach 1, CH-8070, Zurich, Switzerland.

CSG, for purposes of federal securities laws, may be deemed ultimately to control the Credit Suisse Private Bank business unit. CSG, its executive officers and directors, and its direct and indirect subsidiaries, including all of the business units except the CSFB business unit, may beneficially own securities issued by CBRE Holding or related derivative securities, and any such securities are not publicly reported by CSG. Due to the separate management and independent operation of its business units, CSG disclaims beneficial ownership of any such securities beneficially owned by its direct and indirect subsidiaries, including the CSFB business unit. The CSFB business unit disclaims beneficial ownership of any such securities beneficially owned by CSG and any of CSG's and CSFB's other business units.

The CSFB business unit disclaims beneficial ownership of securities held directly by any entity described in this footnote except with respect to the CSFB business unit's proportionate interest in or ownership of such entity.

(5) The business address of CalPERS is 400 P Street, Suite 3492, Sacramento, California 95814.

(6) Includes 98,000 shares owned by a trust for which Mr. Malek is the trustee. As a result of the securityholders' agreement, Mr. Malek has shared voting power and shared dispositive power over 457,873 the indicated shares.

(7) As a result of the securityholders' agreement, Mr. White has shared voting power and shared dispositive power over 34,063 of the indicated shares.

(8) Includes 521,590 shares owned by The Koll Holding Company that Mr. Wirta has the right to acquire under an option granted by The Koll Holding Company to Mr. Wirta. As a result of the securityholders' agreement, Mr. Wirta has shared voting power and shared dispositive power over 620,653 of the indicated shares.

(9) Represents the number of shares of common stock which the named individual beneficially owns as well as those which the individual has options to acquire that are exercisable on or before November 30, 2003. The respective numbers shown in the table include the following number of option shares for the following individuals: Mr. White—56,713 and Mr. Wirta—70,461.

The following table sets forth information as of September 30, 2003 with respect to compensation plans under which our equity securities are authorized for issuance:

Plan Category	(I) Number of Securities To Be Issued Upon Exercise of Outstanding Options and Warrants	(II) Weighted-Average Exercise Price of Outstanding Options and Warrants	(III) Number of Securities Remaining Available For Future Issuance Under Plans, Excluding Securities Listed in Column (I)
Equity compensation plans approved by shareholders	2,680,005	$ 17.33	4,075,472
Equity compensation plans not approved by shareholders	—	—	—
Total	2,680,005	$ 17.33	4,075,472

DESCRIPTION OF THE NOTES

The notes were issued under an Indenture (the "*Indenture*") with U.S. Bank National Association, as trustee (the "*Trustee*"). The following description is only a summary of the material provisions of the Indenture. We urge you to read the Indenture because it, not this description, defines your rights as holders of these notes. You may request copies of the Indenture at our address set forth under the caption "Where You Can Find More Information."

Certain terms used in this description are defined under the subheading "—Certain Definitions." In this description, the words "we," "us," "our" and "Issuer" refer to CB Richard Ellis Services and not to any of its subsidiaries. The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "*Trust Indenture Act*").

Brief Description of the Notes

These notes:

- are unsecured senior obligations of the Issuer;
- are senior in right of payment to all existing and any future Subordinated Obligations of the Issuer; and
- are guaranteed by CBRE Holding, Inc. ("*Parent*") and each Subsidiary Guarantor on a senior basis.

Principal, Maturity and Interest

The notes were issued initially with a maximum aggregate principal amount of $200.0 million. The the notes were issued in denominations of $1,000 and any integral multiple of $1,000. The notes will mature on May 15, 2010. Subject to our compliance with the covenant described under the subheading "—Certain Covenants—Limitation on Indebtedness," we are permitted to issue more notes under the Indenture in an unlimited aggregate principal amount (the "*Additional Notes*"). The notes and the Additional Notes, if any, will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes," references to the notes include any Additional Notes actually issued.

Interest on the notes accrues at the rate of 9³/4% per annum and is payable semiannually in arrears on May 15 and November 15, commencing on November 15, 2003. We will make each interest payment to the holders of record of the notes on the immediately preceding May 1 and November 1.

Interest on the notes accrues from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

Except as set forth below, we are not entitled to redeem the notes at our option prior to May 15, 2007.

On and after May 15, 2007, we will be entitled at our option to redeem all or a portion of the notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date), if redeemed during the 12-month period commencing on May 15 of the years set forth below:

Period	Redemption Price
2007	104.875%
2008	102.438
2009 and thereafter	100.000

In addition, before May 15, 2006, we may at our option on one or more occasions redeem notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the notes (which includes Additional Notes, if any) originally issued at a redemption price (expressed as a percentage of principal amount) of 109 3/4%, plus accrued and unpaid interest to the redemption date, with the net cash proceeds from one or more Public Equity Offerings (provided that if the Public Equity Offering is an offering by Parent, a portion of the Net Cash Proceeds thereof equal to the amount required to redeem any such notes is contributed to the equity capital of the Issuer); *provided* that

(1) at least 65% of such aggregate principal amount of notes (which includes Additional Notes, if any) remains outstanding immediately after the occurrence of each such redemption (other than notes held, directly or indirectly, by the Issuer or its Affiliates); and

(2) each such redemption occurs within 90 days after the date of the related Public Equity Offering.

Selection and Notice of Redemption

If we are redeeming less than all the notes at any time, the Trustee will select notes on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate.

We will redeem notes of $1,000 or less in whole and not in part. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount thereof to be redeemed. We will issue a new note in a principal amount equal to the unredeemed portion of the original note in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

No Sinking Fund; Open Market Purchases

We are not required to make any sinking fund payments with respect to the notes. We may at any time and from time to time purchase notes in the open market or otherwise.

Guaranties

Parent and each Subsidiary Guarantor jointly and severally guarantee, on a senior unsecured basis, our obligations under the notes. The obligations of each Subsidiary Guarantor under its Subsidiary Guaranty are limited as necessary to prevent that Subsidiary Guaranty from constituting a fraudulent conveyance under applicable law. See "Risk Factors—Risks Relating to the Notes—A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims."

Each Subsidiary Guarantor that makes a payment under its Subsidiary Guaranty will be entitled upon payment in full of all guaranteed obligations under the Indenture to a contribution from each other Subsidiary Guarantor in an amount equal to such other Subsidiary Guarantor's pro rata portion of such payment based on the respective net assets of all the Subsidiary Guarantors at the time of such payment determined in accordance with GAAP.

If a Subsidiary Guaranty were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guaranty could be reduced to zero. See "Risk Factors—Risks Relating to the Notes—A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims."

The Subsidiary Guaranty of a Subsidiary Guarantor will be released:

(1) upon the sale or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor;

(2) upon the sale or disposition of all or substantially all the assets of a Subsidiary Guarantor;

(3) at such time as such Subsidiary Guarantor no longer Guarantees any other Indebtedness of the Issuer; or

(4) upon the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary pursuant to the terms of the Indenture,

in the case of clause (1) or (2), other than to the Issuer or a Subsidiary of the Issuer and as permitted by the Indenture.

Ranking

Senior Indebtedness versus Notes and Guaranties

The indebtedness evidenced by the notes, the Parent Guaranty and the Subsidiary Guaranties is unsecured and ranks pari passu in right of payment to the Senior Indebtedness of the Issuer, Parent and the Subsidiary Guarantors, as the case may be.

As of June 30, 2003, after giving pro forma effect to the Transactions:

(1) CB Richard Ellis Service's Senior Indebtedness (excluding its subsidiaries) would have been approximately $491.3 million, including $291.3 million of secured indebtedness;

(2) Parent's Senior Indebtedness would have been approximately $560.0 million, $68.7 million of which would have been represented by the Parent Senior Notes and $491.3 million of which would have represented Parent's senior guarantee of the Notes and the obligations under the Credit Agreement; and

(3) the Senior Indebtedness of the Subsidiary Guarantors would have been approximately $641.7 million, $150.4 million of which would have been represented by Senior Indebtedness of the Subsidiary Guarantors and $491.3 million of which would have represented their senior guarantees of the notes and the obligations under the Credit Agreement.

The Notes are unsecured obligations of the Issuer. Secured debt and other secured obligations of the Issuer (including obligations with respect to the Credit Agreement) will be effectively senior to the notes to the extent of the value of the assets securing such debt or other obligations.

On October 14, 2003, we refinanced our obligations under the Credit Agreement, which included amending and restating the Credit Agreement. In connection with such refinancing, we increased our obligations under the Credit Agreement. The refinancing and such increased obligations are not reflected in the Transactions.

Liabilities of Subsidiaries versus Notes and Guaranties

A substantial portion of our operations are conducted through our subsidiaries. Some of our subsidiaries have not Guaranteed the notes. Claims of creditors of such non-guarantor subsidiaries, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor subsidiaries, and claims of preferred stockholders of such non-guarantor subsidiaries generally have priority with respect to the assets and earnings of such non-guarantor subsidiaries over the claims of our creditors, including holders of the notes. Accordingly, the notes and each Guaranty are effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor subsidiaries. See note 20 to CBRE Holding's consolidated financial statements and note 23 to Insignia's consolidated financial statements included elsewhere in this prospectus.

At June 30, 2003, after giving pro forma effect to the Transactions, the total liabilities of our subsidiaries (other than the Subsidiary Guarantors) would have been approximately $312.6 million, including trade payables. Although the Indenture limits the incurrence of Indebtedness and preferred stock of certain of our subsidiaries, such limitation is subject to a number of significant qualifications. Moreover, the Indenture does not impose any limitation on the incurrence by such subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "—Certain Covenants—Limitation on Indebtedness."

Book-Entry Procedures for the Global Note

The exchange notes will initially be represented in the form of one or more global notes in definitive, fully-registered book-entry form, without interest coupons that will be deposited with or on behalf of The Depository Trust Company, or DTC, and registered in the name of DTC or its participants.

Except as set forth below, the global notes may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

The descriptions of the operations and procedures of DTC set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the settlement system of DTC and are subject to change by DTC from time to time. We take no responsibility for these operations or procedures, and investors are urged to contact DTC or its participants directly to discuss these matters.

DTC has further advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations, the "participants," and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly, which entities we refer to as "indirect participants." Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

So long as DTC or its nominee is the registered owner of a global note, DTC or the nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global notes registered in their names;
- will not receive or be entitled to receive physical delivery of certificated notes; and
- will not be considered the owners or holders of the notes under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the Indenture.

Accordingly, each holder owning a beneficial interest in a global note must rely on the procedure of DTC and, if the holder is not a participant or an indirect participant, on the procedures of the participant through which the holder owns its interest, to exercise any rights of a holder of notes under the Indenture or the global note. We understand that under existing industry practice, if we request any action of holders of notes or a holder that is an owner of a beneficial interest in a global note desires to take any action that DTC, as the holder of the global note, is entitled to take, then DTC would authorize the participants to take the action and the participants would authorize holders owning through participants to take the action or would otherwise act upon the instruction of the holders. Neither we nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the notes.

Payments with respect to the principal of, any premium and interest on any notes represented by a global note registered in the name of DTC or its nominee on the applicable record date will be payable by the Trustee to or at the direction of DTC or its nominee, in its capacity as the registered holder of the global note representing the notes under the Indenture. Under the terms of the Indenture, we and the Trustee may treat the persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payment on the notes and for any and all other purposes whatsoever. Accordingly, neither we nor the Trustee has or will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, including principal, any premium and interest. Payments by the participants and the indirect participants to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds.

Although DTC has agreed to the above procedures to facilitate transfers of interests in the global notes among its participants, it is under no obligation to perform or to continue to perform the procedures, and the procedures may be discontinued at any time. Neither we not the Trustee will have any responsibility for the performance by DTC or its respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If:

- we notify the Trustee in writing that DTC is no longer willing or able to act as a depository or DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depository is not appointed within 90 days of the notice or cessation;
- we, at our option, notify the Trustee in writing that we elect to cause the issuance of notes in definitive form under the indenture; or
- upon the occurrence of specified other events as provided in the Indenture;

then, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the notes represented by the global notes upon surrender by DTC of the global notes. Upon the issuance of certificated notes, the Trustee is required to register certificated notes in the name of that person or persons, or their nominee, and cause the certified notes to be delivered to those persons.

Neither we nor the Trustee will be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related notes and each of those persons may conclusively rely on, and will be protected in relying on, instructions from DTC for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

Same Day Payment

The Indenture requires us to make payments in respect of notes (including principal, premium and interest) by wire transfer of immediately available funds to the U.S. dollar accounts with banks in the U.S. specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address.

Change of Control

Upon the occurrence of any of the following events (each a "*Change of Control*"), each noteholder shall have the right to require that the Issuer purchase such noteholder's Notes at a purchase price in cash equal to

101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date):

(1) prior to the earlier to occur of (A) the first underwritten public offering of common stock of Parent or (B) the first underwritten public offering of common stock of the Issuer, (x) the Permitted Holders cease to be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of a majority in the aggregate of the total voting power of the Voting Stock of the Issuer, whether as a result of issuance of securities of Parent or the Issuer, any merger, consolidation, liquidation or dissolution of Parent or the Issuer, or any direct or indirect transfer of securities by Parent or otherwise and (y) the Blum Funds cease to (i) beneficially own, directly or indirectly, at least 35% of the total voting power of the Voting Stock of the Issuer or (ii) have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for purposes of this clause (1) and clause (2) below, the Permitted Holders shall be deemed to beneficially own any Voting Stock of a Person (the "*specified person*") held by any other Person (the "*parent entity*") so long as the Permitted Holders beneficially own (as so defined), directly or indirectly, (1) in the case of a parent entity that is Parent, in the aggregate at least 35% of the voting power of the Voting Stock of Parent, and have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors or (2) in the case of any other parent entity, in the aggregate a majority of the voting power of the Voting Stock of such parent entity);

(2) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in clause (1) above, except that for purposes of this clause (2) such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, and except that any Person that is deemed to have beneficial ownership of shares solely as the result of being part of a group pursuant to Rule 13d-5(b)(1) shall be deemed not to have beneficial ownership of any shares held by a Permitted Holder forming a part of such group), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Issuer; *provided*, *however*, that the Permitted Holders beneficially own (as defined in clause (1) above, except that in the event the Permitted Holders are part of a group pursuant to Rule 13d-5(b)(1), the Permitted Holders shall be deemed not to have beneficial ownership of any shares held by persons other than Permitted Holders forming a part of such group), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Issuer than such other person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for the purposes of this clause (2), such other person shall be deemed to beneficially own any Voting Stock of a specified person held by a parent entity, if such other person is the beneficial owner (as defined in this clause (2)), directly or indirectly, of more than 35% of the voting power of the Voting Stock of such parent entity and the Permitted Holders beneficially own (as defined in clause (1) above), directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent entity);

(3) individuals who on the Merger Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Issuer was approved by a vote of a majority of the directors of the Issuer then still in office who were either directors on the Merger Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;

(4) the adoption of a plan relating to the liquidation or dissolution of the Issuer; or

(5) the merger or consolidation of the Issuer with or into another Person or the merger of another Person with or into the Issuer, or the sale of all or substantially all the assets of the Issuer (determined on a

consolidated basis) to another Person (other than, in all such cases, a Person that is controlled by the Permitted Holders), other than a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100% of the Voting Stock of the Issuer immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction and (B) in the case of a sale of assets transaction, the transferee Person becomes the obligor in respect of the Notes and a Subsidiary of the transferor of such assets.

Within 30 days following any Change of Control, unless we have exercised our option to redeem all the Notes as described under "—Optional Redemption," we will mail a notice to each noteholder with a copy to the Trustee (the "*Change of Control Offer*") stating:

(1) that a Change of Control has occurred and that such noteholder has the right to require us to purchase such noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of noteholders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization, in each case after giving effect to such Change of Control);

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by us, consistent with the covenant described hereunder, that a noteholder must follow in order to have its Notes purchased.

We will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all notes validly tendered and not withdrawn under such Change of Control Offer or if the Issuer has exercised its option to redeem all the notes pursuant to the provisions described under "—Optional Redemption."

We will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, we will comply with the applicable securities laws and regulations and shall not be deemed to have breached our obligations under the covenant described hereunder by virtue of our compliance with such securities laws or regulations.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of the Issuer and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Issuer and the initial purchasers of the notes. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "—Certain Covenants—Limitation on Indebtedness," "—Limitation on Liens" and "—Limitation on Sale/Leaseback Transactions," which limitations may terminate as described under the first paragraph of "—Certain Covenants" below. Such restrictions can only

be waived with the consent of the holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenant, however, the Indenture will not contain any covenants or provisions that may afford holders of the notes protection in the event of a highly leveraged transaction.

Future indebtedness that we may incur may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require the purchase of such indebtedness upon a Change of Control. Moreover, the exercise by the holders of their right to require us to purchase the notes could cause a default under such indebtedness, even if the Change of Control itself does not, due to the financial effect of such purchase on us. Finally, our ability to pay cash to the holders of Notes following the occurrence of a Change of Control may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required purchases.

The provisions under the Indenture relative to our obligation to make an offer to purchase the notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

Certain Covenants

Set forth below are certain covenants contained in the Indenture. Following the first day that (a) the ratings assigned to the notes by both of the Rating Agencies are Investment Grade Ratings and (b) no Default has occurred and is continuing under the Indenture (and notwithstanding that the Issuer may later cease to have an Investment Grade Rating from either or both Rating Agencies or default under the Indenture), the Issuer and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described below under:

- “Limitation on Indebtedness,”
- “Limitation on Restricted Payments,”
- “Limitation on Restrictions on Distributions from Restricted Subsidiaries,”
- “Limitation on Sales of Assets and Subsidiary Stock,”
- “Limitation on Affiliate Transactions,”
- “Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries,” and
- clause (3) of the first paragraph under “Merger and Consolidation.”

Limitation on Indebtedness

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness;*provided*, *however*, that the Issuer and its Restricted Subsidiaries will be entitled to Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto no Default has occurred and is continuing and the Consolidated Leverage Ratio is less than (1) 4.0 to 1 if such Indebtedness is Incurred prior to July 1, 2004, (2) 3.75 to 1 if such Indebtedness is Incurred on or after July 1, 2004 and prior to July 1, 2006, (3) 3.5 to 1 if such Indebtedness is Incurred on or after July 1, 2006 and prior to July 1, 2007 and (4) 3.25 to 1 if such Indebtedness is Incurred thereafter.

(b) Notwithstanding the foregoing paragraph (a), the Issuer and the Restricted Subsidiaries will be entitled to Incur any or all of the following Indebtedness:

(1) Indebtedness Incurred by the Issuer pursuant to any Revolving Credit Facility;*provided*, *however*, that, immediately after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (1) and then outstanding does not exceed the greater of (A) $100.0 million less the sum of all principal payments with respect to such Indebtedness pursuant to paragraph (a)(3)(A) of the covenant described under “—Limitation on Sales of Assets and

Subsidiary Stock" and (B) 80% of the book value of the accounts receivable of the Issuer and its Restricted Subsidiaries;

(2) Indebtedness Incurred by the Issuer pursuant to any Term Loan Facility; *provided*, *however*, that, after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (2) and then outstanding does not exceed $295.0 million less the aggregate sum of all principal payments actually made from time to time after the Issue Date with respect to such Indebtedness (other than principal payments made from any Refinancings thereof);

(3) Indebtedness owed to and held by the Issuer or a Restricted Subsidiary; *provided*, *however*, that (A) any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Issuer or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon and (B) if the Issuer is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes;

(4) the notes (other than any Additional Notes);

(5) Indebtedness of the Issuer and its Subsidiaries outstanding on both the Issue Date and the Merger Date (after giving effect to the Transactions) (other than Indebtedness described in clause (1), (2), (3) or (4) of this covenant);

(6) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired by the Issuer (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Subsidiary became a Subsidiary or was acquired by the Issuer); *provided*, *however*, at the time of such acquisition and after giving effect thereto, the aggregate principal amount of all Indebtedness Incurred pursuant to this clause (6) and then outstanding does not exceed $10.0 million;

(7) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to paragraph (a) or pursuant to clause (4), (5) or (6) or this clause (7); *provided*, *however*, that to the extent such Refinancing Indebtedness directly or indirectly Refinances Indebtedness of a Subsidiary Incurred pursuant to clause (6), such Refinancing Indebtedness shall be Incurred only by such Subsidiary;

(8) Hedging Obligations entered into in the ordinary course of business and not for the purpose of speculation;

(9) obligations in respect of letters of credit, performance, bid and surety bonds, completion guarantees, payment obligations in connection with self-insurance or similar requirements provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(11) any Guarantee (including the Subsidiary Guaranties) by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any of its Restricted Subsidiaries so long as the Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary is permitted under the terms of the Indenture (other than Indebtedness Incurred pursuant to clause (6) above);

(12) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary; *provided*, *however*, that (A) such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary (contingent obligations referred to in a footnote or footnotes to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause

(A)) and (B) in the case of a disposition, the maximum liability in respect of such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being determined at the time received and without giving effect to any subsequent changes in value) actually received by the Issuer or such Restricted Subsidiary in connection with such disposition;

(13) Melody Permitted Indebtedness and Non-Recourse Indebtedness; and

(14) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount which, when taken together with all other Indebtedness of the Issuer and the Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by clauses (1) through (13) above or paragraph (a)), does not exceed $60.0 million.

(c) Notwithstanding the foregoing, none of the Issuer or any Restricted Subsidiary will Incur any Indebtedness pursuant to the foregoing paragraph (b) if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of the Issuer or any Restricted Subsidiary unless such Indebtedness shall be subordinated to the notes or the applicable Subsidiary Guaranty to at least the same extent as such Subordinated Obligations.

(d) For purposes of determining compliance with this covenant, (1) any Indebtedness outstanding under the Credit Agreement on the Issue Date will be treated as having been incurred on the Issue Date under clause (1) or (2), as applicable, of paragraph (b) above; (2) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, the Issuer, in its sole discretion, will classify such item of Indebtedness at the time of Incurrence and only be required to include the amount and type of such Indebtedness in one of the above clauses (provided that any Indebtedness originally classified as Incurred pursuant to clause (b)(14) above may later be reclassified as having been Incurred pursuant to paragraph (a) above to the extent that such reclassified Indebtedness could be Incurred pursuant to paragraph (a) above at the time of such reclassification); and (3) the Issuer will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described above.

(e) For purposes of determining compliance with any U.S. dollar restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness, *provided*, *however*, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent of the Indebtedness Refinanced, except to the extent that (1) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (2) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred.

Limitation on Restricted Payments

(a) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default shall have occurred and be continuing (or would result therefrom);

(2) the Issuer is not entitled to Incur an additional $1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness;" or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments since the Reference Date would exceed the sum of (without duplication):

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the Reference Date to the end of the most recent fiscal quarter ended for which internal financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); plus

(B) 100% of the aggregate Net Cash Proceeds received by the Issuer from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Merger Date (other than an issuance or sale to a Subsidiary of the Issuer and other than an issuance or sale to an employee stock ownership plan or to a trust established by the Issuer or any of its Subsidiaries for the benefit of their employees) and 100% of any cash capital contribution received by the Issuer from its shareholders subsequent to the Merger Date; plus

(C) the amount by which Indebtedness of the Issuer is reduced on the Issuer's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Issuer) subsequent to the Reference Date of any Indebtedness of the Issuer convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Issuer (less the amount of any cash, or the fair value of any other property, distributed by the Issuer upon such conversion or exchange); plus

(D) an amount equal to the sum of (x) the net reduction in the Investments (other than Permitted Investments) made by the Issuer or any Restricted Subsidiary in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realized on the sale of such Investment and proceeds representing the return of capital (excluding dividends and distributions), in each case received by the Issuer or any Restricted Subsidiary, and (y) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; *provided*, *however*, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by the Issuer or any Restricted Subsidiary in such Person or Unrestricted Subsidiary; plus

(E) $13.0 million.

(b) The preceding provisions will not prohibit:

(1) any Restricted Payment made out of the Net Cash Proceeds of the substantially concurrent sale of, or made by exchange for, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Issuer or an employee stock ownership plan or to a trust established by the Issuer or any of its Subsidiaries for the benefit of their employees) subsequent to the Merger Date or a substantially concurrent cash capital contribution received by the Issuer from its shareholders subsequent to the Merger Date; *provided*, *however*, that (A) such Restricted Payment shall be excluded in the calculation of the amount of Restricted Payments and (B) the Net Cash Proceeds from such sale or such cash capital contribution (to the extent so used for such Restricted Payment) shall be excluded from the calculation of amounts under clause (3)(B) of paragraph (a) above;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness which is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness;" *provided*, *however*, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded in the calculation of the amount of Restricted Payments;

(3) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this covenant; *provided*, *however*, that such dividend shall be included in the calculation of the amount of Restricted Payments;

(4) repurchases of Capital Stock of Parent required under the Issuer's or Parent's 401(k) plan as such plans existed as of the Merger Date; *provided*, *however*, that such repurchases shall be excluded from the calculation of the amount of Restricted Payments;

(5) so long as no Default has occurred and is continuing, the repurchase or other acquisition of shares of Capital Stock of Parent or the Issuer or any of the Issuer's Subsidiaries from employees (including substantially full-time independent contractors), former employees, directors, former directors or consultants of the Issuer or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors, former directors or consultants), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; *provided*, *however*, that the aggregate amount of such repurchases and other acquisitions shall not exceed the sum of (A) $8.0 million, (B) the Net Cash Proceeds from the sale of Capital Stock to members of management, consultants or directors of the Issuer and its Subsidiaries that occurs after the Merger Date (to the extent the Net Cash Proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3)(B) of paragraph (a) above) and (C) the cash proceeds of any "key man" life insurance policies that are used to make such repurchases; *provided further*, *however*, that (x) such repurchases and other acquisitions shall be excluded in the calculation of the amount of Restricted Payments and (y) the Net Cash Proceeds from such sale shall be excluded from the calculation of amounts under clause (3)(B) of paragraph (a) above;

(6) Investments made by Melody in connection with the Melody Loan Arbitrage Facility or the Melody Mortgage Warehousing Facility; *provided*, *however*, that such Investments shall be excluded in the calculation of the amount of Restricted Payments;

(7) payments required pursuant to the terms of the Merger Agreement to consummate the Merger; *provided*, *however*, that such payments shall be excluded in the calculation of the amount of Restricted Payments;

(8) dividends to Parent to be used by Parent solely to pay its franchise taxes and other fees required to maintain its corporate existence and to pay for general corporate and overhead expenses (including salaries and other compensation of the employees) incurred by Parent in the ordinary course of its business; *provided*, *however*, that such dividends shall not exceed $1.0 million in any calendar year; *provided further*, *however*, that such dividends shall be excluded in the calculation of the amount of Restricted Payments;

(9) payments to Parent in respect of Federal, state and local taxes directly attributable to (or arising as a result of) the operations of the Issuer and its consolidated Subsidiaries; *provided*, *however*, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its consolidated Subsidiaries would be required to pay in respect of Federal, state and local taxes for such fiscal year were the Issuer to pay such taxes as a stand-alone taxpayer (whether or not all such amounts are actually used by Parent for such purposes); *provided further*, *however*, that such payments shall be excluded in the calculation of the amount of Restricted Payments;

(10) distributions to Parent in an amount equal to the Permitted Real Estate Investment Asset Distribution Amount; *provided*, *however*, that (A) such distributions to Parent are actually used by Parent to redeem or repay the Blum Strategic Investment or to pay interest or dividends thereon and (B) the Issuer and its Restricted Subsidiaries shall, in the event of a disposition of any Real Estate Investment Assets, upon consummation of such disposition, have been released from any and all guarantees, including contingent guarantees but excluding any guarantees of liabilities arising from any events, circumstances or conditions existing prior to such disposition, relating to the Real Estate Investment Asset sold or providing cash amounts for such distribution; *provided further*, *however*, that (x) such distributions to Parent shall be excluded in the calculation of Restricted Payments and (y) the Net Available Cash or other cash amounts received from Real Estate Investment Assets shall be excluded from the calculation of amounts under clause (3)(D) of paragraph (a) above; and

(11) Restricted Payments in an aggregate amount which, when taken together with all Restricted Payments made pursuant to this clause (11) which have not been repaid, does not exceed $20.0 million; *provided*, *however*, that (A) at the time of such Restricted Payments, no Default shall have occurred and be continuing (or result therefrom) and (B) such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions on its Capital Stock to the Issuer or a Restricted Subsidiary or pay any Indebtedness owed to the Issuer, (b) make any loans or advances to the Issuer or (c) transfer any of its property or assets to the Issuer, except:

(1) with respect to clauses (a), (b) and (c),

(A) any encumbrance or restriction pursuant to an agreement of CB Richard Ellis Services or any of its Subsidiaries in effect at or entered into on the Issue Date or, in the case of the Credit Agreement, as in effect on the Merger Date;

(B) any encumbrance or restriction contained in any agreement pursuant to which such Indebtedness was issued if (x) either (i) the encumbrance or restriction applies only in the event of and during the continuance of a payment default or a default with respect to a financial covenant contained in such Indebtedness or agreement or (ii) the Issuer determines at the time any such Indebtedness is Incurred (and at the time of any modification of the terms of any such encumbrance or restriction) that any such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the notes and (y) the encumbrance or restriction is not materially more disadvantageous to the holders of the notes than is customary in comparable financings or agreements (as determined by the Board of Directors in good faith);

(C) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary on or prior to the date on which such Restricted Subsidiary was acquired by the Issuer (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Issuer) and outstanding on such date;

(D) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (A), (B) or (C) of clause (1) of this covenant or this clause (D) or contained in any amendment to an agreement referred to in clause (A), (B) or (C) of clause (1) of this covenant or this clause (D); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such refinancing agreement or amendment are no less favorable to the noteholders than encumbrances and restrictions with respect to such Restricted Subsidiary contained in such predecessor agreements; and

(E) any encumbrance or restriction pursuant to applicable law; and

(2) with respect to clause (c) only,

(A) any such encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests or licenses of intellectual property to the extent such provisions restrict the transfer of the lease or the property leased or licensed thereunder;

(B) restrictions contained in security agreements or mortgages securing Indebtedness of a Restricted Subsidiary to the extent such restrictions restrict the transfer of the property subject to such security agreements or mortgages;

(C) restrictions on the transfer of assets subject to any Lien permitted under the Indenture imposed by the holder of such Lien; and

(D) any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition.

Limitation on Sales of Assets and Subsidiary Stock

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the fair market value (including as to the value of all noncash consideration), as determined in good faith by the Board of Directors, of the shares and assets subject to such Asset Disposition;

(2) at least 80% of the consideration thereof received by the Issuer or such Restricted Subsidiary is in the form of cash or cash equivalents; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer (or such Restricted Subsidiary, as the case may be)

(A) *first*, to the extent the Issuer elects (or is required by the terms of any Indebtedness), to prepay, repay, redeem or purchase Senior Indebtedness of the Issuer or a Subsidiary Guarantor or Indebtedness (other than any Disqualified Stock) of any other Wholly Owned Subsidiary (in each case other than Indebtedness owed to the Issuer or an Affiliate of the Issuer) within one year from the later of the date of such Asset Disposition or the receipt of such Net Available Cash;

(B) *second*, to the extent of the balance of such Net Available Cash after application in accordance with clause (A), to the extent the Issuer elects, to acquire Additional Assets within one year from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; and

(C) *third*, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B), to make an offer to the holders of the notes (and to holders of other Senior Indebtedness of the Issuer designated by the Issuer) to purchase notes (and such other Senior Indebtedness of the Issuer) pursuant to and subject to the conditions contained in the Indenture;

provided, *however*, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A) or (C) above, the Issuer or such Restricted Subsidiary shall permanently retire such Indebtedness and shall cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

Notwithstanding the foregoing provisions of this covenant, the Issuer and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions which is not applied in accordance with this covenant exceeds $10.0 million. Pending application of Net Available Cash pursuant to this covenant, such Net Available Cash shall be invested in Temporary Cash Investments or applied to temporarily reduce revolving credit indebtedness.

For the purposes of this covenant, the following are deemed to be cash or cash equivalents:

(1) the assumption of Indebtedness of the Issuer or any Restricted Subsidiary and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition; and

(2) securities received by the Issuer or any Restricted Subsidiary from the transferee that are promptly converted by the Issuer or such Restricted Subsidiary into cash.

(b) In the event of an Asset Disposition that requires the purchase of notes (and other Senior Indebtedness of the Issuer) pursuant to clause (a)(3)(C) above, the Issuer will purchase notes tendered pursuant to an offer by the Issuer for the notes (and such other Senior Indebtedness of the Issuer) at a purchase price of 100% of their principal amount (or, in the event such other Senior Indebtedness of the Issuer was issued with significant original issue discount, 100% of the accreted value thereof) without premium, plus accrued but unpaid interest (or, in respect of such other Senior Indebtedness of the Issuer, such lesser price, if any, as may be provided for by the terms of such Senior Indebtedness of the Issuer) in accordance with the procedures (including prorating in the event of oversubscription) set forth in the Indenture. If the aggregate purchase price of the securities tendered exceeds the Net Available Cash allotted to their purchase, the Issuer will select the securities to be purchased on a pro rata basis but in round denominations, which in the case of the notes will be denominations of $1,000 principal amount or multiples thereof. The Issuer shall not be required to make such an offer to purchase notes (and other Senior Indebtedness of the Issuer) pursuant to this covenant if the Net Available Cash available therefor is less than $10.0 million (which lesser amount shall be carried forward for purposes of determining whether such an offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this clause by virtue of its compliance with such securities laws or regulations.

Limitation on Affiliate Transactions

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer (an "Affiliate Transaction") unless:

(1) the terms of the Affiliate Transaction are no less favorable to the Issuer or such Restricted Subsidiary than those that could be obtained at the time of the Affiliate Transaction in arm's-length dealings with a Person who is not an Affiliate;

(2) if such Affiliate Transaction involves an amount in excess of $2.5 million, the terms of the Affiliate Transaction are set forth in writing and a majority of the directors of the Issuer disinterested with respect to such Affiliate Transaction have determined in good faith that the criteria set forth in clause (1) are satisfied and have approved the relevant Affiliate Transaction as evidenced by a resolution of the Board of Directors; and

(3) if such Affiliate Transaction involves an amount in excess of $10.0 million, the Board of Directors shall also have received a written opinion from an Independent Qualified Party to the effect that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or is not less favorable to the Issuer and its Restricted Subsidiaries than could reasonably be expected to be obtained at the time in an arm's-length transaction with a Person who was not an Affiliate.

(b) The provisions of the preceding paragraph (a) will not prohibit:

(1) any Investment (other than a Permitted Investment) or other Restricted Payment, in each case permitted to be made pursuant to the covenant described under "—Limitation on Restricted Payments;"

(2) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors;

(3) loans or advances to employees or consultants in the ordinary course of business of the Issuer or its Restricted Subsidiaries, but in any event not to exceed $3.0 million in the aggregate outstanding at any one time;

(4) the payment of reasonable fees and compensation to, or the provision of employee benefit arrangements and indemnity for the benefit of, directors, officers, employees and consultants of the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(5) any transaction between or among the Issuer, any Restricted Subsidiary or joint venture or similar entity which would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Restricted Subsidiary, joint venture or similar entity;

(6) the issuance or sale of any Capital Stock (other than Disqualified Stock) of the Issuer;

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) or warrant agreement to which it is a party as of the Merger Date and any similar agreements which it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Merger Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the noteholders in any material respect;

(8) the payment of fees and other expenses to be paid by Parent, the Issuer or any of its Subsidiaries in connection with the Merger;

(9) any agreement as in effect on the Merger Date and described in this offering circular or any renewals, extensions or amendments of any such agreement (so long as such renewals, extensions or amendments are not less favorable to the Issuer or the Restricted Subsidiaries) and the transactions evidenced thereby; and

(10) transactions with customers, clients, suppliers or purchasers or sellers of goods or services in each case in the ordinary course of business and otherwise in compliance with the terms of the applicable Indenture which are fair to the Issuer or its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries

The Issuer

(1) will not, and will not permit any Restricted Subsidiary to, sell, lease, transfer or otherwise dispose of any Capital Stock of any Restricted Subsidiary to any Person (other than the Issuer or a Wholly Owned Subsidiary), and

(2) will not permit any Restricted Subsidiary to issue any of its Capital Stock (other than, if necessary, shares of its Capital Stock constituting directors' or other legally required qualifying shares) to any Person (other than to the Issuer or a Wholly Owned Subsidiary),

unless

(A) immediately after giving effect to such issuance, sale or other disposition, neither the Issuer nor any of its Subsidiaries owns any Capital Stock of such Restricted Subsidiary; or

(B) immediately after giving effect to such issuance, sale or other disposition, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person (other than in the case of an Exempt Subsidiary) remaining after giving effect thereto is treated as a new Investment by the Issuer and such Investment would be permitted to be made under the covenant described under "—Limitation on Restricted Payments" if made on the date of such issuance, sale or other disposition.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien (the "*Initial Lien*") of any nature whatsoever on any of its properties (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, securing any Indebtedness, other than Permitted Liens, without effectively providing that the notes shall be secured equally and ratably with (or prior to) the obligations so secured for so long as such obligations are so secured.

Any Lien created for the benefit of the Holders of the notes pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

Limitation on Sale/Leaseback Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(1) the Issuer or such Restricted Subsidiary would be entitled to (A) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to the covenant described under "—Limitation on Indebtedness" and (B) create a Lien on such property securing such Attributable Debt without equally and ratably securing the notes pursuant to the covenant described under "—Limitation on Liens;"

(2) the net proceeds received by the Issuer or any Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the fair value (as determined by the Board of Directors of the Issuer) of such property; and

(3) the Issuer applies the proceeds of such transaction in compliance with the covenant described under "—Limitation on Sale of Assets and Subsidiary Stock."

Merger and Consolidation

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Company*") shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Issuer) shall expressly assume, by an indenture supplemental thereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the notes and the Indenture;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Subsidiary as a result of such transaction as

having been Incurred by such Successor Company or such Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, the Successor Company would be able to Incur an additional $1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness;" and

(4) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture;

provided, *however*, that clause (3) will not be applicable to (A) a Restricted Subsidiary consolidating with, merging into or transferring all or part of its properties and assets to the Issuer or (B) the Issuer merging with an Affiliate of the Issuer solely for the purpose and with the sole effect of reincorporating the Issuer in another jurisdiction.

The Successor Company will be the successor to the Issuer and shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, and the predecessor Issuer, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the notes.

The Issuer will not permit any Subsidiary Guarantor to consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person unless:

(1) except in the case of a Subsidiary Guarantor that has been disposed of in its entirety to another Person (other than to the Issuer or an Affiliate of the Issuer), whether through a merger, consolidation or sale of Capital Stock or assets, if in connection therewith the Issuer provides an Officers' Certificate to the Trustee to the effect that the Issuer will comply with its obligations under the covenant described under "—Limitation on Sales of Assets and Subsidiary Stock" in respect of such disposition, the resulting, surviving or transferee Person (if not such Subsidiary) shall be a Person organized and existing under the laws of the jurisdiction under which such Subsidiary was organized or under the laws of the United States of America, or any State thereof or the District of Columbia, and such Person shall expressly assume, by a Guaranty Agreement, all the obligations of such Subsidiary, if any, under its Subsidiary Guaranty;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Issuer delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such Guaranty Agreement, if any, complies with the Indenture.

Parent will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person unless:

(1) the resulting, surviving or transferee Person (if not Parent) shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such Person shall expressly assume, by a Guaranty Agreement, all the obligations of Parent, if any, under its Guaranty;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Issuer delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such Guaranty Agreement, if any, complies with the Indenture.

Future Guarantors

Parent and each of our Restricted Subsidiaries, including Insignia Financial Group, Inc. and its domestic subsidiaries, that is a guarantor under the Credit Agreement will execute and deliver to the Trustee a Guaranty Agreement pursuant to which Parent and each such Restricted Subsidiary fully and unconditionally Guaranteed the notes on an unsecured, senior basis.

The Issuer will cause each Restricted Subsidiary that Guarantees any Indebtedness of the Issuer to, at the same time, execute and deliver to the Trustee a Guaranty Agreement pursuant to which such Restricted Subsidiary will Guarantee payment of the notes on the same terms and conditions as those set forth in the Indenture.

SEC Reports

Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Issuer will file with the SEC and provide the Trustee and noteholders within 15 days after it files them with the SEC with such annual reports and such information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and applicable to a U.S. corporation subject to such Sections, such information, documents and other reports to be so filed with the SEC at the times specified for the filings of such information, documents and reports under such Sections; *provided*, *however*, that the Issuer shall not be so obligated to file such reports with the SEC if the SEC does not permit such filing, in which event the Issuer will make available such information to the Trustee and noteholders within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act; *provided further*, *however*, that (a) so long as Parent is the Guarantor of the notes, the reports, information and other documents required to be filed and provided as described hereunder may, at the Issuer's option, be filed by and be those of Parent rather than the Issuer and (b) in the event that Parent conducts any business or holds any significant assets other than the capital stock of the Issuer at the time of filing and providing any such report, information or other document containing financial statements of Parent, Parent shall include in such report, information or other document summarized financial information (as defined in Rule 1-02(bb) of Regulation S-X promulgated by the SEC) with respect to the Issuer.

In addition, the Issuer will furnish to the holders of the notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act.

Defaults

Each of the following is an Event of Default:

(1) a default in the payment of interest on the notes when due, continued for 30 days;

(2) a default in the payment of principal of any note when due at its Stated Maturity, upon redemption, upon required purchase, upon declaration of acceleration or otherwise;

(3) the failure by the Issuer, Parent or any Subsidiary Guarantor to comply with its obligations under "—Certain Covenants—Merger and Consolidation" above;

(4) the failure by the Issuer, Parent or any Subsidiary Guarantor, as the case may be, to comply for 30 days after notice with any of its obligations in the covenants described above under "Change of Control" (other than a failure to purchase notes) or under "—Certain Covenants" under "—Limitation on Indebtedness," "—Limitation on Restricted Payments," "—Limitation on Restrictions on Distributions

from Restricted Subsidiaries," "—Limitation on Sales of Assets and Subsidiary Stock" (other than a failure to purchase notes), "—Limitation on Affiliate Transactions," "—Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries," "—Limitation on Liens," "Limitation on Sale/Leaseback Transactions," "—Future Guarantors" or "—SEC Reports" or the Escrow Agreement;

(5) the failure by the Issuer, Parent, or any Subsidiary Guarantor to comply for 60 days after notice with its other agreements contained in the Indenture;

(6) Indebtedness of the Issuer or any Significant Subsidiary is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $10.0 million (the "*cross acceleration provision*");

(7) certain events of bankruptcy, insolvency or reorganization of the Issuer or any Significant Subsidiary (the "*bankruptcy provisions*");

(8) any judgment or decree for the payment of money (other than judgments which are covered by enforceable insurance policies issued by solvent carriers) in excess of $10.0 million is entered against the Issuer or any Significant Subsidiary, remains outstanding for a period of 60 consecutive days following such judgment and is not discharged, waived or stayed within 10 days after notice (the "*judgment default provision*"); or

(9) the Parent Guaranty or a Subsidiary Guaranty ceases to be in full force and effect (other than in accordance with the terms of such Guaranty) or a Guarantor denies or disaffirms its obligations under its Guaranty.

However, a default under clauses (4), (5) and (8) will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding notes notify the Issuer of the default and the Issuer does not cure such default within the time specified after receipt of such notice.

If an Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding notes may declare the principal of and accrued but unpaid interest on all the notes to be due and payable. Upon such declaration, such principal and interest shall be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer occurs and is continuing, the principal of and interest on all the notes will ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of the notes. Under certain circumstances, the holders of a majority in principal amount of the outstanding notes may rescind any such acceleration with respect to the notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders of the notes unless such holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no holder of a note may pursue any remedy with respect to the Indenture or the notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in principal amount of the outstanding notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) holders of a majority in principal amount of the outstanding notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder of a note or that would involve the Trustee in personal liability.

If a Default occurs, is continuing and is known to the Trustee, the Trustee must mail to each holder of the notes notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of or interest on any note, the Trustee may withhold notice if and so long as a committee of its trust officers determines that withholding notice is not opposed to the interest of the holders of the notes. In addition, we are required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. We are required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action we are taking or propose to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended with the consent of the holders of a majority in principal amount of the notes then outstanding (including consents obtained in connection with a tender offer or exchange for the notes) and any past default or compliance with any provisions may also be waived with the consent of the holders of a majority in principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, an amendment or waiver may not, among other things:

(1) reduce the amount of notes whose holders must consent to an amendment;

(2) reduce the rate of or extend the time for payment of interest on any note;

(3) reduce the principal of or extend the Stated Maturity of any note;

(4) reduce the amount payable upon the redemption of any note or change the time at which any note may be redeemed as described under "—Optional Redemption" above;

(5) make any note payable in money other than that stated in the note;

(6) impair the right of any holder of the notes to receive payment of principal of and interest on such holder's notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's notes;

(7) make any change in the amendment provisions which require each holder's consent or in the waiver provisions;

(8) make any change in the ranking or priority of any note that would adversely affect the noteholders; or

(9) make any change in any Guaranty that would adversely affect the noteholders.

Notwithstanding the preceding, without the consent of any holder of the notes, the Issuer, Parent, the Subsidiary Guarantors and Trustee may amend the Indenture:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to provide for the assumption by a successor corporation of the obligations of the Issuer, Parent or any Subsidiary Guarantor under the Indenture;

(3) to provide for uncertificated notes in addition to or in place of certificated notes (provided that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated notes are described in Section 163(f)(2)(B) of the Code);

(4) to add guarantees with respect to the notes, including any Subsidiary Guaranties, or to secure the notes;

(5) to add to the covenants of the Issuer, Parent or any Subsidiary Guarantor for the benefit of the holders of the notes or to surrender any right or power conferred upon the Issuer, Parent or any Subsidiary Guarantor;

(6) to make any change that does not adversely affect the rights of any holder of the Notes; or

(7) to comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act.

The consent of the holders of the notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the Indenture becomes effective, we are required to mail to holders of the notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.

Transfer

The notes were issued in registered form and are transferable only upon the surrender of the notes being transferred for registration of transfer. We may require payment of a sum sufficient to cover any tax, assessment or other governmental charge payable in connection with certain transfers and exchanges.

Defeasance

At any time, we may terminate all our and each Guarantor's obligations under the notes and the Indenture ("*legal defeasance*"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes.

In addition, at any time we may terminate our obligations under "—Change of Control" and under the covenants described under "—Certain Covenants" (other than the covenant described under "—Merger and Consolidation"), the operation of the cross acceleration provision, the bankruptcy provisions with respect to Significant Subsidiaries and the judgment default provision described under "—Defaults" above and the limitations contained in clause (3) of the first paragraph under "—Certain Covenants—Merger and Consolidation" above ("*covenant defeasance*").

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, payment of the notes and the Guaranties may not be accelerated because of an Event of Default with respect thereto. If we exercise our covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in clause (4), (6), (7) (with respect only to Significant Subsidiaries) or (8) under "—Defaults" above or because of the failure of the Issuer to comply with clause (3) of the first paragraph under "—Certain Covenants—Merger and Consolidation" above. If we exercise our legal defeasance option or our covenant defeasance option, each Guarantor will be released from all of its obligations with respect to its Guaranty.

In order to exercise either of our defeasance options, we must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that holders of the notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and defeasance and will be subject to Federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law).

Concerning the Trustee

U.S. Bank National Association is the Trustee under the Indenture. We appointed U.S. Bank National Association as Registrar and Paying Agent with regard to the notes.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions; *provided*, *however*, if it acquires any conflicting interest it must either eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The holders of a majority in principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. If an Event of Default occurs (and is not cured), the Trustee is required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense and then only to the extent required by the terms of the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Subsidiary Guarantor has any liability for any obligations of the Issuer or any Subsidiary Guarantor under the notes, any Subsidiary Guaranty or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder of the notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Governing Law

The Indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.

Certain Definitions

"*Additional Assets*" means:

(1) any property or other assets (other than Indebtedness and Capital Stock) used in a Related Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, *however*, that any such Restricted Subsidiary described in clause (2) or (3) above is primarily engaged in a Related Business.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of the covenants described under "—Certain Covenants—Limitation on Restricted Payments," "—Certain Covenants

—Limitation on Affiliate Transactions" and "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" only, "Affiliate" shall also mean any beneficial owner of Capital Stock representing 10% or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Issuer or of rights or warrants to purchase such Capital Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"*Asset Disposition*" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Issuer or any Restricted Subsidiary; or

(3) any other assets of the Issuer or any Restricted Subsidiary outside of the ordinary course of business of the Issuer or such Restricted Subsidiary

(other than, in the case of clauses (1), (2) and (3) above,

(A) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(B) for purposes of the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" only, a disposition that constitutes a Restricted Payment permitted by the covenant described under "—Certain Covenants—Limitation on Restricted Payments" or a Permitted Investment;

(C) the sale by Melody of assets purchased and/or funded pursuant to the Melody Mortgage Warehousing Facility or the Melody Loan Arbitrage Facility;

(D) any sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(E) a disposition of Temporary Cash Investments in the ordinary course of business;

(F) the disposition of property or assets that are obsolete, damaged or worn out;

(G) the lease or sublease of office space in the ordinary course of business;

(H) sales by Melody of debt servicing rights not in excess of $5.0 million per calendar year; and

(I) a disposition of assets with a fair market value of less than $750,000 (a "de minimis disposition"), so long as the sum of such de minimis disposition plus all other de minimis dispositions previously made in the same calendar year does not exceed $3.0 million in the aggregate);

provided, *however*, that a disposition of all or substantially all the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Change of Control" and/or the provisions described above under the caption "—Merger and Consolidation" and not by the provisions described above under the caption "—Limitation on Sales of Assets and Subsidiary Stock" covenant.

"*Attributable Debt*" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); *provided*, *however*, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"*Average Life*" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by

(2) the sum of all such payments.

"*Bank Indebtedness*" means all Obligations pursuant to the Credit Agreement.

"*Blum Funds*" means (1) Blum Strategic Partners, L.P., (2) Blum Strategic Partners II, L.P., (3) Blum Strategic Partners II GmbH & Co. KG, (4) Blum Capital Partners, L.P. and its successors and (5) any investment fund that is an Affiliate of Blum Capital Partners, L.P. or its successors.

"*Blum Strategic Investment*" means the contribution described in clause (2) of the definition of Cash Equity Contributions.

"*Board of Directors*" means the Board of Directors of the Issuer or any committee thereof duly authorized to act on behalf of such Board.

"*Business Day*" means each day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by law to close in New York City.

"*Capital Lease Obligation*" means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of the covenant described under "—Certain Covenants—Limitation on Liens," a Capital Lease Obligation will be deemed to be secured by a Lien on the property being leased.

"*Capital Stock*" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Cash Equity Contributions*" means (1) the contribution by the Blum Funds (and/or one or more designees) and other stockholders of Parent to Parent of not less than $100.0 million in cash in the form of equity, (2) the contribution by the Blum Funds (and/or one or more designees) and other stockholders of Parent to Parent or Asset Sub (as defined below) of up to $45.0 million (which $45.0 million amount may be reduced dollar-for- dollar to the extent Net Proceeds (as defined in the Merger Agreement) are Deemed Received by the Company (as defined in the Merger Agreement) on or prior to the Merger Date) in the form of common or preferred equity or debt (each having terms providing that such obligations are recourse only to the issuer thereof) to either a newly formed subsidiary of Parent ("*Asset Sub*," which subsidiary shall be designated as an Unrestricted Subsidiary if it is a subsidiary of CB Richard Ellis Services) or Parent, (3) the contribution by Parent of the amount described in clause (1) above to CB Richard Ellis Services as equity in exchange for Capital Stock (other than Disqualified Stock) of CB Richard Ellis Services and (4) the contribution by CB Richard Ellis Services of the amount described in clause (1) above to Apple Acquisition Corp. as equity in exchange for Capital Stock (other than Disqualified Stock) of Apple Acquisition Corp.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Consolidated Interest Expense*" means, for any period, the total interest expense of the Issuer and its Restricted Subsidiaries for such period, plus, to the extent not included in such total interest expense, and to the extent incurred by the Company or its Restricted Subsidiaries during such period, without duplication:

(1) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(2) net payments pursuant to Hedging Obligations in respect of Indebtedness; and

(3) interest incurred in connection with Investments in discontinued operations.

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (1) (A) the aggregate amount of Indebtedness (excluding Melody Permitted Indebtedness and Non-Recourse Indebtedness) of the Issuer and its Restricted Subsidiaries as of such date of determination, less (B) Total Cash, to (2) EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available ending prior to such date of determination (the "*Reference Period*"); *provided*, *however*, that:

(1) if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Incurrence of Indebtedness, the amount of such Indebtedness shall be calculated after giving effect on a *pro forma* basis to such Indebtedness;

(2) if the Issuer or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness that was outstanding as of the end of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged on the date of the transaction giving rise to the need to calculate the Consolidated Leverage Ratio (other than, in each case, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), the aggregate amount of Indebtedness shall be calculated on a *pro forma* basis and EBITDA shall be calculated as if the Issuer or such Restricted Subsidiary had not earned the interest income, if any, actually earned during the Reference Period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(3) if since the beginning of the Reference Period the Issuer or any Restricted Subsidiary shall have made any Asset Disposition, the EBITDA for the Reference Period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for the Reference Period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for the Reference Period;

(4) if since the beginning of the Reference Period the Issuer or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA for the Reference Period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of the Reference Period; and

(5) if since the beginning of the Reference Period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such Reference Period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (3) or (4) above if made by the Issuer or a Restricted Subsidiary during the Reference Period, EBITDA for the Reference Period shall be calculated after giving *pro forma* effect thereto as if such Asset Disposition, Investment or acquisition occurred on the first day of the Reference Period.

For purposes of this definition, whenever *pro forma* effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer (and shall include any applicable Pro Forma Cost Savings). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months).

"*Consolidated Net Income*" means, for any period, the sum of, without duplication, (1) the net income of the Issuer and its consolidated Subsidiaries, (2) to the extent deducted in calculating net income of the Issuer and its consolidated Subsidiaries, (A) any nonrecurring fees, expenses or charges related to the Transactions and (B) any nonrecurring charges related to severance or lease termination costs incurred in connection with the Transactions and (3) cash received during such period by the Issuer or any of its consolidated Restricted Subsidiaries in respect of commissions receivable (net of related commissions payable to brokers) on leasing transactions that were completed by any acquired business (including Insignia Financial Group, Inc. and its subsidiaries) prior to the acquisition of such business and which purchase accounting rules under GAAP would require to be recognized as an intangible asset purchased; *provided*, *however*, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person (other than the Issuer) if such Person is not a Restricted Subsidiary, except that:

(A) subject to the exclusion contained in clause (4) below, the Issuer's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(B) the Issuer's equity in a net loss of any such Person to the extent accounted for pursuant to the equity method of accounting for such period shall be included in determining such Consolidated Net Income;

(2) any net income (or loss) of any Person acquired by the Issuer or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) any net income of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer, except that:

(A) subject to the exclusion contained in clause (4) below, the Issuer's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to another Restricted Subsidiary, to the limitation contained in this clause); and

(B) the Issuer's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(4) any gain (or loss) realized upon the sale or other disposition of any assets of the Issuer, its consolidated Subsidiaries or any other Person (including pursuant to any sale-and-leaseback arrangement) which is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition of any Capital Stock of any Person;

(5) extraordinary gains or losses;

(6) the cumulative effect of a change in accounting principles;

(7) any income or losses attributable to discontinued operations (including operations disposed of during such periods whether or not such operations were classified as discontinued);

(8) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date; and

(9) if the Successor Company is not the Issuer, the aggregate net income (or loss) of such Successor Company prior to the consolidation, merger or transfer resulting in such Successor Company.

Notwithstanding the foregoing, for the purposes of the covenant described under "—Certain Covenants —Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income any

repurchases, repayments or redemptions of Investments, proceeds realized on the sale of Investments or return of capital to the Issuer or a Restricted Subsidiary to the extent such repurchases, repayments, redemptions, proceeds or returns increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(3)(D) thereof.

"*Consolidated Secured Debt Ratio*" means, as of any date of determination, the ratio of (1) (A) the aggregate amount of Indebtedness (excluding Melody Permitted Indebtedness and Non-Recourse Indebtedness) of the Issuer and its Restricted Subsidiaries that is secured by Liens as of such date of determination, less (B) Total Cash, to (2) EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available, with such *pro forma* and other adjustments to each of Indebtedness and EBITDA as are appropriate and consistent with the *pro forma* and other adjustment provisions set forth in the definition of Consolidated Leverage Ratio.

"*Credit Agreement*" means the Amended and Restated Credit Agreement entered into among CB Richard Ellis Services, Parent, as guarantor, the lenders referred to therein, Credit Suisse First Boston, as Administrative Agent, Sole Lead Arranger and Sole Book Manager, and the Syndication Agent and Documentation Agent named therein, together with the related documents thereto (including the term loans and revolving loans thereunder, any guarantees and security documents), as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any agreement (and related document) governing Indebtedness incurred to Refinance, in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such Amended and Restated Credit Agreement or a successor Credit Agreement, whether by the same or any other lender or group of lenders.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement or other similar agreement designed to protect such Person against fluctuations in currency values.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(3) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the notes; *provided*, *however*, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer in order to satisfy obligations as a result of such employee's death or disability; and *provided further*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the Stated Maturity of the notes shall not constitute Disqualified Stock if:

(1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the terms applicable to the notes and described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and "—Change of Control;" and

(2) any such requirement only becomes operative after compliance with such terms applicable to the notes, including the purchase of any notes tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; *provided*, *however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"*EBITDA*" for any period means the sum of Consolidated Net Income, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) all income tax expense of the Issuer and its consolidated Restricted Subsidiaries;

(2) Consolidated Interest Expense;

(3) any nonrecurring fees, expenses or charges related to any Equity Offering, Permitted Investment, acquisition or Incurrence of Indebtedness permitted to be Incurred by the Indenture (in each case, whether or not successful), including any such fees, expenses or charges related to the Transactions, in each case not exceeding $10.0 million in the aggregate for all such nonrecurring fees, expenses and charges attributable to the same transaction or event (or group of related transactions or events);

(4) depreciation and amortization expense of the Issuer and its consolidated Restricted Subsidiaries (excluding amortization expense attributable to a prepaid operating activity item that was paid in cash in a prior period);

(5) all other noncash losses, expenses and charges of the Issuer and its consolidated Restricted Subsidiaries (excluding any such noncash loss, expense or charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period); and

(6) any nonrecurring charges that are incurred and associated with the restructuring of the operations of the Issuer and its consolidated Subsidiaries announced prior to the Merger Date and implemented within one year after the Merger Date;

in each case for such period. Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and noncash charges of, a Restricted Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Issuer by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"*Equity Offering*" means any primary offering of Capital Stock of Parent or the Issuer (other than Disqualified Stock) to Persons who are not Affiliates of the Issuer other than (1) public offerings with respect to the Issuer's Common Stock registered on Form S-8 and (2) issuances upon exercise of options by employees of the Issuer or any of its Restricted Subsidiaries.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Exempt Subsidiary*" means any Restricted Subsidiary that shall have had aggregate EBITDA of less than $250,000 for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available ending prior to the date of the issuance or sale of its Capital Stock giving rise to such determination; *provided*, *however*, that such sale or issuance is pursuant to a plan or program for the sale or issuance of Capital Stock a majority of which is sold to local management or to local strategic investors.

"*Facilities*" means the Term Loan Facilities and the Revolving Credit Facilities.

"*Foreign Restricted Subsidiary*" means any Restricted Subsidiary not incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"*Freeman Spogli*" means collectively, (1) FS Equity Partners III, L.P., (2) FS Equity Partners International L.P., (3) any investment fund that is affiliated with Freeman Spogli & Co. Incorporated and (4) Freeman Spogli & Co. Incorporated and any successor entity thereof controlled by the principals of Freeman Spogli & Co. Incorporated or any entity controlled by, or under common control with, Freeman Spogli & Co. Incorporated.

"*GAAP*" means generally accepted accounting principles in the United States of America as in effect as of the Issue Date, including those set forth in:

(1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants;

(2) statements and pronouncements of the Financial Accounting Standards Board;

(3) such other statements by such other entity as approved by a significant segment of the accounting profession; and

(4) the rules and regulations of the SEC governing the inclusion of financial statements (including *pro forma* financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, *however*, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means Parent and/or a Subsidiary Guarantor.

"*Guaranty*" means the Parent Guaranty and/or a Subsidiary Guaranty.

"*Guaranty Agreement*" means a supplemental indenture, in a form satisfactory to the Trustee, pursuant to which a Guarantor guarantees the Issuer's obligations with respect to the notes on the terms provided for in the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement or similar agreement.

"*holder*" or "*noteholder*" means the Person in whose name a note is registered on the Registrar's books.

"*Incur*" means issue, assume, Guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the

time it becomes a Restricted Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with "—Certain Covenants—Limitation on Indebtedness," (1) amortization of debt discount or the accretion of principal with respect to a noninterest bearing or other discount security and (2) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms will not be deemed to be the Incurrence of Indebtedness.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, including, in each case, any premium on such indebtedness to the extent such premium has become due and payable;

(2) all Capital Lease Obligations of such Person and all Attributable Debt in respect of Sale/Leaseback Transactions entered into by such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the twentieth Business Day following payment on the letter of credit);

(5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person or, with respect to any Preferred Stock of any Subsidiary of such Person, the principal amount of such Preferred Stock to be determined in accordance with the Indenture (but excluding, in each case, any accrued dividends);

(6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;

(7) all obligations of the type referred to in clauses (1) through (6) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets and the amount of the obligation so secured; and

(8) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

Notwithstanding the foregoing, in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, the term "Indebtedness" will exclude post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter. Indebtedness of any Person shall include all Indebtedness of any partnership or other entity in which such Person is a general partner or other equity holder with unlimited liability other than Indebtedness which by its terms is nonrecourse to such Person and its assets.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency

giving rise to the obligation, of any contingent obligations at such date; *provided*, *however*, that the principal amount of any noninterest bearing or other discount security at any date will be the principal amount thereof that would be shown on a balance sheet of such Person dated such date prepared in accordance with GAAP.

"*Independent Qualified Party*" means an investment banking firm, accounting firm or appraisal firm of national standing; *provided*, *however*, that such firm is not an Affiliate of the Issuer.

"*Interest Rate Agreement*" means in respect of a Person any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect such Person against fluctuations in interest rates.

"*Investment*" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. Except as otherwise provided for herein, the amount of an Investment shall be its fair market value at the time the Investment is made and without giving effect to subsequent changes in value.

For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investment" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (A) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (B) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) and BBB- (or the equivalent) by Moody's Investors Service, Inc. (or any successor to the rating agency business thereof) and Standard & Poor's Ratings Group (or any successor to the rating agency business thereof), respectively.

"*Issue Date*" means May 22, 2003.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Melody*" means L.J. Melody & Company, a Texas corporation.

"*Melody Loan Arbitrage Facility*" means a credit facility provided to Melody by any depository bank in which Melody deposits payments relating to mortgage loans for which Melody is servicer prior to distribution of such payments to or for the benefit of the holders of such loans, so long as (1) Melody applies all proceeds of loans made under such credit facility to purchase Temporary Cash Investments and (2) all such Temporary Cash Investments purchased by Melody with the proceeds of loans thereunder (and proceeds thereof and distributions thereon) are pledged to the depository bank providing such credit facility, and such bank has a first priority perfected security interest therein, to secure loans made under such credit facility.

"*Melody Mortgage Warehousing Facility*" means the credit facility provided by Residential Funding Corporation ("*RFC*") or any substantially similar facility extended to any Mortgage Banking Subsidiary in connection with any Mortgage Banking Activities, pursuant to which RFC or another lender makes loans to Melody, the proceeds of which loans are applied by Melody (or any Mortgage Banking Subsidiary) to fund commercial mortgage loans originated and owned by Melody (or any Mortgage Banking Subsidiary) subject to an unconditional, irrevocable (subject to customary exceptions) commitment to purchase such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or any other quasi-federal governmental entity so long as loans made by RFC or such other lender to Melody (or any Mortgage Banking Subsidiary) thereunder are secured by a pledge of commercial mortgage loans made by Melody (or any Mortgage Banking Subsidiary) with the proceeds of such loans and RFC or such other lender has a perfected first priority security interest therein, to secure loans made under such credit facility.

"*Melody Permitted Indebtedness*" means Indebtedness of Melody under the Melody Loan Arbitrage Facility, the Melody Mortgage Warehousing Facility and the Melody Working Capital Facility and Indebtedness of any Mortgage Banking Subsidiary under the Melody Mortgage Warehousing Facility that is, in all cases, nonrecourse to the Issuer or any of its Subsidiaries.

"*Melody Working Capital Facility*" means a credit facility provided by a financial institution to Melody, so long as (1) the proceeds of loans thereunder are applied only to provide working capital to Melody, (2) loans under such credit facility are unsecured and (3) the aggregate principal amount of loans outstanding under such credit facility at no time exceeds $1.0 million.

"*Merger*" means the merger of Apple Acquisition Corp. with and into Insignia Financial Group, Inc. pursuant to the Merger Agreement.

"*Merger Agreement*" means the agreement and plan of merger dated as of February 17, 2003, among Insignia Financial Group, Inc., Parent, CB Richard Ellis Services and Apple Acquisition Corp., as such agreement may be amended (A) so long as such amendment is not adverse to holders of the notes or (B) to the extent such amendment provides for the payment of additional merger consideration (including payments to holders of options, warrants and restricted stock awards) by CB Richard Ellis Services or Apple Acquisition Corp. of (i) up to $3.0 million or (ii) a greater amount so long as such greater amount is funded with additional equity contributions, and all other documents entered into or delivered in connection with the Merger Agreement.

"*Merger Date*" means the date the Merger was consummated, which was July 23, 2003.

"*Mortgage Banking Activities*" means the origination by a Mortgage Banking Subsidiary of mortgage loans in respect of commercial and multi-family residential real property, and the sale or assignment of such mortgage loans and the related mortgages to another person (other than the Issuer or any of its Subsidiaries) within sixty days after the origination thereof; *provided*, *however*, that in each case prior to origination of any mortgage loan, the Issuer or a Mortgage Banking Subsidiary, as the case may be, shall have entered into a legally binding and enforceable purchase and sale agreement with respect to such mortgage loan with a person that purchases such loans in the ordinary course of business.

"*Mortgage Banking Subsidiary*" means Melody and its subsidiaries that are engaged in Mortgage Banking Activities.

"*Net Available Cash*" from an Asset Disposition or the disposition of any Real Estate Investment Asset means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to such properties or assets or received in any other noncash form), in each case net of:

(1) all legal, accounting, investment banking and brokerage fees, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be accrued as a liability under GAAP, as a consequence of such disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such disposition, or by applicable law, be repaid out of the proceeds from such disposition;

(3) all distributions and other payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such disposition; and

(4) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed in such disposition and retained by the Issuer or any Restricted Subsidiary after such disposition.

"*Net Cash Proceeds*", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"*Non-Recourse Indebtedness*" means Indebtedness of, or Guarantees by, a Co-investment Entity or a Restricted Subsidiary formed solely for the purpose of, and which engages in no business other than the business of, making Permitted Co-investments; *provided*, *however*, that (1) such Indebtedness is incurred solely in relation to the permitted investment activities of such Co-investment Entity or such Restricted Subsidiary, (2) such Indebtedness is not Guaranteed by, or otherwise recourse to, Parent, the Issuer or any Subsidiary of the Issuer other than a Restricted Subsidiary formed solely for the purpose of, and which engages solely in the business of, making Permitted Co-investments and (3) the aggregate amount of such Indebtedness (but excluding any Guarantees by such Restricted Subsidiaries of Non-Recourse Indebtedness of a Co-investment Entity) of all such Restricted Subsidiaries that shall qualify as "Non-Recourse Indebtedness" shall not exceed $10.0 million outstanding at any time.

"*Obligations*" means with respect to any Indebtedness all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts payable pursuant to the documentation governing such Indebtedness.

"*Parent*" means CBRE Holding, Inc.

"*Parent Guaranty*" means the Guarantee by Parent of the Issuer's obligations with respect to the notes contained in the Indenture.

"*Parent Senior Notes*" means Parent's 16% Senior Notes Due 2011.

"*Permitted Co-investment*" means any Investment by any Restricted Subsidiary which is formed solely to acquire up to 30.0% of the Capital Stock of any Person (a "*Co-investment Entity*") managed by such Restricted Subsidiary whose principal purpose is to invest, directly or indirectly, in commercial real estate; *provided*, *however*, that such Restricted Subsidiary is acting in such capacity pursuant to an arrangement substantially similar to arrangements entered into by Restricted Subsidiaries involved in such activities prior to the Issue Date.

"*Permitted Holders*" means (1) the Blum Funds and Freeman Spogli, (2) any member of senior management of the Issuer on the Merger Date and (3) DLJ Investment Partners II, L.P. and its Affiliates.

"Permitted Investment" means an Investment by the Issuer or any Restricted Subsidiary in:

(1) the Issuer, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; *provided*, *however*, that (A) the primary business of such Restricted

Subsidiary is a Related Business and (B) such Restricted Subsidiary is not restricted from making dividends or similar distributions by contract, operation of law or otherwise;

(2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary; *provided*, *however*, that such Person's primary business is a Related Business;

(3) cash and Temporary Cash Investments;

(4) receivables owing to the Issuer or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) payroll, travel, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) loans or advances to employees or independent contractors made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary;

(7) loans or advances to clients and vendors made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary in an aggregate amount outstanding at any time not exceeding $1.5 million;

(8) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary or in satisfaction of judgments;

(9) any Person to the extent such Investment represents the noncash portion of the consideration received for an Asset Disposition as permitted pursuant to the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock;"

(10) any Person where such Investment was acquired by the Issuer or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(11) Hedging Obligations entered into in the ordinary course of the Issuer's or any Restricted Subsidiary's business and not for the purpose of speculation;

(12) any Person to the extent such Investment replaces or refinances an Investment in such Person existing on the Issue Date or on the Merger Date in an amount not exceeding the amount of the Investment being replaced or refinanced; *provided*, *however*, that the new Investment is on terms and conditions no less favorable than the Investment being renewed or replaced;

(13) Investments in insurance on the life of any participant in any deferred compensation plan of the Issuer made in the ordinary course of business consistent with past practices of the Issuer;

(14) Permitted Co-investments in an aggregate amount not exceeding (a) for the period from the day after the Merger Date to December 31, 2003, the excess of $30.0 million over the aggregate amount of all such Investments made in the period from January 1, 2003 to the Merger Date and (b) $30.0 million in each calendar year thereafter; *provided*, *however*, that such Investments made in Co-investment Entities investing in countries that are not members of the Organization for Economic Co-operation and Development shall not exceed $5.0 million in any calendar year; *provided further*, *however*, that (x) at the time of such Investment, no Default shall have occurred and be continuing (or result therefrom) and (y) immediately after giving *pro forma* effect to such Investment, the Issuer would be able to Incur an additional $1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness;" and

(15) so long as no Default shall have occurred and be continuing (or result therefrom), any Person in an aggregate amount which, when added together with the amount of all the Investments made pursuant to this clause (15) which at such time have not been repaid through repayments of loans or advances or other transfers of assets, does not exceed $30.0 million (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"*Permitted Liens*" means, with respect to any Person:

(1) pledges or deposits by such Person under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's and repairmen's Liens and other similar Liens, in each case for sums not yet due and payable or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; *provided*, *however*, that (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Issuer in excess of those set forth by regulations promulgated by the Federal Reserve Board and (B) such deposit account is not intended by the Issuer or any Restricted Subsidiary to provide collateral to the depository institution;

(3) Liens for taxes, fees, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings;

(4) Liens in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; *provided*, *however*, that such letters of credit do not constitute Indebtedness;

(5) Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(6) survey exceptions, encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(7) Liens securing Indebtedness (including Capital Lease Obligations) Incurred to finance the construction, purchase or lease of, or repairs, improvements or additions to, property (real or personal, tangible or intangible), plant or equipment of such Person; *provided*, *however*, that the Lien may not extend to any other property owned by such Person or any of its Restricted Subsidiaries at the time the Lien is Incurred (other than assets and property affixed or appurtenant thereto), and the Indebtedness (other than any interest thereon) secured by the Lien may not be Incurred more than 180 days after the later of the acquisition, completion of construction, repair, improvement, addition or commencement of full operation of the property subject to the Lien;

(8) Liens to secure Indebtedness permitted under the provisions described in clause (b)(1) and (2) under "—Certain Covenants—Limitation on Indebtedness;"

(9) Liens existing on the Merger Date;

(10) Liens on property (real or personal, tangible or intangible) or shares of Capital Stock of another Person at the time such other Person becomes a Subsidiary of such Person; *provided*, *however*, that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(11) Liens on property at the time such Person or any of its Subsidiaries acquires such property, including any acquisition by means of a merger or consolidation with or into such Person or a Subsidiary of such Person; *provided*, *however*, that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(12) Liens securing Indebtedness or other obligations of a Subsidiary of such Person owing to such Person or a wholly owned Subsidiary of such Person;

(13) Liens securing Hedging Obligations so long as such Hedging Obligations relate to Indebtedness that is, and is permitted to be under the Indenture, secured by a Lien on the same property securing such Hedging Obligations;

(14) Liens on commercial mortgage loans originated and owned by Melody or any Mortgage Banking Subsidiary pursuant to the Melody Mortgage Warehousing Facility;

(15) Liens on investments made by Melody in connection with the Melody Loan Arbitrage Facility, if such investments were acquired by Melody with the proceeds of such Indebtedness;

(16) Liens Incurred to secure obligations in respect of term loans or revolving loans (including principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts relating thereto) under the Credit Agreement; *provided*, *however*, that, at the time of Incurrence and after giving effect thereto, the Consolidated Secured Debt Ratio would be no greater than 2 to 1;

(17) Liens on specific items of inventory or other goods of such Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person solely to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) Liens on assets of Foreign Restricted Subsidiaries; *provided*, *however*, that such Liens (A) do not extend to or encumber Capital Stock of the Issuer or any Subsidiary of the Issuer and (B) secure Indebtedness not in excess of $20.0 million in the aggregate;

(19) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; *provided*, *however*, that (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Issuer or any Subsidiary of the Issuer in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System of the United States and (B) such deposit account is not intended by the Issuer or any Subsidiary to provide collateral to such depository institution;

(20) Liens securing Non-Recourse Indebtedness on assets of Restricted Subsidiaries formed solely for the purpose of, and which engage in no business other than the business of, making Permitted Co-investments; *provided*, *however*, that such Liens do not extend to, or encumber, the Capital Stock of such Restricted Subsidiaries;

(21) Liens on any Capital Stock of any Real Estate Investment Asset;

(22) Liens securing Indebtedness which, taken together with all other Indebtedness secured by Liens (excluding Liens permitted by clauses (1) through (21) above or clause (23) below) at the time of determination, does not exceed $15.0 million; and

(23) Liens to secure any Refinancing (or successive Refinancings) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clause (7), (9), (10) or (11); *provided*, *however*, that:

(A) such new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(B) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clause (7), (9), (10) or (11) at the time the original Lien became a Permitted Lien and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement.

Notwithstanding the foregoing, "Permitted Liens" will not include any Lien described in clause (7), (10) or (11) above to the extent such Lien applies to any Additional Assets acquired directly or indirectly from Net Available Cash pursuant to the covenant described under "—Certain Covenants—Limitation on Sale of Assets and Subsidiary Stock." For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

"*Permitted Real Estate Investment Asset Distribution Amount*" means an amount equal to (1) the Net Available Cash from the sale of, or other cash amounts received by the Issuer and its Restricted Subsidiaries in respect of, the Real Estate Investment Assets minus (2) an amount equal to the sum of (A) (i) the amount of the Issuer's and its Restricted Subsidiaries' letter of credit support obligations outstanding on the date of determination or drawn after the Merger Date relating to the Real Estate Investment Assets minus (ii) $5.0 million plus (B) the amount of any additional merger consideration paid in the Merger pursuant to an amendment to the Merger Agreement permitted by clause (B) (i) of the definition of "Merger Agreement."

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*principal*" of a note means the principal of the note plus the premium, if any, payable on the note which is due or overdue or is to become due at the relevant time.

"*Pro Forma Cost Savings*" means, with respect to any period, the reduction in costs that were:

(1) directly attributable to an asset acquisition and calculated on a basis that is consistent with Regulation S-X under the Securities Act in effect and applied as of the Issue Date; or

(2) implemented by the business that was (or will be, as applicable) the subject of any such asset acquisition within six months of the date of the asset acquisition and that are supportable and quantifiable by the underlying accounting records of such business,

as if, in the case of each of clause (1) and (2), all such reductions in costs had been effected as of the beginning of such period.

"*Public Equity Offering*" means an underwritten primary public offering of common stock of the Issuer pursuant to an effective registration statement under the Securities Act.

"*Purchase Money Indebtedness*" means Indebtedness (including Capital Lease Obligations) (1) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds or similar Indebtedness, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed, and (2) Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary of such asset, including additions and improvements; *provided*, *however*, that any Lien arising in connection with any such Indebtedness shall be limited to the specified asset being financed or, in the case of real property or fixtures, including additions and improvements, the real property on which such asset is attached; *provided further*, *however*, that such Indebtedness is Incurred within 180 days after such acquisition of such assets by the Issuer or any Restricted Subsidiary.

"*Rating Agencies*" means Standard and Poor's Ratings Group and Moody's Investors Service, Inc. or any successor to the respective rating agency business thereof.

"*Real Estate Investment Asset*" has the meaning assigned to such term in the Merger Agreement as in effect on the Merger Date.

"*Reference Date*" means December 31, 2002.

"*Refinance*" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness that Refinances any Indebtedness of the Issuer or any Restricted Subsidiary existing on the Merger Date or Incurred in compliance with the Indenture, including Indebtedness that Refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced; and

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding or committed (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;

provided further, *however*, that Refinancing Indebtedness shall not include (A) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of the Issuer or (B) Indebtedness of the Issuer or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"*Related Business*" means any business in which CB Richard Ellis Services was engaged on the Merger Date and any business related, ancillary or complementary to any business of CB Richard Ellis Services in which CB Richard Ellis Services was engaged on the Merger Date.

"*Restricted Payment*" with respect to any Person means:

(1) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and dividends or distributions payable solely to the Issuer or a Restricted Subsidiary, and other than pro rata dividends

or other distributions made by a Subsidiary that is not a Wholly Owned Subsidiary to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(2) the purchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person or of any Capital Stock of a Restricted Subsidiary held by any Affiliate of the Issuer (other than a Restricted Subsidiary), including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Disqualified Stock);

(3) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Obligations of such Person (other than the purchase, repurchase or other acquisition of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition); or

(4) the making of any Investment (other than a Permitted Investment) in any Person.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility contained in the Credit Agreement and any other facility or financing arrangement that Refinances, in whole or in part, any such revolving credit facility.

"*Sale/Leaseback Transaction*" means an arrangement relating to property owned by the Issuer or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property to a Person and the Issuer or a Restricted Subsidiary leases it from such Person.

"*SEC*" means the Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Senior Indebtedness*" means with respect to any Person:

(1) Indebtedness of such Person, whether outstanding on the Issue Date or thereafter Incurred; and

(2) accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Person whether or not post-filing interest is allowed in such proceeding) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable unless, in the case of clauses (1) and (2), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are subordinate or pari passu in right of payment to the notes or the Guaranty of such Person, as the case may be; *provided*, *however*, that Senior Indebtedness shall not include:

   (A) any obligation of such Person to any Subsidiary;

   (B) any liability for Federal, state, local or other taxes owed or owing by such Person;

   (C) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

   (D) any Indebtedness of such Person (and any accrued and unpaid interest in respect thereof) which is subordinate or junior in any respect to any other Indebtedness or other obligation of such Person; or

   (E) that portion of any Indebtedness which at the time of Incurrence is Incurred in violation of the Indenture;*provided*, *however*, that such Indebtedness shall be deemed not to have been Incurred

in violation of the Indenture for purposes of this clause (5) if (x) the holders of such Indebtedness or their representative or the Issuer shall have furnished to the Trustee an opinion of recognized independent legal counsel, unqualified in all material respects, addressed to the Trustee (which legal counsel may, as to matters of fact, rely upon an Officers' Certificate) to the effect that the Incurrence of such Indebtedness does not violate the provisions of the Indenture or (y) such Indebtedness consists of Bank Indebtedness, and the holders of such Indebtedness or their agent or representative (1) had no actual knowledge at the time of the Incurrence that the Incurrence of such Indebtedness violated the Indenture and (2) shall have received an Officers' Certificate to the effect that the Incurrence of such Indebtedness does not violate the provisions of the Indenture.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Issuer within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Obligation*" means, with respect to a Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the notes or a Guaranty of such Person, as the case may be, pursuant to a written agreement to that effect.

"*Subsidiary*" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person.

"*Subsidiary Guarantor*" means each Subsidiary of the Issuer that executed the Indenture as a guarantor on the Merger Date and each other Subsidiary of the Issuer that thereafter guarantees the notes pursuant to the terms of the Indenture.

"*Subsidiary Guaranty*" means a Guarantee by a Subsidiary Guarantor of the Issuer's obligations with respect to the notes.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in direct obligations of the United States of America or any agency thereof or obligations guaranteed by the United States of America or any agency thereof;

(2) investments in time deposit accounts, bankers' acceptances, certificates of deposit and money market deposits maturing within one year of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any State thereof or any foreign country recognized by the United States of America, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $50.0 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money-market fund sponsored by a registered broker-dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above and clauses (4) and (5) below entered into with a bank meeting the qualifications described in clause (2) above;

(4) investments in commercial paper, maturing not more than one year from the date of creation thereof, issued by a corporation (other than an Affiliate of the Issuer) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's Investors Service, Inc. or "A-1" (or higher) according to Standard and Poor's Ratings Group;

(5) investments in securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by Standard & Poor's Ratings Group or "A" by Moody's Investors Service, Inc.; and

(6) other short-term investments utilized by Foreign Restricted Subsidiaries in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

"*Term Loan Facility*" means the term loan facilities contained in the Credit Agreement and any other facilities or financing arrangements that Refinance in whole or in part any such term loan facilities.

"*Total Cash*" means, as of any date of determination, the amount of cash and Temporary Cash Investments held by the Issuer and its Restricted Subsidiaries as of the last day of the most recently completed month for which internal financial statements are available.

"*Transactions*" means, collectively, the following transactions to occur on or prior to the Merger Date: (1) the consummation of the Merger and the other transactions contemplated by the Merger Agreement, (2) the execution and delivery of the Credit Agreement and the initial borrowings thereunder, (3) the repayment of certain existing long-term indebtedness and preferred stock of Insignia Financial Group, Inc., (4) the Cash Equity Contributions, (5) the sales, if any, of Real Estate Investment Assets on or prior to the Merger Date and (6) the payment of all fees and expenses then due and owing that are required to be paid on or prior to the Merger Date in connection with the offering of the notes and the foregoing clauses (1) through (5).

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or holds any Lien on any property of, the Issuer or any other Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated; *provided*, *however*, that either (A) the Subsidiary to be so designated has total assets of $1,000 or less or (B) if such Subsidiary has assets greater than $1,000, such designation would be permitted under the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary;*provided*, *however*, that immediately after giving effect to such designation (A) the Issuer could Incur $1.00 of additional Indebtedness under paragraph (a) of the covenant described under "—Certain Covenants— Limitation on Indebtedness" (irrespective of whether that covenant remains in effect) and (B) no Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions. Notwithstanding the foregoing, any Subsidiary of the Issuer formed solely for the purpose of, and engaged solely in the business of, holding the Real Estate Investment Assets shall be deemed to be an Unrestricted Subsidiary as of the Merger Date.

"*U.S. Dollar Equivalent*" means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

Except as described under "—Certain Covenants— Limitation on Indebtedness," whenever it is necessary to determine whether the Issuer has complied with any covenant in the Indenture or a Default has occurred and an amount is expressed in a currency other than U.S. dollars, such amount will be treated as the U.S. Dollar Equivalent determined as of the date such amount is initially determined in such currency.

"*U.S. Government Obligations*" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the issuer's option.

"*Voting Stock*" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by the Issuer or one or more Wholly Owned Subsidiaries.

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

In connection with the private offering and sale of the outstanding notes on May 22, 2003 and the completion of the Insignia acquisition on July 23, 2003, we and the guarantors entered into a registration rights agreement with the initial purchasers of the outstanding notes. The following description of the registration rights agreement is only a brief summary of the agreement. It does not purport to be complete and is qualified in its entirety by reference to all of the terms, conditions and provisions of the registration rights agreement. For further information, please refer to the registration rights agreement that we filed as an exhibit to the registration statement of which this prospectus is a part.

Pursuant to the registration rights agreement, we agreed to:

- file with the SEC a registration statement on an appropriate form under the Securities Act of 1933 relating to a registered exchange offer whereby the outstanding notes may be exchanged for the exchange notes;
- use our reasonable best efforts to cause the registration statement to be declared effective under the Securities Act of 1933 within 180 days after the completion of the Insignia acquisition; and
- use our reasonable best efforts to keep the registration statement effective for 20 business days (or longer, if required by applicable law) after the date on which the notice of the exchange offer is mailed to the holders of the outstanding notes.

The exchange notes will have terms substantially identical to the outstanding notes, except that the exchange notes will not contain terms relating to transfer restrictions, registration rights and additional interest for failure to observe specified obligations in the registration rights agreement.

In the event that:

- the applicable interpretations of the SEC staff did not permit us to effect the exchange offer;
- the exchange offer is not consummated by the 220th day after the completion of the Insignia acquisition;
- any initial purchaser requests that a shelf registration statement be filed with respect to outstanding notes that are not eligible to be exchanged for the exchange notes in the exchange offer and are held by the initial purchaser after the consummation of the exchange offer;
- any holder is prohibited by law or SEC policy from participating in the exchange offer and the holder requests that a shelf registration statement be filed; or
- any holder that participates in the exchange offer and does not receive freely tradable exchange notes on the day of the exchange and the holder requests that a shelf registration statement be filed;

we will as promptly as practicable, but in no event later than 90 days after the date of the applicable triggering event above, file a shelf registration statement with respect to the resale of the outstanding notes or the exchange notes with the SEC. Upon the occurrence of the first triggering event listed above, we will use our reasonable best efforts to cause the shelf registration statement to be declared effective on or before the 180th day after the completion of the Insignia acquisition. Upon the occurrence of any of the other triggering events listed above, we will use our reasonable best efforts to cause the shelf registration statement to be declared effective on or before the 90th day after the date of the applicable triggering event.

We will keep the shelf registration statement effective until the earliest of:

- the date when the notes covered by the shelf registration statement can be freely sold under Rule 144 under the Securities Act;

- two years from the effective date of the shelf registration statement; and
- the date when all of the notes registered under the shelf registration statement are sold pursuant to the shelf registration statement.

If we fail to comply with specified obligations under the registration rights agreement, we will be required to pay additional interest to holders of the outstanding notes. These obligations include:

- the obligation to cause the exchange offer registration statement or a shelf registration statement, if required, to be filed within the applicable timeframes required by the registration rights agreement;
- the obligation to cause the exchange offer registration statement or a shelf registration statement, if required, to be declared effective within the applicable timeframes required by the registration rights agreement;
- the obligation to consummate the exchange offer within 40 days after the SEC declares the registration statement effective; and
- the obligation to keep the exchange offer registration statement or the shelf registration statement, as the case may be, effective and usable during the periods specified in the registration rights agreement.

Each holder of the outstanding notes that wishes to exchange the outstanding notes for the exchange notes in the exchange offer will be required to make the following representations:

- any exchange notes will be acquired in the ordinary course of its business;
- the holder has no arrangement with any person to participate in the distribution of the exchange notes;
- the holder is not an "affiliate," as the term is defined in Rule 405 of the Securities Act, of the issuer or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act;
- if the holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes; and
- if the holder is a broker-dealer, that it will receive exchange notes for its own account in exchange for outstanding notes that were acquired for outstanding notes that were acquired as a result of market-making activities or other trading activities and that it will be required to acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See "Plan of Distribution."

Resale of Exchange Notes

Based on interpretations of the SEC staff set forth in no-action letters issued to unrelated third parties, we believe that the exchange notes issued under the exchange offer in exchange for the outstanding notes may be offered for resale, resold and otherwise transferred by any exchange note holder without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- the holder is not an "affiliate," as such term is defined in Rule 405 under the Securities Act;
- the exchange notes are acquired in the ordinary course of the holder's business; and
- the holder does not intend to participate in the distribution of the exchange notes.

Any holder who tenders in the exchange offer with the intention of participating in any manner in a distribution of the exchange notes:

- cannot rely on the position of the staff of the SEC enunciated in *Exxon Capital Holdings Corporation*, *Morgan Stanley & Co. Incorporated* or similar interpretive no-action letters; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of the exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the outstanding notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives the exchange notes for its own account in exchange for the outstanding notes, where such outstanding notes were acquired by that broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any outstanding notes properly tendered and not withdrawn prior to the expiration date. We will issue $1,000 in principal amount of the exchange notes in exchange for each $1,000 in principal amount of the outstanding notes surrendered under the exchange offer. The outstanding notes may be tendered only in integral multiples of $1,000.

The form and terms of the exchange notes will be substantially identical to the form and terms of the outstanding notes, except the exchange notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not provide for any additional interest upon any of the circumstances described above. The exchange notes will evidence the same debt as the outstanding notes. The exchange notes will be issued under, and be entitled to the benefits of, the same indenture that authorized the issuance of the outstanding notes. Consequently, both series will be treated as a single class of debt securities under that indenture.

The exchange offer is not conditioned upon any minimum aggregate principal amount of the outstanding notes being tendered for exchange.

This prospectus and the letter of transmittal are being sent to all registered holders of the outstanding notes. There will be no fixed record date for determining registered holders of the outstanding notes entitled to participate in the exchange offer.

Holders do not have any appraisal rights or dissenters' rights under the indenture in connection with the exchange offer. The issuer intends to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act and the rules and regulations of the SEC. Outstanding notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits under the indenture relating to the outstanding notes. See, however, "Consequences of Failure to Exchange."

We will be deemed to have accepted for exchange properly tendered outstanding notes when we have given notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us and delivering the exchange notes to the tendering holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any outstanding notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under "—Conditions to the Exchange Offer."

Holders who tender the outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes. We will pay all charges and expenses, other than the applicable taxes described below, in connection with the exchange offer. See "—Fees and Expenses" below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extensions; Amendments

The exchange offer will expire at :00 p.m., New York City time, on , 2003, unless we, in our sole discretion, extend the expiration date.

To extend the exchange offer, we will notify the exchange agent of any extension. We will notify the registered holders of the outstanding notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, to delay the acceptance of any outstanding notes tendered, to extend the exchange offer or to terminate the exchange offer and to refuse to accept any outstanding notes not previously accepted, if any of the conditions set forth in the section "—Conditions to the Exchange Offer" below has not been satisfied, by notifying the exchange agent of such delay, extension or termination, or subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner.

Any delay in acceptance, extension, termination or amendment will be followed by an oral notice or a written notice of such delay, extension, termination or amendment to the registered holders of the outstanding notes as promptly as practicable under the circumstances. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose the amendment in a manner that is reasonably calculated to inform the holders of the outstanding notes.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension. termination or amendment of the exchange offer, we have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a timely release to a financial news service.

Conditions to the Exchange Offer

We are not required to accept for exchange, or to exchange any exchange notes for, any outstanding notes, and we may terminate the exchange offer as provided in this prospectus before accepting any outstanding notes if in our reasonable judgment:

- the exchange notes to be received will not be tradable by the holder without restriction under the Securities Act or the Securities Exchange Act or without material restrictions under the blue sky or securities laws of substantially all of the states of the United States;
- the exchange offer, or the making of any exchange by a holder of the outstanding notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or,
- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected to impair the ability of the issuer to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the outstanding notes of any holder that has not made to us:

- the representations described under "—Purpose and Effect of the Exchange Offer," "—Procedures for Tendering" and "Plan of Distribution;" and
- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

We expressly reserve the right, at any time or at various times, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any outstanding notes by notifying the holders of the extension. During any such extensions, all outstanding notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange. We will return any outstanding notes that we do not accept for exchange for any reason without expense to their tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer and to reject any outstanding notes not previously accepted for exchange upon the occurrence of any of the conditions of the exchange offer specified above. We will notify the holders of the outstanding notes of any extension, amendment, non-acceptance or termination as promptly as practicable. In the case of any extension, this notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit, and we may assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any or at various times in its sole discretion. If we fail at any time to exercise any of the foregoing rights, this failure will not constitute a waiver of these rights. Each of these rights will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept any outstanding notes tendered, and will not issue any exchange notes in exchange for the tendered outstanding notes, if any stop order will be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

Procedures for Tendering

Only a holder of the outstanding notes may tender the outstanding notes in the exchange offer. To tender in the exchange offer, a holder must:

- complete, sign and date the letter of transmittal or a facsimile of the letter of transmittal, have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires and mail or deliver the letter of transmittal or facsimile to the exchange agent prior to the expiration date; or
- comply with DTC's Automated Tender Offer Program procedures described below.

In addition, either:

- the exchange agent must receive the outstanding notes along with the letter of transmittal; or
- the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of the outstanding notes into the exchange agent's account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent's message; or
- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under "—Exchange Agent" prior to the expiration date.

A tender that is not withdrawn prior to the expiration date will constitute an agreement between the tendering holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivering the outstanding notes, the letter of transmittal and all other required documents to the exchange agent is at the holder's election and risk. Rather than mailing these items, we recommend that holders use an overnight or hand-delivery service. In all cases, the holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. The holders should not send the letter of transmittal or the outstanding notes to us. The holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly

and instruct it to tender on the owner's behalf. If the beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its outstanding notes, either:

- make appropriate arrangements to register ownership of the outstanding notes in such owner's name; or
- obtain a properly completed bond power from the registered holder of outstanding notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

Signatures on a letter of transmittal or a notice of withdrawal described below must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or another "eligible institution" within the meaning of Rule 17 Ad-15 under the Securities Exchange Act, unless the outstanding notes are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or
- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder listed on the outstanding notes, those outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any outstanding notes or any bond power is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless waived by the issuer, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

The exchange agent and DTC have confirmed that my financial institution that is a participant in DTC's system may use DTC's Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the outstanding notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent's message to the exchange agent. The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation to the effect that:

- DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering the outstanding notes that are the subject of the book-entry confirmation;
- the participant has received and agrees to be bound by the terms of the letter of transmittal, or, in the case of an agent's message relating to guaranteed delivery, that the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and
- the agreement may be enforced against such participant.

We will, in our sole discretion, determine all questions as to the validity, form, eligibility (including time of receipt), acceptance of any tendered outstanding notes and withdrawal of tendered outstanding notes. Our determination will be final and binding. We reserve the absolute right to reject any outstanding notes not properly tendered or any outstanding notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection

with tenders of outstanding notes must be cured within such time as we shall determine. Although we intend to notify the tendering holders of any defects or irregularities, neither we, the exchange agent nor any other person will incur any liability for failure to give the notification. Tenders of outstanding notes will not be deemed made until the defects or irregularities have been cured or waived. Any outstanding notes received by the exchange agent that is not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In all cases, we will issue the exchange note for the outstanding notes that we have accepted under the exchange offer only after the exchange agent timely receives:

- the outstanding notes or a timely book-entry confirmation of the outstanding notes into the exchange agent's account at DTC; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

By signing the letter of transmittal, each tendering holder of the outstanding notes will represent to us that, among other things:

- any exchange notes that the holder receives will be acquired in the ordinary course of its business;
- the holder has no arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;
- if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the exchange notes;
- if the holder is a broker-dealer that will receive the exchange notes for its own account in exchange for the outstanding notes that were acquired as a result of market-making activities, that it will deliver a prospectus, as required by law, in connection with any resale of the exchange notes; and
- the holder is not an "affiliate," as such term is defined in Rule 405 of the Securities Act, of us or, if the holder is an affiliate, it will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

Book-Entry Transfer

The exchange agent will establish an account with respect to the outstanding notes at DTC for purposes of the exchange offer promptly after the date of this prospectus, and any financial institution participating in DTC's system may make a book-entry delivery of the outstanding notes by causing DTC to transfer the outstanding notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Any holder who is unable to deliver the confirmation of the book-entry tender of its outstanding notes into the exchange agent's account at DTC or is unable to deliver the documents required by the letter of transmittal to the exchange agent on or prior to the expiration date may tender their outstanding notes according to the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

Any holder that wishes to tender its outstanding notes but cannot deliver the outstanding notes, the letter of transmittal or the required documents to the exchange agent or comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date may still tender if:

- the tender is made through an eligible institution;

- prior to the expiration date, the exchange agent receives from the eligible institution either a properly completed and duly executed notice of guaranteed delivery (by facsimile transmission, mail or hand-delivery) or a properly transmitted agent's message and notice of guaranteed delivery:
  - setting forth the name and address of the holder, the registered number(s) of the outstanding notes and the principal amount of the outstanding notes tendered;
  - stating that the tender is being made by guaranteed delivery; and
  - guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal, or facsimile of the letter of transmittal, together with the outstanding notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- the exchange agent receives the properly completed and executed letter of transmittal, or facsimile of the letter of transmittal, as well as all tendered outstanding notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to any holder that wishes to tender its outstanding notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, any tendering holder may withdraw its tender at any time prior to the expiration date. For a withdrawal to be effective:

- the exchange agent must receive a written notice by telegram, telex, facsimile transmission or letter of withdrawal at one of the addresses set forth below under "—Exchange Agent," or
- the withdrawing holder must comply with the appropriate procedures of DTC's Automated Tender Offer Program system.

Any notice of withdrawal must:

- specify the name of the person who tendered the outstanding notes to be withdrawn;
- identify the outstanding notes to be withdrawn, including the principal amount of such outstanding notes; and
- where certificates for the outstanding notes have been transmitted, specify the name in which the outstanding notes were registered, if different from that of the withdrawing holder.

If certificates for the outstanding notes have been delivered of otherwise identified to the exchange agent, then, prior to the release of the certificates, the withdrawing holder must also submit:

- the serial numbers of the particular certificates to be withdrawn; and
- a signed notice of withdrawal with signatures guaranteed by an eligible institution unless the holder is an eligible institution.

If the outstanding notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility (including time of receipt) of such notices, and its determination is final and binding on all parties. We issuer will deem any outstanding notes so withdrawn not to have been validly tendered for purposes of the exchange offer. All outstanding notes that have been tendered but that are not exchanged for any reason will be returned to their holder without cost to the holder or, in the case of book-entry

transfer, the outstanding notes will be credited to an account maintained with DTC as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn tenders may be retendered by following one of the procedures described under "—Procedures for Tendering" above, at any time on or prior to the expiration date.

Exchange Agent

U.S. Bank, N.A. has been appointed as the exchange agent for the exchange offer. You should direct any questions and requests for assistance, requests for additional copies of this prospectus, the letter of transmittal or the notice of guaranteed delivery to the exchange agent as follows:

By Registered or Certified Mail:	*Facsimile Transmission Number: (Eligible Institutions Only)*	*By Hand or Overnight Delivery:*
U.S. Bank West Side Flats Operations Center 60 Livingston Avenue St. Paul, MN 55107 Mail Station—EP-MN-US2N	(651) 495-8158	U.S. Bank West Side Flats Operations Center 60 Livingston Avenue St. Paul, MN 55107 Mail Station—EP-MN-US2N

Delivery of the letter of transmittal to an address other than as set forth above or transmission via facsimile other than as set forth above does not constitute a valid delivery or the letter or transmittal.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitations by telegraph, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. These expenses include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

The expenses are estimated in the aggregate to be approximately $0.5 million.

Transfer Taxes

We will pay the transfer taxes, if any, applicable to the exchange of the outstanding notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- the certificates representing outstanding notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the outstanding notes tendered;
- the tendered outstanding notes are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of outstanding notes under the exchange offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed to that tendering holder.

Holders who tender their outstanding notes for exchange will not be required to pay any transfer taxes. However, holders who instruct us to register the exchange notes in the name of, or request that the outstanding notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay the applicable transfer taxes.

Consequences of Failure to Exchange

If you do not exchange your outstanding notes for the exchange notes under the exchange offer, your outstanding notes will remain subject to the transfer restrictions applicable to the outstanding notes:

- as set forth in the legend printed on the notes as a consequence of the issuance of the outstanding notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities law; and
- as set forth in the offering memorandum distributed in connection with the private offering of the outstanding notes.

In general, you may not offer or sell your outstanding notes unless they are registered under the Securities Act or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. Based on interpretations of the SEC staff, the exchange notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by their holders, other than to any holder that is an “affiliate” of us within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the exchange notes in the ordinary course of the holders’ business and the holders have no arrangement or understanding with respect to the distribution of the exchange notes to be acquired in the exchange offer. Any holder who tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes:

- could not rely on the applicable interpretations of the SEC; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Accounting Treatment

We will record the exchange notes in our accounting records at the same carrying value as the outstanding notes, which is the aggregate principal amount, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will record the expenses of the exchange offer as incurred.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept the offer. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire the untendered outstanding notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any outstanding notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered outstanding notes.

DESCRIPTION OF OTHER INDEBTEDNESS

In connection with CBRE Holding's acquisition of us in 2001, we issued 11 1/4% senior subordinated notes due 2011 described below, CBRE Holding issued 16% senior notes due 2011 described below and we entered into a senior secured credit agreement. Our senior secured credit agreement was amended and restated in connection with the completion of the Insignia acquisition on July 23, 2003 and again on October 14, 2003 on terms described below.

CB Richard Ellis Services, Inc.'s 11 1/4% Senior Subordinated Notes Due 2011

On June 7, 2001, Blum CB issued $229.0 million in aggregate principal amount of 11 1/4% senior subordinated notes due 2011 for $225.6 million. In connection with CBRE Holding's acquisition of us in 2001, we assumed the 11 1/4% senior subordinated notes and CBRE Holding and certain of our subsidiaries guaranteed the 11 1/4% senior subordinated notes. Our 11 1/4% senior subordinated notes are our unsecured senior subordinated obligations and rank equally in right of payment with any of our existing and future senior subordinated unsecured indebtedness but are subordinated to any of our existing and future senior indebtedness. Our 11 1/4% senior subordinated notes are governed by an indenture among we, CBRE Holding and State Street Bank and Trust Company of California, N.A., as trustee.

Interest accrues at a rate of 11 1/4% per year and is payable semiannually in arrears. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

There are no mandatory sinking fund payments for our 11 1/4% senior subordinated notes. We may at any time and from time to time purchase our 11 1/4% senior subordinated notes in the open market or otherwise.

CBRE Holding and certain of our subsidiaries guaranteed our 11 1/4% senior subordinated notes on a senior subordinated basis. These guarantees are subordinated to all of such guarantors' existing and future senior indebtedness, including guarantees by them of the senior secured credit facilities.

Except as discussed below, our 11 1/4% senior subordinated notes cannot be redeemed prior to June 15, 2006.

Until June 15, 2004, our 11 1/4% senior subordinated notes may be redeemed on one or more occasions in an amount not to exceed 35% of the principal amount of all issued 11 1/4% senior subordinated notes at a redemption price of 111 1/4%, plus accrued and unpaid interest to the redemption date, with cash proceeds raised in certain public equity offerings, as long as:

- at least 65% of the aggregate principal amount of our 11 1/4% senior subordinated notes, including any additional 11 1/4% senior subordinated notes, remains outstanding after each redemption;
- if the money is raised in an equity offering by CBRE Holding, then CBRE Holding contributes to us an amount sufficient to redeem the 11 1/4% senior subordinated notes; and
- the 11 1/4% senior subordinated notes are redeemed within 90 days after the completion of the related equity offering.

On and after June 15, 2006, all or a portion of our 11 1/4% senior subordinated notes will be redeemable at our option, upon not less than 30 nor more than 60 days' notice. The notes are redeemable at the redemption prices, expressed as a percentage of the principal amount on the redemption date, set forth in the table below, plus accrued and unpaid interest, if redeemed during the twelve-month period commencing June 15 of the years below:

Year	Percentage
2006	105.625%
2007	103.750
2008	101.875
2009 and thereafter	100.000

In the event of a change of control, which is defined in the indenture governing the 11 1/4% senior subordinated notes, we will be obligated to make an offer to purchase all outstanding 11 1/4% senior subordinated notes at a redemption price of 101% of the principal amount plus accrued interest.

The indenture governing our 11 1/4% senior subordinated notes contains customary restrictive covenants for high yield securities, including, among others, limitations on our ability and the ability of our subsidiaries to:

- incur or guarantee additional indebtedness;
- pay dividends or distributions on capital stock or redeem or repurchase capital stock;
- make investments;
- create restrictions on the payment of dividends or other amounts to us;
- sell stock of our subsidiaries;
- transfer or sell assets;
- enter into transactions with affiliates; and
- enter into mergers and consolidations.

Our 11 1/4% senior subordinated notes have been registered under the Securities Act of 1933.

This summary of the material provisions of our 11 1/4% senior subordinated notes is qualified in its entirety by reference to all of the provisions of the indenture governing our 11 1/4% senior subordinated notes, which is filed as an exhibit to the registration statement of which this prospectus is a part.

CBRE Holding's 16% Senior Notes Due 2011

In connection with CBRE Holding's acquisition of us in 2001, CBRE Holding issued to DLJ Investment Funding, Inc. and other purchasers an aggregate of 65,000 units, which consisted in the aggregate of $65.0 million in aggregate principal amount of 16% senior notes due July 20, 2011 and 339,820 shares of CBRE Holding's Class A common stock. The 16% senior notes are unsecured obligations, senior to all of CBRE Holding's existing and future unsecured indebtedness but are effectively subordinated to all of our existing and future indebtedness. The net proceeds from the units were contributed by CBRE Holding to us as equity. The 16% senior notes are governed by an indenture between CBRE Holding and State Street Bank and Trust Company of California, N.A., as trustee, and will mature on July 20, 2011.

Interest accrues on the 16% senior notes at a rate of 16% per year and is payable quarterly in cash in arrears. However, until the fifth anniversary of the issuance of the 16% senior notes, interest in excess of 12% for the 16% senior notes may be paid in kind, and at any time, interest may be paid in kind to the extent that our ability to pay cash dividends to CBRE Holding is restricted by the terms of our senior secured credit facilities, which are described below. There are no mandatory sinking fund payments for the 16% senior notes.

The 16% senior notes are redeemable at the option of CBRE Holding, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days' notice. The notes are redeemable at the redemption prices, expressed as a percentage of the principal amount, set forth in the table below, plus accrued and unpaid interest, if redeemed during the twelve-month period commencing July 20 of the years below:

Year	Percentage
2003	109.6
2004	106.4
2005	103.2
2006 and thereafter	100.0

In the event of a change of control, which is defined in the indenture governing the 16% senior notes, CBRE Holding is obligated to make an offer to purchase all outstanding 16% senior notes at a purchase price equal to 101% of the principal amount of the 16% senior notes, plus accrued and unpaid interest, subject to various conditions.

The indenture governing the 16% senior notes contains customary restrictive covenants for high yield securities, including, among others, limitations on the ability of CBRE Holding and its subsidiaries, including us; to:

- incur or guarantee additional indebtedness;
- pay dividends or distributions on capital stock or redeem or repurchase capital stock;
- make investments;
- create restrictions on the payment of dividends or other amounts to us;
- sell stock of our subsidiaries;
- transfer or sell assets;
- create liens;
- enter into transactions with affiliates; and
- enter into mergers or consolidations.

The 16% senior notes have been registered under the Securities Act of 1933.

This summary of the material provisions of CBRE Holding's 16% senior notes is qualified in its entirety by reference to all of the provisions of the indenture governing the 16% senior notes, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Our Senior Secured Credit Facilities

In connection with CBRE Holding's acquisition of us in 2001, we entered into a credit agreement for which Credit Suisse First Boston, or CSFB, serves as the administrative agent and collateral agent. The credit agreement was amended as of the closing of the offering of the outstanding notes to permit the issuance of the outstanding notes and was amended and restated upon the consummation of the Insignia acquisition. On October 14, 2003, we amended and restated our credit agreement a second time. Our senior secured credit facilities, after giving effect to the most recent amendments, consists of the following:

- a term facility of $300.0 million, which was fully drawn on October 14, 2003; and
- a revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan subfacility, none of which was drawn on October 14, 2003.

The senior secured credit facilities are jointly and severally guaranteed by CBRE Holding and certain of our subsidiaries, including future domestic subsidiaries. The senior secured credit facilities are secured by a pledge of all of the equity interests of us and our significant domestic subsidiaries, including CB Richard Ellis, Inc., CBRE Investors, L.L.C., Insignia, L.J. Melody & Company, Insignia Financial Group, Inc. and Insignia/ESG, Inc., which was renamed CB Richard Ellis Real Estate Services, Inc., and 65% of the voting stock of our foreign subsidiaries that are held directly by us or our domestic subsidiaries. Additionally, these lenders generally have a lien on substantially all of our accounts receivable, cash, general intangibles, investment property and future acquired property.

The term facility matures on December 31, 2008 and amortizes in equal quarterly installments of $2.5 million through September 30, 2008, with the balance payable on the maturity date. The revolving line of credit terminates on July 20, 2007.

Borrowings under the senior secured credit facilities bear interest at varying rates based, at our option, on either LIBOR plus 3.00% to 3.75% or the alternate base rate plus 2.00% to 2.75%, in the case of the revolving facility (in each case determined by reference to our ratio of total debt less available cash to EBITDA), and LIBOR plus 3.25% or the alternate base rate plus 2.25%, in the case of the term loan facility. The alternate base rate is the higher of (1) CSFB's prime rate or (2) the effective rate for federal funds plus 0.50%.

We are required to pay to the lenders under our senior secured credit facilities a commitment fee on the unused portion of the revolving credit facility and a letter of credit fee on each letter of credit outstanding. We are also required to apply certain proceeds of sales of assets, issuances of equity, incurrences of debt and excess cash flow to the prepayment of the term loans.

The amended and restated credit agreement for our senior secured credit facilities contains customary restrictive covenants, including, among others, limitations on the ability of us, our subsidiaries and CBRE Holding to:

- pay dividends on, redeem and repurchase, capital stock;
- prepay, redeem and repurchase debt;
- incur liens;
- enter into sale/leaseback transactions;
- make loans and investments;
- incur indebtedness;
- enter into mergers, acquisitions and asset sales;
- enter into transactions with affiliates;
- change lines of business; and
- make capital expenditures.

In addition, the amended and restated credit agreement contains covenants that require us to maintain specified financial ratios, which include the following ratios:

- total debt less available cash to EBITDA;
- total senior secured debt less available cash to EBITDA;
- EBITDA to interest expense plus expense associated with dividends paid to CBRE Holding to pay amounts due under the 16% senior notes due 2011; and
- EBITDA less capital expenditures and co-investments to interest expense plus expense associated with dividends paid to CBRE Holding to pay amounts due under the 16% senior notes due 2011.

The amended and restated credit agreement also includes customary events of default, including nonpayment of principal, interest, fees or reimbursement obligations with respect to letters of credit, violation of covenants, inaccuracy of representations and warranties in any material respect, cross default and cross-acceleration to certain other indebtedness and agreements, bankruptcy and insolvency events, material judgments and liabilities, defaults or judgments under ERISA and change of control. The occurrence of any of the events of default could result in acceleration of our obligations under the amended and restated credit agreement and foreclosure on the collateral securing the obligations, which could have material adverse results for holders of the exchange and outstanding notes.

This summary of the material provisions of the amended and restated credit agreement is qualified in its entirety by reference to all of the provisions of the amended and restated credit agreement, which is filed as an exhibit to the registration statement of which this prospectus is a part.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

Exchange of Notes

The exchange of outstanding notes for exchange notes in the exchange offer will not constitute a taxable event to holders for United States federal income tax purposes. Consequently, no gain or loss will be recognized by a holder upon receipt of an exchange note, the holding period of the exchange note will include the holding period of the outstanding note exchanged for such exchange note and the basis of the exchange note will be the same as the basis of the outstanding note immediately before the exchange.

In any event, persons considering the exchange of outstanding notes for exchange notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

Consequences to Holders

The following summary describes the material United States federal income tax consequences of the ownership of exchange notes as of the date of this prospectus. Except where noted, the discussion below only deals with exchange notes held as capital assets and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, tax-exempt entities, insurance companies, persons holding exchange notes as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons liable for alternative minimum tax, investors in pass-through entities or "U.S. holders," which term we define below, of the exchange notes whose "functional currency" is not the United States dollar. In addition, this discussion does not address the consequences of holding outstanding notes that were not exchanged for exchange notes. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, which we refer to in this section as "the Code," and regulations, rulings and judicial decisions under the Code as of the date of this prospectus, and such authorities may be repealed, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. If a partnership holds our exchange notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our exchange notes, you should consult your tax advisors. Persons considering the purchase, ownership or disposition of exchange notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

As used in this prospectus, a "U.S. holder" of an exchange note means a holder that is for United States federal income tax purposes (1) a citizen or resident of the United States, (2) a corporation created or organized in or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to United States federal income taxation regardless of its source or (4) a trust if it (x) is subject to the supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (y) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person. A "non-U.S. holder" of an exchange note is a holder that is not a U.S. holder.

Payments of Interest

Stated interest on an exchange note will generally be taxable to a U.S. holder as ordinary income at the time it is paid or accrued in accordance with the U.S. holder's method of accounting for tax purposes.

Sale, Exchange and Retirement of Exchange Notes

A U.S. holder's tax basis in an exchange note will, in general, be the same as the basis in such holder's outstanding note immediately before the exchange. Upon the sale, exchange, retirement or other disposition of an

exchange note, a U.S. holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other disposition (less any accrued and unpaid interest, which will be treated as a payment of interest for United States federal income tax purposes) and the adjusted tax basis of the exchange note. Such gain or loss will be capital gain or loss. Capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Market Discount

If a U.S. holder purchases an outstanding note and exchanges it for an exchange note or purchases an exchange note, in either case, for an amount that is less than its stated redemption price at maturity, the amount of the difference will be treated as "market discount" for United States federal income tax purposes, unless such difference is less than a specified de minimis amount. Under the market discount rules, a U.S. holder will be required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, an exchange note as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on the outstanding note exchanged for an exchange note, if any, and on such exchange note at the time of such payment or disposition. In addition, the U.S. holder may be required to defer, until the maturity of the exchange note or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such exchange note or an outstanding note exchanged for an exchange note.

Any market discount will be considered to accrue ratably during the period from the date of acquisition of an outstanding note exchanged for an exchange note or an exchange note, as the case may be, to the maturity date of the exchange note, unless the U.S. holder elects to accrue on a constant interest method. A U.S. holder may elect to include market discount in income currently as it accrues (on either a ratable or constant interest method), in which case the rule described above regarding deferral of interest deductions will not apply.

Amortizable Bond Premium

A U.S. holder that purchases an outstanding note and exchanges it for an exchange note or that purchases an exchange note, in either case, for an amount in excess of the sum of all amounts payable on such note after the purchase date other than qualified stated interest will be considered to have purchased such note at a "premium." A U.S. holder generally may elect to amortize the premium over the remaining term of the outstanding note or the exchange note, as the case may be, on a constant yield method as an offset to interest when includible in income under the U.S. holder's regular accounting method. If a U.S. holder does not make such an election, the premium will decrease the gain or increase the loss otherwise recognized on disposition of the exchange note.

Non-U.S. Holders

Under current United States federal income and estate tax law, and subject to the discussion below concerning backup withholding:

(a) no withholding of United States federal income tax will be required with respect to the payment by us or any paying agent of principal or interest on an exchange note owned by a non-U.S. holder under the "portfolio interest" rule, provided that (1) interest paid on the exchange notes is not effectively connected with the beneficial owner's conduct of a trade of business in the United States, (2) the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Code and the regulations under the Code, (3) the beneficial owner is not a controlled foreign corporation that is related to us through stock ownership, (4) the beneficial owner is not a bank whose receipt of interest on an exchange note is described in section 881(c)(3)(A) of the Code and (5) the beneficial owner satisfies the statement requirement, which are described generally below, set forth in section 871(h) and section 881(c) of the Code and the regulations under the Code.

(b) no withholding of United States federal income tax generally will be required with respect to any gain realized by a non-U.S. holder upon the sale, exchange, retirement or other disposition of an exchange note; and

(c) an exchange note beneficially owned by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax as a result of such individual's death, provided that any payment to such holder on the exchange note, would be eligible for exemption from the 30% federal withholding tax under the "portfolio interest" rule described in paragraph (a) above without regard to the statement requirement described in (a)(5) above.

To satisfy the requirement referred to in (a)(5) above, the beneficial owner of such exchange note, or a financial institution holding the exchange note on behalf of such owner, must provide, in accordance with specified procedures, our paying agent with a statement to the effect that the beneficial owner is not a United States person. Currently, these requirements will be met if (1) the beneficial owner provides its name and address, and certifies, under penalties of perjury, that it is not a United States person, which certification may be made on an IRS Form W-8BEN, or (2) a financial institution holding the exchange note on behalf of the beneficial owner certifies, under penalties of perjury, that such statement has been received by it, and furnishes a paying agent with a copy thereof. The statement requirement referred to in (a)(5) above may also be satisfied with other documentary evidence with respect to exchange notes held through an offshore account or through certain foreign intermediaries.

If a non-U.S. holder cannot satisfy the requirements of the "portfolio interest" exception described in (a) above, payments of interest made to such non-U.S. holder will be subject to a 30% withholding tax unless the beneficial owner of the exchange note provides us or any paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the exchange note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a non-U.S. holder is engaged in a trade or business in the United States and interest on the exchange note is effectively connected with the conduct of such trade or business, the non-U.S. holder, although exempt from the withholding tax discussed above, will be subject to United States federal income tax on such interest on a net income basis in the same manner as if it were a U.S. holder. In addition, if such holder is a foreign corporation, it may be subject to a branch profits tax equal to 30%, or a lesser rate under an applicable income tax treaty, of such amount, subject to adjustments.

Any gain realized upon the sale, exchange, retirement or other disposition of an exchange note generally will not be subject to United States federal income tax unless (1) such gain or income is effectively connected with a trade or business in the United States of the non-U.S. holder, or (2) in the case of a non-U.S. holder who is an individual, such individual is present in the United States for 183 days or more in the taxable year of such sale, exchange, retirement or other disposition, and certain other conditions are met.

Special rules may apply to certain non-U.S. holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates that are subject to special treatment under the Code. Such entities should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

Information Reporting and Backup Withholding

U.S. Holders

In general, information reporting requirements will apply to payments of principal and interest paid on exchange notes and to the proceeds upon the sale of an exchange note paid to U.S. holders other than certain exempt recipients, such as corporations. A backup withholding tax will apply to such payments if the U.S. holder

fails to provide a taxpayer identification number or certification of exempt status or fails to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against such holder's United States federal income tax liability provided the required information is furnished to the IRS.

Non-U.S. Holders

Information reporting will generally apply to payments of interest and the amount of tax, if any, withheld with respect to such payments to non-U.S. holders of the exchange notes. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

In general, no backup withholding will be required with respect to payments made by us or any paying agent to non-U.S. holders if a statement described in (a)(5) under "Non-U.S. Holders" has been received, and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person. In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of an exchange note within the United States or conducted through United States-related financial intermediaries unless the statement described in (a)(5) under "Non-U.S. Holders" has been received (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where the outstanding notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the day the registered exchange offer expires, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own accounts pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer or the purchasers of any exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of the exchange notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any resale of exchange notes and any commissions or concessions received by these persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the day the registered exchange offer expires, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests the documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the outstanding notes, other than commissions or concessions of any brokers or dealers and will indemnify the holders of outstanding notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the exchange notes and the guarantees will be passed upon for us by Simpson Thacher & Bartlett LLP, Palo Alto, California.

EXPERTS

The consolidated financial statements and the related financial statement schedule of CBRE Holding, Inc. as of and for twelve months ended December 31, 2002 included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein in the registration statement (which report expresses an unqualified opinion and includes explanatory paragraphs referring to the adoption of Statement of Financial Accounting Standards No. 142 effective January 1, 2002 and concerning the application of procedures relating to certain disclosures of financial statement amounts related to the 2001 and 2000 financial statements that were audited by other auditors who have ceased operations and for which Deloitte & Touche LLP expressed no opinion or other form of assurance other than with respect to such disclosures), and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of CBRE Holding, Inc. as of December 31, 2001 and for the period from February 20, 2001 (inception) through December 31, 2001 and the financial statements of CB Richard Ellis Services, Inc. for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 included in this offering circular were audited by Arthur Andersen LLP, independent public accountants. See "Risk Factors—Risks Relating to the Notes—Your ability to recover from our former auditors, Arthur Andersen LLP, for any potential financial misstatements is limited."

The consolidated financial statements of Insignia Financial Group, Inc. as of and for the year ended December 31, 2002 have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, which report refers to changes in accounting principles relating to the adoption of the fair value recognition provisions of Statement of Financial Accounting Standards 123 and the adoption of the accounting principles set forth in Statements of Financial Accounting Standards Nos. 141 and 142 effective January 1, 2002, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Insignia Financial Group, Inc. as of December 31, 2001 and for each of the two years in the period ended December 31, 2001 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon, which report refers to the change in accounting for revenue recognition for leasing commissions in 2000, appearing elsewhere herein and is included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

CHANGE IN ACCOUNTANTS

On April 23, 2002, we dismissed our independent auditors, Arthur Andersen LLP, and engaged the services of Deloitte & Touche LLP as our new independent auditors for the fiscal year ended December 31, 2002. Our board of directors and our audit committee authorized the dismissal of Arthur Andersen LLP and the engagement of Deloitte & Touche LLP.

Arthur Andersen LLP's reports on CBRE Holding's consolidated financial statements for the fiscal years ended December 31, 2001 and 2000 and for the period from CBRE Holding's inception through the date of Arthur Andersen LLP's dismissal did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

During the period from CBRE Holding's inception through the date of Arthur Andersen's dismissal, there were no (1) disagreements with Arthur Andersen LLP on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure which disagreements, if not resolved to Arthur Andersen LLP's satisfaction, would have caused it to make reference to the subject matter of the disagreements in connection with its report on CBRE Holding's consolidated financial statements or (2) reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

On April 8, 2002, Ernst & Young was dismissed as Insignia's principal independent accountant and, effective April 11, 2002, KPMG was retained as its principal independent accountant. The reports of Ernst & Young on Insignia's financial statements for the years ended December 31, 2001 and December 31, 2000 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. The decision to change accountants was recommended by Insignia's audit committee and approved by Insignia's board of directors.

During the years ended December 31, 2001 and December 31, 2000 and through April 8, 2002, there were no disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Ernst & Young, would have caused it to make reference thereto in its reports on the financial statements for such periods.

WHERE YOU CAN FIND MORE INFORMATION

We and the guarantors have filed with the Securities and Exchange Commission a registration statement on Form S-4, which includes amendments, exhibits, schedules and supplements, under the Securities Act of 1933 and the rules and regulations under the Securities Act, for the registration of the exchange notes and offered by this prospectus and the guarantees of the exchange notes. Although this prospectus, which forms a part of the registration statement, contains all material information included in the registration statement, parts of the registration statement have been omitted from this prospectus as permitted by the rules and regulations of the SEC. For further information with respect to us and the guarantors and the exchange notes offered by this prospectus, please refer to the registration statement.

CBRE Holding currently files reports and other information with the SEC, as a result of requirements under the indenture governing the notes, as well as the indentures governing the 11 1/4% senior subordinated notes due 2011 issued by us and the 16% senior notes due 2011 issued by it. The registration statements and other reports or information can be inspected, and copies may be obtained, at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates, and at the regional public reference facility maintained by the SEC located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Information on the operation of the Public Reference Room of the SEC may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at *http://www.sec.gov* that contains reports, proxy and information statements and other information that CBRE Holding has filed electronically with the SEC.

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AND FINANCIAL STATEMENT SCHEDULE**

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CBRE HOLDING, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	June 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 23,018	$ 79,701
Receivables, less allowance for doubtful accounts of $11,478 and $10,892 at June 30, 2003 and December 31, 2002, respectively	154,224	166,213
Warehouse receivable	138,240	63,140
Prepaid expenses	19,623	9,748
Deferred tax assets, net	19,758	18,723
Other current assets	14,143	8,415
Total current assets	369,006	345,940
Property and equipment, net	68,959	66,634
Goodwill	577,137	577,137
Other intangible assets, net of accumulated amortization of $10,193 and $7,739 at June 30, 2003 and December 31, 2002, respectively	89,494	91,082
Deferred compensation assets	69,533	63,642
Investments in and advances to unconsolidated subsidiaries	57,691	50,208
Deferred tax assets, net	35,972	36,376
Cash held in escrow	200,000	—
Other assets	94,109	93,857
Total assets	$ 1,561,901	$ 1,324,876
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 98,096	$ 102,415
Compensation and employee benefits payable	61,491	63,734
Accrued bonus and profit sharing	49,853	103,858
Income taxes payable	—	15,451
Short-term borrowings:		
Warehouse line of credit	138,240	63,140
Revolver and swingline credit facility	11,250	—
Other	56,149	47,925
Total short-term borrowings	205,639	111,065
Current maturities of long-term debt	10,760	10,711
Total current liabilities	425,839	407,234
Long-Term Debt:		
11 1/4% senior subordinated notes, net of unamortized discount of $2,945 and $3,057 at June 30, 2003 and December 31, 2002, respectively	226,055	225,943
Senior secured term loans	206,013	211,000
9 3/4% senior notes	200,000	—
16% senior notes, net of unamortized discount of $4,971 and $5,107 at June 30, 2003 and December 31, 2002, respectively	63,344	61,863
Other long-term debt	12,320	12,327
Total long-term debt	707,732	511,133
Deferred compensation liability	112,741	106,252
Other liabilities	56,836	43,301
Total liabilities	1,303,148	1,067,920
Minority interest	6,081	5,615
Commitments and contingencies		
Stockholders' Equity:		
Class A common stock; $0.01 par value; 75,000,000 shares authorized; 1,835,123 and 1,793,254 shares issued and outstanding (including treasury shares) at June 30, 2003 and December 31, 2002, respectively	18	17
Class B common stock; $0.01 par value; 25,000,000 shares authorized; 12,624,813 shares issued and outstanding at June 30, 2003 and December 31, 2002	127	127
Additional paid-in capital	241,475	240,574
Notes receivable from sale of stock	(4,762)	(4,800)
Accumulated earnings	39,978	36,153
Accumulated other comprehensive loss	(22,272)	(18,998)
Treasury stock at cost, 120,174 and 110,174 shares at June 30, 2003 and December 31, 2002, respectively	(1,892)	(1,732)
Total stockholders' equity	252,672	251,341
Total liabilities and stockholders' equity	$ 1,561,901	$ 1,324,876

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

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CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenue	$ 321,717	$ 284,893	$ 585,441	$ 508,883
Costs and expenses:				
Cost of services	153,066	128,782	276,665	227,836
Operating, administrative and other	137,421	124,353	263,596	240,206
Depreciation and amortization	6,329	4,111	12,500	11,703
Equity income from unconsolidated subsidiaries	(3,801)	(1,639)	(6,864)	(3,644)
Merger-related charges	3,310	23	3,310	605
Operating income	25,392	29,263	36,234	32,177
Interest income	701	534	1,776	1,398
Interest expense	16,940	14,904	31,264	30,921
Income before provision for income tax	9,153	14,893	6,746	2,654
Provision for income tax	3,981	7,604	2,921	1,460
Net income	$ 5,172	$ 7,289	$ 3,825	$ 1,194
Basic income per share	$ 0.34	$ 0.48	$ 0.25	$ 0.08
Weighted average shares outstanding for basic income per share	15,040,868	15,034,616	15,035,075	15,042,584
Diluted income per share	$ 0.34	$ 0.48	$ 0.25	$ 0.08
Weighted average shares outstanding for diluted income per share	15,344,038	15,217,186	15,321,994	15,212,141

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

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CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Six Months Ended June 30,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,825	$ 1,194
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	12,500	11,703
Deferred compensation plan deferrals	4,336	5,043
Equity income from unconsolidated subsidiaries	(6,864)	(3,644)
Decrease in receivables	9,113	22,969
Increase in prepaid expenses and other assets	(7,005)	(5,422)
Decrease in compensation and employee benefits and accrued bonus and profit sharing	(59,651)	(58,982)
Decrease in accounts payable and accrued expenses	(14,864)	(822)
Decrease in income taxes payable	(17,540)	(8,921)
Other operating activities, net	1,595	(3,250)
Net cash used in operating activities	(74,555)	(40,132)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, net of concessions received	(1,171)	(5,363)
Acquisition of businesses including net assets acquired, intangibles and goodwill	1,343	(9,892)
Other investing activities, net	2,224	(955)
Net cash provided by (used in) investing activities	2,396	(16,210)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolver and swingline credit facility	140,600	134,250
Repayment of revolver and swingline credit facility	(129,350)	(104,250)
Proceeds from (repayment of) senior notes and other loans, net	7,330	(6,329)
Repayment of senior secured term loans	(4,675)	(4,676)
Other financing activities, net	266	(1,085)
Net cash provided by financing activities	14,171	17,910
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,988)	(38,432)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	79,701	57,450
Effect of currency exchange rate changes on cash	1,305	(807)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 23,018	$ 18,211
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 26,570	$ 27,205
Income taxes, net of refunds	$ 19,535	$ 10,779

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

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CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Operations

CBRE Holding, Inc., a Delaware corporation, was incorporated on February 20, 2001 as Blum CB Holding Corporation. On March 26, 2001, Blum CB Holding Corporation changed its name to CBRE Holding, Inc. (the Company). The Company and its former wholly owned subsidiary, Blum CB Corporation (Blum CB), a Delaware corporation, were created to acquire all of the outstanding shares of CB Richard Ellis Services, Inc. (CBRE), an international real estate services firm. Prior to July 20, 2001, the Company was a wholly owned subsidiary of Blum Strategic Partners, L.P. (Blum Strategic), formerly known as RCBA Strategic Partners, LP, which is an affiliate of Richard C. Blum, a director of the Company and CBRE.

On July 20, 2001, the Company acquired CBRE (the 2001 Merger) pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001, among the Company, CBRE and Blum CB. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. The operations of the Company after the 2001 Merger are substantially the same as the operations of CBRE prior to the 2001 Merger. In addition, the Company has no substantive operations other than its investment in CBRE.

2. New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 46, *"Consolidation of Variable Interest Entities,"* which is an interpretation of Accounting Research Bulletin No. 51, *"Consolidated Financial Statements."* This interpretation addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests and results of operations of a VIE need to be consolidated with its primary beneficiary. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns or if the VIE does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. For VIEs in which a significant (but not majority) variable interest is held, certain disclosures are required. The consolidation requirements of FIN 46 apply immediately to VIEs created after January 31, 2003. Initially, the consolidation requirements applied to existing VIEs in the first fiscal year or interim period beginning after June 15, 2003. On October 9, 2003, the effective date on FIN 46 was deferred until the end of the first interim or annual period ending after December 31, 2003 for VIEs created on or before January 31, 2003. Certain disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the VIE was established. The adoption of this interpretation is not expected to have a material impact on the Company's financial position or results of operations.

In April 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 149,*"Amendment to Statement 133 on Derivative Instruments and Hedging Activities."* SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 is applied prospectively and is effective for contracts entered into or modified after June 30, 2003, except for SFAS No. 133 implementation issues that have been effective for fiscal quarters that began prior to June 15, 2003 and certain provisions relating to forward purchases and sales on securities that do no yet exist. The Company is currently assessing the impact, if any, the adoption of this statement will have on the Company's financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for the classification and

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

measurement of financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 15, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this statement is not expected to have a material impact on the Company's financial position or results of operations.

3. Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with the rules applicable to Form 10-Q and include all information and footnotes required for interim financial statement presentation. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ materially from those estimates. All significant inter-company transactions and balances have been eliminated, and certain reclassifications have been made to prior periods' consolidated financial statements to conform to the current period presentation. The results of operations for the three and six months ended June 30, 2003 are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2003. The consolidated financial statements and notes to the consolidated financial statements should be read in conjunction with the Company's filing on form 10-K, which contains the latest available audited consolidated financial statements and notes thereto, as of and for the year ended December 31, 2002.

4. Stock-Based Compensation

In December 2002, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 148,*"Accounting for Stock-Based Compensation—Transition and Disclosure."* This statement amended SFAS No. 123*, "Accounting for Stock-Based Compensation,"* to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amended the disclosure requirements of SFAS No. 123 to require prominent disclosures about the effect on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS No. 148 amended APB Opinion No. 28, *"Interim Financial Reporting,"* to require disclosure about those effects in interim financial information. For entities that voluntarily change to the fair value based method of accounting for stock-based employee compensation, the transition and the disclosure provisions are effective for fiscal years ending after December 15, 2002. The amendments to APB No. 28 are effective for interim periods beginning after December 15, 2002.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

The Company continues to account for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25 and did not voluntarily change to the fair value based method of accounting for stock-based compensation. Under this method, the Company does not recognize compensation expense for options that were granted at or above the market price of the underlying stock on the date of grant. Had compensation expense been determined consistent with SFAS No. 123, the Company's net income and per share information would have been as follows on a pro-forma basis (dollars in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income as reported	$ 5,172	$ 7,289	$ 3,825	$ 1,194
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effect	(147)	(138)	(293)	(275)
Pro forma net income	$ 5,025	$ 7,151	$ 3,532	$ 919
Basic EPS:				
As Reported	$ 0.34	$ 0.48	$ 0.25	$ 0.08
Pro Forma	$ 0.33	$ 0.48	$ 0.23	$ 0.06
Diluted EPS:				
As Reported	$ 0.34	$ 0.48	$ 0.25	$ 0.08
Pro Forma	$ 0.33	$ 0.47	$ 0.23	$ 0.06

These pro forma amounts may not be representative of future pro forma results.

The weighted average fair value of options and warrants granted was $1.15 and $2.48 for the three months ended June 30, 2003 and 2002, respectively, and $1.58 and $2.47 for the six months ended June 30, 2003 and 2002, respectively. Dividend yield is excluded from the calculation since it is the present intention of the Company to retain all earnings. The fair value of each option grant and warrant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Risk-free interest rate	2.37%	4.28%	2.98%	4.26%
Expected volatility	0.00%	0.00%	0.00%	0.00%
Expected life	5 years	5 years	5 years	5 years

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, the Company believes that the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of its employee stock options.

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5. Goodwill and Other Intangible Assets

The Company engages a third-party valuation firm to perform an annual assessment of its goodwill and other intangible assets deemed to have indefinite lives for impairment as of the beginning of the fourth quarter of each year. The Company also assesses its goodwill and other intangible assets deemed to have indefinite useful lives for impairment when events or circumstances indicate that their carrying value may not be recoverable from future cash flows.

There were no changes in the carrying value of goodwill for the six months ended June 30, 2003.

Other intangible assets totaled $89.5 million and $91.1 million, net of accumulated amortization of $10.2 million and $7.7 million, as of June 30, 2003 and December 31, 2002, respectively, and are comprised of the following (dollars in thousands):

	As of June 30, 2003		As of December 31, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets				
Management contracts	$ 19,641	$ 7,232	$ 18,887	$ 5,605
Loan servicing rights	16,346	2,961	16,234	2,134
Total	$ 35,987	$ 10,193	$ 35,121	$ 7,739
Unamortizable intangible assets				
Trademark	$ 63,700		$ 63,700	

In accordance with SFAS No. 141, *"Business Combinations,"* the trademark was separately identified as a result of the 2001 Merger and has an indefinite life. The management contracts and loan servicing rights are amortized over useful lives ranging up to ten years. Amortization expense related to these intangible assets was $0.9 million and $1.9 million for the three and six months ended June 30, 2003, respectively. The estimated amortization expense for the five years ending December 31, 2007 approximates $3.8 million, $3.7 million, $3.7 million, $3.4 million and $3.4 million, respectively.

6. Investments in and Advances to Unconsolidated Subsidiaries

Combined condensed financial information for the entities accounted for using the equity method is as follows (dollars in thousands):

Condensed Balance Sheets Information:

	June 30, 2003	December 31, 2002
Current assets	$ 136,746	$ 127,635
Noncurrent assets	$ 1,749,316	$ 1,552,546
Current liabilities	$ 155,825	$ 108,463
Noncurrent liabilities	$ 692,920	$ 664,241
Minority interest	$ 4,234	$ 3,938

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CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

Condensed Statements of Operations Information:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net revenue	$ 103,782	$ 88,576	$ 202,813	$ 168,906
Operating income	$ 32,146	$ 23,344	$ 55,750	$ 40,549
Net income (loss)	$ 26,711	$ (3,771)	$ 47,787	$ 9,456

The Company’s investment management business involves investing the Company’s own capital in certain real estate investments together with clients, including its equity investments in CB Richard Ellis Strategic Partners, LP, Global Innovation Partners, L.L.C. and other co-investments included in the table above. The Company has provided investment management, property management, brokerage, appraisal and other professional services to these equity investees.

At December 31, 2002, included in other current assets in the accompanying consolidated balance sheets was a note receivable from the Company’s equity investment in Investors 1031, LLC in the amount of $1.2 million. This note was issued on June 20, 2002, bore interest at 20.0% per annum and was due on July 15, 2003. This note and related interest were repaid in full during the second quarter of 2003.

7. Debt

The Company issued $200.0 million in aggregate principal amount of 9¾% Senior Notes due May 15, 2010 (the 9¾% Senior Notes), which were issued and sold by CBRE Escrow, Inc. (CBRE Escrow) on May 22, 2003 and assumed by CBRE in connection with the Insignia Acquisition (See Note 14). The 9¾% Senior Notes are unsecured obligations, senior to all current and future unsecured indebtedness, but subordinated to all current and future secured indebtedness of the Company. The 9¾% Senior Notes are jointly and severally guaranteed on a senior subordinated basis by the Company and its domestic subsidiaries. Interest accrues at a rate of 9¾% per annum and is payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2003. The 9¾% Senior Notes are redeemable at the Company’s option, in whole or in part, on or after May 15, 2007 at 104.875% of par on that date and at declining prices thereafter. In addition, before May 15, 2006, the Company may redeem up to 35.0% of the originally issued amount of the 9¾% Senior Notes at 109¾% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, the Company is obligated to make an offer to purchase the 9¾% Senior Notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the 9¾% Senior Notes included in the accompanying consolidated balance sheets was $200.0 million as of June 30, 2003.

In accordance with the terms of the debt offering, the proceeds from the sale of the 9¾% Senior Notes were placed in escrow until the close of the Insignia Acquisition. Accordingly, the Company had $200.0 million of cash held in escrow included in the accompanying consolidated balance sheet as of June 30, 2003.

The Company issued $229.0 million in aggregate principal amount of 11¼% Senior Subordinated Notes due June 15, 2011 (the Notes), which were issued and sold by Blum CB Corp. for approximately $225.6 million, net of discount, on June 7, 2001 and assumed by CBRE in connection with the 2001 Merger. The Notes are jointly and severally guaranteed on a senior subordinated basis by the Company and its domestic subsidiaries. The Notes require semi-annual payments of interest in arrears on June 15 and December 15, having commenced on December 15, 2001, and are redeemable in whole or in part on or after June 15, 2006 at 105.625% of par on that date and at declining prices thereafter. In addition, before June 15, 2004, the Company may redeem up to 35.0%

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

of the originally issued amount of the Notes at 111¼% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, the Company is obligated to make an offer to purchase the Notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the Notes included in the accompanying consolidated balance sheets, net of unamortized discount, was $226.1 million and $225.9 million as of June 30, 2003 and December 31, 2002, respectively.

In connection with the 2001 Merger, the Company entered into a $325.0 million Senior Credit Facility (the Credit Facility) with Credit Suisse First Boston (CSFB) and other lenders. The Credit Facility is jointly and severally guaranteed by the Company and its domestic subsidiaries and is secured by substantially all of their assets. The Credit Facility includes a Tranche A term facility of $50.0 million, maturing on July 20, 2007; a Tranche B term facility of $185.0 million, maturing on July 18, 2008; and a revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. Borrowings under the Tranche A and revolving facility bear interest at varying rates based on the Company’s option, at either the applicable LIBOR plus 2.50% to 3.25% or the alternate base rate plus 1.50% to 2.25% as determined by reference to the Company’s ratio of total debt less available cash to EBITDA, which is defined in the debt agreement. Borrowings under the Tranche B facility bear interest at varying rates based on the Company’s option at either the applicable LIBOR plus 3.75% or the alternate base rate plus 2.75%. The alternate base rate is the higher of (1) CSFB’s prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

The Tranche A facility will be repaid by July 20, 2007 through quarterly principal payments over six years, which total $7.5 million each year through June 30, 2003 and $8.75 million each year thereafter through July 20, 2007. The Tranche B facility requires quarterly principal payments of approximately $0.5 million, with the remaining outstanding principal due on July 18, 2008. The revolving line of credit requires the repayment of any outstanding balance for a period of 45 consecutive days commencing on any day in the month of December of each year as determined by the Company. The Company repaid its revolving credit facility as of November 5, 2002 and at June 30, 2003 had an outstanding balance on the line of credit of $11.3 million. The total amount outstanding under the credit facility included in senior secured term loans, current maturities of long-term debt and short-term borrowings in the accompanying consolidated balance sheets was $227.6 million and $221.0 million as of June 30, 2003 and December 31, 2002, respectively.

In connection with the 2001 Merger, the Company also issued an aggregate principal amount of $65.0 million of 16.0% Senior Notes due on July 20, 2011 (the Senior Notes). The Senior Notes are unsecured obligations, senior to all current and future unsecured indebtedness, but subordinated to all current and future secured indebtedness of the Company. Interest accrues at a rate of 16.0% per year and is payable quarterly in arrears. Interest may be paid in kind to the extent CBRE’s ability to pay cash dividends is restricted by the terms of the Credit Facility. Additionally, interest in excess of 12.0% may, at the Company’s option, be paid in kind through July 2006. The Company elected to pay in kind interest in excess of 12.0%, or 4.0%, that was payable on April 20, 2002, July 20, 2002, October 20, 2002, January 20, 2003 and April 20, 2003. The Senior Notes are redeemable at the Company’s option, in whole or in part, at 116.0% of par commencing on July 20, 2001 and at declining prices thereafter. As of June 30, 2003, the redemption price was 112.8% of par. In the event of a change in control, the Company is obligated to make an offer to purchase all of the outstanding Senior Notes at 101.0% of par. The total amount of the Senior Notes included in the accompanying consolidated balance sheets, net of unamortized discount, was $63.3 million and $61.9 million as of June 30, 2003 and December 31, 2002, respectively.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

The Senior Notes are solely the Company's obligation to repay. CBRE has neither guaranteed nor pledged any of its assets as collateral for the Senior Notes, and is not obligated to provide cash flow to the Company for repayment of these Senior Notes. However, the Company has no substantive assets or operations other than its investment in CBRE to meet any required principal and interest payments on the Senior Notes. The Company will depend on CBRE's cash flows to fund principal and interest payments as they come due.

The Notes, the Credit Facility, the Senior Notes and the 9¾% Senior Notes all contain numerous restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, pay dividends or distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, engage in transactions with affiliates, issue subsidiary equity and enter into consolidations or mergers. The Credit Facility requires the Company to maintain a minimum coverage ratio of interest and certain fixed charges and a maximum leverage and senior leverage ratio of earnings before interest, taxes, depreciation and amortization to funded debt. The Credit Facility also requires the Company to pay a facility fee based on the total amount of the unused commitment.

The Company had short-term borrowings of $205.6 million and $111.1 million with related weighted average interest rates of 3.1% and 3.9% as of June 30, 2003 and December 31, 2002, respectively.

A subsidiary of the Company has had a credit agreement with Residential Funding Corporation (RFC) since 2001 for the purpose of funding mortgage loans that will be resold. On December 16, 2002, the Company entered into the Third Amended and Restated Warehousing Credit and Security Agreement effective December 20, 2002. The agreement provides for a revolving line of credit of $200.0 million, bears interest at the lower of one-month LIBOR or 2.0% (RFC Base Rate) plus 1.0% and expires on August 31, 2003. On March 28, 2003, the Company was notified that effective May 1, 2003, the RFC Base Rate would be lowered to the greater of one-month LIBOR or 1.5%. On June 25, 2003, the agreement was further modified to provide a temporary revolving line of credit increase of $200.0 million that resulted in a total line of credit equaling $400.0 million, which expires on August 30, 2003 and to change the RFC Base Rate to one-month LIBOR plus 1.0%.

During the quarter ended June 30, 2003, the Company had a maximum of $178.7 million revolving line of credit principal outstanding with RFC. At June 30, 2003 and December 31, 2002, respectively, the Company had a $138.2 million and a $63.1 million warehouse line of credit outstanding, which are included in short-term borrowings in the accompanying consolidated balance sheets. Additionally, the Company had a $138.2 million and a $63.1 million warehouse receivable, which are also included in the accompanying consolidated balance sheets as of June 30, 2003 and December 31, 2002, respectively.

A subsidiary of the Company has a credit agreement with JP Morgan Chase. The credit agreement provides for a non-recourse revolving line of credit of up to $20.0 million, bears interest at 1.0% in excess of the bank's cost of funds and expires on May 28, 2004. At June 30, 2003 and December 31, 2002 the Company had no revolving line of credit principal outstanding with JP Morgan Chase.

During 2001, the Company incurred $37.2 million of non-recourse debt through a joint venture. In June 2003, the maturity date on this non-recourse debt was extended to June 24, 2004. At June 30, 2003 and December 31, 2002, respectively, the Company had $39.3 million and $40.0 million of non-recourse debt outstanding, which is included in short-term borrowings in the accompanying consolidated balance sheets.

8. Commitments and Contingencies

The Company is a party to a number of pending or threatened lawsuits arising out of, or incident to, its ordinary course of business. Management believes that any liability that may result from disposition of these lawsuits will not have a material effect on the Company's consolidated financial position or results of operations.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

A subsidiary of the Company has an agreement with Fannie Mae to fund the purchase of a $104.6 million loan portfolio using proceeds from its RFC line of credit. A 100% participation in the loan portfolio was sold to Fannie Mae with the Company retaining the credit risk on the first 2% of losses incurred on the underlying portfolio of commercial mortgage loans. The Company has collateralized a portion of its obligation to cover the first 1% of losses through a letter of credit in favor of Fannie Mae for a total of approximately $1.0 million.

The Company had outstanding letters of credit totaling $17.4 million and $7.8 million as of June 30, 2003 and December 31, 2002, respectively, which include the Fannie Mae letter of credit discussed in the preceding paragraph. The letters of credit expire at varying dates through March 2004.

An important part of the strategy for the Company's investment management business involves investing the Company's own capital in certain real estate investments with its clients. These co-investments typically range from 2% to 5% of the equity in a particular fund. As of June 30, 2003, the Company had committed an additional $33.1 million to fund future co-investments.

9. Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss). Accumulated other comprehensive loss consists of foreign currency translation adjustments and a minimum pension liability adjustment. Foreign currency translation adjustments exclude income tax expense (benefit) given that the earnings of non-US subsidiaries are deemed to be reinvested for an indefinite period of time.

The following table provides a summary of comprehensive income (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income	$ 5,172	$ 7,289	$ 3,825	$ 1,194
Foreign currency translation (loss) gain	(3,395)	10,564	(3,274)	10,312
Comprehensive income	$ 1,777	$ 17,853	$ 551	$ 11,506

10. Per Share Information

Basic income per share for the Company was computed by dividing the net income by the weighted average number of common shares outstanding of 15,040,868 and 15,034,616 for the three months ended June 30, 2003 and 2002, respectively, and 15,035,075 and 15,042,584 for the six months ended June 30, 2003 and 2002, respectively.

Diluted income per share for the three months ended June 30, 2003 and 2002 included the dilutive effect of contingently issuable shares of 303,170 and 182,570, respectively. Diluted income per share for the six months ended June 30, 2003 and 2002 included the dilutive effect of contingently issuable shares of 286,919 and 169,557, respectively.

11. Fiduciary Funds

The consolidated balance sheets do not include the net assets of escrow, agency and fiduciary funds, which amounted to $400.7 million and $414.6 million at June 30, 2003 and December 31, 2002, respectively.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

12. Guarantor and Nonguarantor Financial Statements

In connection with the 2001 Merger with Blum CB, and as part of the financing of the 2001 Merger, CBRE assumed an aggregate of $229.0 million in Senior Subordinated Notes (the Notes) due June 15, 2011. These Notes are unsecured and rank equally in right of payment with any of the Company's senior subordinated unsecured indebtedness. The Notes are effectively subordinated to indebtedness and other liabilities of the Company's subsidiaries that are not guarantors of the Notes. The Notes are guaranteed on a full, unconditional, joint and several basis by the Company, CBRE and CBRE's domestic subsidiaries.

The following condensed consolidating financial information includes:

(1) Condensed consolidating balance sheets as of June 30, 2003 and December 31, 2002; condensed consolidating statements of operations for the three and six months ended June 30, 2003 and 2002, and condensed consolidating statements of cash flows for the six months ended June 30, 2003 and 2002, of (a) Holding, the parent, (b) CBRE, which is the subsidiary issuer, (c) the guarantor subsidiaries, (d) the nonguarantor subsidiaries and (e) the Company on a consolidated basis; and

(2) Elimination entries necessary to consolidate CBRE Holding, Inc., the parent, with CBRE and its guarantor and nonguarantor subsidiaries.

Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and inter-company balances and transactions.

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CBRE HOLDING, INC.

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 30, 2003
(Unaudited)
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Current Assets:						
Cash and cash equivalents	$ 9	$ 196	$ 14,954	$ 7,859	$ —	$ 23,018
Receivables, less allowance for doubtful accounts	35	280	57,970	95,939	—	154,224
Warehouse receivable	—	—	138,240	—	—	138,240
Prepaid and other current assets	21,726	19,739	15,913	13,863	(17,717)	53,524
Total current assets	21,770	20,215	227,077	117,661	(17,717)	369,006
Property and equipment, net	—	—	52,143	16,816	—	68,959
Goodwill	—	—	442,965	134,172	—	577,137
Other intangible assets, net	—	—	87,574	1,920	—	89,494
Deferred compensation assets	—	69,533	—	—	—	69,533
Investment in and advances to unconsolidated subsidiaries	—	4,774	46,021	6,896	—	57,691
Investment in consolidated subsidiaries	285,237	300,020	64,654	—	(649,911)	—
Inter-company loan receivable	—	446,513	—	—	(446,513)	—
Deferred tax assets, net	35,972	—	—	—	—	35,972
Cash held in escrow	—	200,000	—	—	—	200,000
Other assets	4,611	24,395	13,766	51,337	—	94,109
Total assets	$ 347,590	$ 1,065,450	$ 934,200	$ 328,802	$ (1,114,141)	$ 1,561,901
Current Liabilities:						
Accounts payable and accrued expenses	$ 2,133	$ 13,866	$ 24,626	$ 57,471	$ —	$ 98,096
Inter-company payable	17,717	—	—	—	(17,717)	—
Compensation and employee benefits payable	—	—	39,170	22,321	—	61,491
Accrued bonus and profit sharing	—	—	28,765	21,088	—	49,853
Short-term borrowings:						
Warehouse line of credit	—	—	138,240	—	—	138,240
Revolving credit and swingline facility	—	11,250	—	—	—	11,250
Other	—	—	876	55,273	—	56,149
Total short-term borrowings	—	11,250	139,116	55,273	—	205,639
Current maturities of long-term debt	—	10,288	—	472	—	10,760
Total current liabilities	19,850	35,404	231,677	156,625	(17,717)	425,839
Long-Term Debt:						
11 1/4% senior subordinated notes, net of unamortized discount	—	226,055	—	—	—	226,055
Senior secured term loans	—	206,013	—	—	—	206,013
9 3/4% senior notes	—	200,000	—	—	—	200,000
16% senior notes, net of unamortized discount	63,344	—	—	—	—	63,344
Other long-term debt	—	—	12,129	191	—	12,320
Inter-company loan payable	—	—	370,513	76,000	(446,513)	—
Total long-term debt	63,344	632,068	382,642	76,191	(446,513)	707,732
Deferred compensation liability	—	112,741	—	—	—	112,741
Other liabilities	11,724	—	19,861	25,251	—	56,836
Total liabilities	94,918	780,213	634,180	258,067	(464,230)	1,303,148
Minority interest	—	—	—	6,081	—	6,081
Commitments and contingencies						
Stockholders' Equity:	252,672	285,237	300,020	64,654	(649,911)	252,672
Total liabilities and stockholders' equity	$ 347,590	$ 1,065,450	$ 934,200	$ 328,802	$ (1,114,141)	$ 1,561,901

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

CBRE HOLDING, INC.

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2002
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Current Assets:						
Cash and cash equivalents	$ 127	$ 54	$ 74,173	$ 5,347	$ —	$ 79,701
Receivables, less allowance for doubtful accounts	—	40	61,624	104,549	—	166,213
Warehouse receivable	—	—	63,140	—	—	63,140
Prepaid and other current assets	18,723	22,201	8,432	7,729	(20,199)	36,886
Total current assets	18,850	22,295	207,369	117,625	(20,199)	345,940
Property and equipment, net	—	—	51,419	15,215	—	66,634
Goodwill	—	—	442,965	134,172	—	577,137
Other intangible assets, net	—	—	89,075	2,007	—	91,082
Deferred compensation assets	—	63,642	—	—	—	63,642
Investment in and advances to unconsolidated subsidiaries	—	4,782	39,205	6,221	—	50,208
Investment in consolidated subsidiaries	302,593	322,794	66,162	—	(691,549)	—
Inter-company loan receivable	—	429,396	—	—	(429,396)	—
Deferred tax assets, net	36,376	—	—	—	—	36,376
Other assets	4,896	17,464	20,453	51,044	—	93,857
Total assets	$ 362,715	$ 860,373	$ 916,648	$ 326,284	$ (1,141,144)	$ 1,324,876
Current Liabilities:						
Accounts payable and accrued expenses	$ 2,137	$ 4,610	$ 36,895	$ 58,773	$ —	$ 102,415
Inter-company payable	20,199	—	—	—	(20,199)	—
Compensation and employee benefits payable	—	—	40,938	22,796	—	63,734
Accrued bonus and profit sharing	—	—	59,942	43,916	—	103,858
Income taxes payable	15,451	—	—	—	—	15,451
Short-term borrowings:						
Warehouse line of credit	—	—	63,140	—	—	63,140
Other	—	—	16	47,909	—	47,925
Total short-term borrowings	—	—	63,156	47,909	—	111,065
Current maturities of long-term debt	—	9,975	—	736	—	10,711
Total current liabilities	37,787	14,585	200,931	174,130	(20,199)	407,234
Long-Term Debt:						
11 1/4 % senior subordinated notes, net of unamortized discount	—	225,943	—	—	—	225,943
Senior secured term loans	—	211,000	—	—	—	211,000
16% senior notes, net of unamortized discount	61,863	—	—	—	—	61,863
Other long-term debt	—	—	12,129	198	—	12,327
Inter-company loan payable	—	—	362,344	67,052	(429,396)	—
Total long-term debt	61,863	436,943	374,473	67,250	(429,396)	511,133
Deferred compensation liability	—	106,252	—	—	—	106,252
Other liabilities	11,724	—	18,450	13,127	—	43,301
Total liabilities	111,374	557,780	593,854	254,507	(449,595)	1,067,920
Minority interest	—	—	—	5,615	—	5,615
Commitments and contingencies						
Stockholders' Equity:	251,341	302,593	322,794	66,162	(691,549)	251,341
Total liabilities and stockholders' equity	$ 362,715	$ 860,373	$ 916,648	$ 326,284	$ (1,141,144)	$ 1,324,876

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

CBRE HOLDING, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2003
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ —	$ 227,829	$ 93,888	$ —	$ 321,717
Costs and expenses:						
Cost of services	—	—	113,003	40,063	—	153,066
Operating, administrative and other	56	2,742	89,855	44,768	—	137,421
Depreciation and amortization	—	—	4,308	2,021	—	6,329
Equity income from unconsolidated subsidiaries	—	—	(3,673)	(128)	—	(3,801)
Merger-related charges	—	—	1,739	1,571	—	3,310
Operating (loss) income	(56)	(2,742)	22,597	5,593	—	25,392
Interest income	33	9,471	629	35	(9,467)	701
Interest expense	2,944	10,204	11,247	2,012	(9,467)	16,940
Equity income of consolidated subsidiaries	7,222	6,893	1,879	—	(15,994)	—
Income before (benefit) provision for income tax	4,255	3,418	13,858	3,616	(15,994)	9,153
(Benefit) provision for income tax	(917)	(3,804)	6,965	1,737	—	3,981
Net income	$ 5,172	$ 7,222	$ 6,893	$ 1,879	$ (15,994)	$ 5,172

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CBRE HOLDING, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2002
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ —	$ 205,051	$ 79,842	$ —	$ 284,893
Costs and expenses:						
Cost of services	—	—	97,778	31,004	—	128,782
Operating, administrative and other	140	1,210	86,962	36,041	—	124,353
Depreciation and amortization	—	—	2,446	1,665	—	4,111
Equity income from unconsolidated subsidiaries	—	(179)	(1,280)	(180)	—	(1,639)
Merger-related charges	—	23	—	—	—	23
Operating (loss) income	(140)	(1,054)	19,145	11,312	—	29,263
Interest income	40	13,250	297	168	(13,221)	534
Interest expense	2,821	10,943	12,279	2,082	(13,221)	14,904
Equity income of consolidated subsidiaries	9,499	11,260	6,951	—	(27,710)	—
Income before (benefit) provision for income tax	6,578	12,513	14,114	9,398	(27,710)	14,893
(Benefit) provision for income tax	(711)	3,014	2,854	2,447	—	7,604
Net income	$ 7,289	$ 9,499	$ 11,260	$ 6,951	$ (27,710)	$ 7,289

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CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

CBRE HOLDING, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ —	$ 418,319	$ 167,122	$ —	$ 585,441
Costs and expenses:						
Cost of services	—	—	202,700	73,965	—	276,665
Operating, administrative and other	156	4,710	172,890	85,840	—	263,596
Depreciation and amortization	—	—	8,542	3,958	—	12,500
Equity (income) loss from unconsolidated subsidiaries	—	(24)	(6,922)	82	—	(6,864)
Merger-related charges	—	—	1,739	1,571	—	3,310
Operating (loss) income	(156)	(4,686)	39,370	1,706	—	36,234
Interest income	69	18,784	1,084	601	(18,762)	1,776
Interest expense	5,853	20,270	20,102	3,801	(18,762)	31,264
Equity income (loss) of consolidated subsidiaries	7,553	10,271	(2,770)	—	(15,054)	—
Income (loss) before (benefit) provision for income tax	1,613	4,099	17,582	(1,494)	(15,054)	6,746
(Benefit) provision for income tax	(2,212)	(3,454)	7,311	1,276	—	2,921
Net income (loss)	$ 3,825	$ 7,553	$ 10,271	$ (2,770)	$ (15,054)	$ 3,825

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

CBRE HOLDING, INC.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2002
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ —	$ 373,611	$ 135,272	$ —	$ 508,883
Costs and expenses:						
Cost of services	—	—	169,433	58,403	—	227,836
Operating, administrative and other	240	3,588	168,124	68,254	—	240,206
Depreciation and amortization	—	—	7,647	4,056	—	11,703
Equity income from unconsolidated subsidiaries	—	(346)	(2,558)	(740)	—	(3,644)
Merger-related charges	—	605	—	—	—	605
Operating (loss) income	(240)	(3,847)	30,965	5,299	—	32,177
Interest income	85	23,065	1,000	254	(23,006)	1,398
Interest expense	5,615	21,410	21,634	5,268	(23,006)	30,921
Equity income (loss) of consolidated subsidiaries	4,288	9,429	(305)	—	(13,412)	—
(Loss) income before (benefit) provision for income tax	(1,482)	7,237	10,026	285	(13,412)	2,654
(Benefit) provision for income tax	(2,676)	2,949	597	590	—	1,460
Net income	$ 1,194	$ 4,288	$ 9,429	$ (305)	$ (13,412)	$ 1,194

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

CBRE HOLDING, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES:	$ (19,622)	$ 275	$ (30,711)	$ (24,497)	$ (74,555)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures, net of concessions received	—	—	(6,450)	5,279	(1,171)
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	—	1,343	—	1,343
Other investing activities, net	—	26	2,682	(484)	2,224
Net cash provided by (used in) investing activities	—	26	(2,425)	4,795	2,396
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from revolver and swingline credit facility	—	140,600	—	—	140,600
Repayment of revolver and swingline credit facility	—	(129,350)	—	—	(129,350)
Proceeds from short term borrowings and other loans, net	—	—	—	7,330	7,330
Repayment of senior secured term loans	—	(4,675)	—	—	(4,675)
Decrease (increase) in intercompany receivables, net	19,031	(6,734)	(26,083)	13,786	—
Other financing activities, net	473	—	—	(207)	266
Net cash provided by (used in) financing activities	19,504	(159)	(26,083)	20,909	14,171
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(118)	142	(59,219)	1,207	(57,988)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	127	54	74,173	5,347	79,701
Effect of currency exchange rate changes on cash	—	—	—	1,305	1,305
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 9	$ 196	$ 14,954	$ 7,859	$ 23,018
SUPPLEMENTAL DATA:					
Cash paid during the period for:					
Interest (net of amount capitalized)	$ 4,038	$ 20,907	$ 526	$ 1,099	$ 26,570
Income taxes, net of refunds	$ 19,535	$ —	$ —	$ —	$ 19,535

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CBRE HOLDING, INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 1,055	$ (3,332)	$ (26,271)	$ (11,584)	$ (40,132)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures, net of concessions received	—	—	(4,002)	(1,361)	(5,363)
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(10,334)	442	—	(9,892)
Other investing activities, net	—	—	(2,231)	1,276	(955)
Net cash used in investing activities	—	(10,334)	(5,791)	(85)	(16,210)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from revolver and swingline credit facility	—	134,250	—	—	134,250
Repayment of revolver and swingline credit facility	—	(104,250)	—	—	(104,250)
Repayment of senior notes and other loans, net	—	—	(2,634)	(3,695)	(6,329)
Repayment of senior secured term loans	—	(4,676)	—	—	(4,676)
(Increase) decrease in intercompany receivables, net	—	(12,296)	3,827	8,469	—
Other financing activities, net	(842)	(151)	(80)	(12)	(1,085)
Net cash (used in) provided by financing activities	(842)	12,877	1,113	4,762	17,910
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	213	(789)	(30,949)	(6,907)	(38,432)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	3	931	42,204	14,312	57,450
Effect of exchange rate changes on cash	—	—	—	(807)	(807)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 216	$ 142	$ 11,255	$ 6,598	$ 18,211
SUPPLEMENTAL DATA:					
Cash paid during the period for:					
Interest (net of amount capitalized)	$ 4,550	$ 18,945	$ 895	$ 2,815	$ 27,205
Income taxes, net of refunds	$ 10,779	$ —	$ —	$ —	$ 10,779

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13. Industry Segments

The Company reports its operations through three geographically organized segments: (1) Americas, (2) Europe, Middle East and Africa (EMEA) and (3) Asia Pacific. The Americas consist of operations in the U.S., Canada, Mexico and South America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. The following table summarizes the revenue and operating income by operating segment (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenue				
Americas	$ 242,537	$ 215,908	$ 442,487	$ 394,521
EMEA	52,152	43,298	97,630	73,371
Asia Pacific	27,028	25,687	45,324	40,991
	$ 321,717	$ 284,893	$ 585,441	$ 508,883
Operating income				
Americas	$ 20,826	$ 18,468	$ 35,290	$ 26,600
EMEA	1,383	4,953	599	1,950
Asia Pacific	3,183	5,842	345	3,627
	25,392	29,263	36,234	32,177
Interest income	701	534	1,776	1,398
Interest expense	16,940	14,904	31,264	30,921
Income before provision for income tax	$ 9,153	$ 14,893	$ 6,746	$ 2,654

14. Subsequent Event

On July 23, 2003, pursuant to an Amended and Restated Agreement and Plan of Merger, dated as of May 28, 2003 (the Insignia Acquisition Agreement), by and among the Company, CBRE, Apple Acquisition Corp. (the Merger Sub), a Delaware corporation and wholly owned subsidiary of CBRE, and Insignia Financial Group, Inc. (Insignia), a Delaware corporation, the Merger Sub was merged with and into Insignia (the Insignia Acquisition). Insignia was the surviving corporation in the Insignia Acquisition and at the effective time of the Insignia Acquisition became a wholly owned subsidiary of CBRE.

In conjunction with and immediately prior to the Insignia Acquisition, Island Fund I, L.L.C. (Island), a Delaware limited liability company, which is affiliated with Andrew L. Farkas, Insignia's former Chairman and Chief Executive Officer, and certain of Insignia's other former officers, completed the purchase of certain real estate investment assets of Insignia, pursuant to a Purchase Agreement, dated as of May 28, 2003 (the Island Purchase Agreement), by and among Insignia, the Company, CBRE, the Merger Sub and Island.

Pursuant to the terms of the Insignia Acquisition Agreement, as a result of the completion of the Insignia Acquisition, the sale pursuant to the Island Purchase Agreement prior to the Insignia Acquisition and the satisfaction of certain conditions set forth in the Insignia Acquisition Agreement, (i) each issued and outstanding share of Insignia Common Stock (other than treasury shares), par value $0.01 per share, was converted into the right to receive $11.156 in cash, without interest (the Insignia Common Stock Merger Consideration), (ii) each issued and outstanding share of Insignia's Series A Preferred Stock, par value $0.01 per share, and Series B Preferred Stock, par value $0.01 per share, was converted into the right to receive $100.00 per share, plus

accrued and unpaid dividends, (iii) all outstanding warrants and options other than as described below, whether vested or unvested, were canceled and represented the right to receive a cash payment, without interest, equal to the excess, if any, of the Insignia Common Stock Merger Consideration over the per share exercise price of the option or warrant, multiplied by the number of shares of Insignia Common Stock subject to the option or warrant less any applicable withholding taxes, and (iv) outstanding options to purchase Insignia Common Stock granted pursuant to Insignia's 1998 Stock Investment Plan, whether vested or unvested, were canceled and represented the right to receive a cash payment, without interest, equal to the excess, if any, of the higher of (x) the Insignia Common Stock Merger Consideration, or (y) the highest final sale price per share of the Insignia Common Stock as reported on the New York Stock Exchange (NYSE) at any time during the 60-day period preceding the closing of the Insignia Acquisition (which was $11.20), over the exercise price of the options, multiplied by the number of shares of Insignia Common Stock subject to the options, less any applicable withholding taxes. Following the Insignia Acquisition, the Insignia Common Stock was delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended.

The funding to complete the Insignia Acquisition, as well as the refinancing of substantially all of the outstanding indebtedness of Insignia, was obtained through (i) the sale of 6,587,135 shares of the Company's Class B Common Stock, par value $0.01 per share, to Blum Strategic, a Delaware limited partnership, Blum Strategic Partners II, L.P., a Delaware limited partnership and Blum Strategic Partners II GmbH & Co. KG, a German limited partnership, for an aggregate cash purchase price of $105,394,160, (ii) the sale of 227,865 shares of the Company's Class A Common Stock, par value $.01 per share, to DLJ Investment Partners, L.P., a Delaware limited partnership, DLJ Investment Partners II, L.P., a Delaware limited partnership, DLJIP II Holdings, L.P., a Delaware limited partnership, for an aggregate cash purchase price of $3,645,840, (iii) the sale of 625,000 shares of the Company's Class A Common Stock to California Public Employees' Retirement System for an aggregate cash purchase price of $10,000,000, (iv) the sale of 60,000 shares of the Company's Class B Common Stock to Frederic V. Malek for an aggregate cash purchase price of $960,000, (v) the release from escrow of the net proceeds from the offering by CBRE Escrow, a wholly owned subsidiary of CBRE that merged with and into CBRE in connection with the Insignia Acquisition, of $200.0 million of 9 3/4% Senior Notes due May 15, 2010, which Senior Notes had been issued and sold by CB Escrow on May 22, 2003, (vi) $75.0 million of term loan borrowings under the Amended and Restated Credit Agreement (see Note 14), dated as of May 22, 2003, by and among CBRE, the lenders named therein and CSFB as Administrative Agent and Collateral Agent and (vii) $36,870,229.61 of cash proceeds from the completion of the sale to Island.

In connection with the Insignia Acquisition, the Company entered into an amended and restated credit agreement with CSFB and other lenders. On October 14, 2003, the Company refinanced all of its outstanding loans under the amended and restated credit agreement entered into in connection with the completion of the Insignia Acquisition. As part of this refinancing, the Company entered into a new amended and restated credit agreement. The prior credit facilities were, and the current amended and restated credit facilities continue to be, jointly and severally guaranteed by the Company and its domestic subsidiaries and secured by substantially all of their assets.

The amended and restated credit facilities entered into in connection with the Insignia Acquisition included the following: (1) a Tranche A term facility of $50.0 million maturing on July 20, 2007, which was fully drawn in connection with the 2001 Merger; (2) a Tranche B term facility of $260.0 million maturing on July 18, 2008, $185.0 million of which was drawn in connection with the 2001 Merger and $75.0 million of which was drawn in connection with the Insignia Acquisition; and (3) a revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. After the amendment and restatement in connection with the Insignia Acquisition, borrowings under the Tranche A and revolving facility

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)
(Unaudited)

bore interest at varying rates based on the Company's option, at either the applicable LIBOR plus 3.00% to 3.75% or the alternate base rate plus 2.00% to 2.75%, in both cases as determined by reference to the ratio of total debt less available cash to EBITDA, which are defined in the amended and restated credit agreement. After the amendment and restatement in connection with the Insignia Acquisition, borrowings under the Tranche B facility bore interest at varying rates based on our option at either the applicable LIBOR plus 4.25% or the alternate base rate plus 3.25%. The alternate base rate is the higher of (1) CSFB's prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

In connection with the October 14, 2003 refinancing of the senior secured credit facilities and the signing of a new amended and restated credit agreement, the former Tranche A term facility and Tranche term B facility were combined into a single term loan facility. The new term loan facility, of which $300.0 million was drawn on October 14, 2003, requires quarterly principal payments of $2.5 million through September 30, 2008 and matures on December 31, 2008. Borrowings under the new term loan facility bear interest at varying rates based, at the Company's option, on either LIBOR plus 3.25% or the alternate base rate plus 2.25%. The maturity date and interest rate for borrowings under the revolving credit facility remain unchanged in the new amended and restated credit agreement. The revolving line of credit requires the repayment of any outstanding balance for a period of 45 consecutive days commencing on any day in the month of December of each year as determined by the Company. The Company repaid its revolving credit facility as of October 14, 2003.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of CBRE Holding, Inc.:

We have audited the accompanying consolidated balance sheet of CBRE Holding, Inc., a Delaware corporation, and subsidiaries (the "Company") as of December 31, 2002 and the related consolidated statements of operations, cash flows, stockholders' equity and comprehensive income (loss) for the twelve months then ended. Our audit also included the 2002 financial statement schedule of CBRE Holding, Inc. listed in the Index to Consolidated Financial Statements. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the 2002 financial statements and the financial statement schedule based on our audit. The consolidated financial statements and the financial statement schedule of the Company as of December 31, 2001 and for the period from February 20, 2001 (inception) through December 31, 2001 and the consolidated financial statements and financial statement schedules of CB Richard Ellis Services, Inc. (the "Predecessor") for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements and stated that such 2001 and 2000 financial statement schedules, when considered in relation to the 2001 and 2000 basic financial statements taken as a whole, presented fairly, in all material respects, the information set forth therein, in their report dated February 26, 2002.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, such 2002 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and the results of their operations and their cash flows for the twelve months then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2002 financial statement schedule, when considered in relation to the basic consolidated financial statements, presents fairly in all material respects the information set forth therein.

As discussed in Note 8 to the Consolidated Financial Statements, the Company changed its method of accounting for goodwill and other intangible assets in 2002 to conform to Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS 142").

As discussed above, the consolidated financial statements of the Company as of December 31, 2001 and for the period from February 20, 2001 (inception) through December 31, 2001 and the financial statements of the Predecessor for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 were audited by other auditors who have ceased operations. As described in Note 8, these consolidated financial statements have been revised to include the transitional disclosures required by SFAS 142, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 8 with respect to 2001 and 2000 included (i) comparing the previously reported net income (loss) to the previously issued consolidated financial statements and the adjustments to reported net income (loss) representing amortization expense (including any related tax effects) recognized in those periods relating to goodwill that is no longer being amortized as a result of applying SFAS 142 to the Company's and the

Predecessor's underlying analysis obtained from management, and (ii) testing the mathematical accuracy of the reconciliation of adjusted net income (loss) to reported net income (loss) and the related earnings (loss)-per-share amounts. In our opinion, the disclosures for 2001 and 2000 in Note 8 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 consolidated financial statements of the Company and the Predecessor other than with respect to such disclosures, and accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 consolidated financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Los Angeles, California
March 21, 2003

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of CBRE Holding, Inc.:

We have audited the accompanying consolidated balance sheet of CBRE Holding, Inc., a Delaware corporation, (the Company) as of December 31, 2001 and related consolidated statements of operations, cash flows, stockholders' equity and comprehensive income for the period from February 20, 2001 (inception) through December 31, 2001. We have also audited the accompanying consolidated balance sheet of CB Richard Ellis Services, Inc. (Predecessor) as of December 31, 2000, and the related consolidated statements of operations, cash flows, stockholders' equity and comprehensive (loss) income for the period from January 1, 2001 to July 20, 2001, and the twelve months ended December 31, 2000 and 1999. These financial statements and the schedule referred to below are the responsibility of the Company's and the Predecessor's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 financial position of CBRE Holding, Inc. as of December 31, 2001 and the results of their operations and their cash flows for the period from February 20, 2001 (inception) through December 31, 2001 and the financial position of CB Richard Ellis Services, Inc. (the Predecessor) as of December, 31 2000 and the results of their operations and their cash flows for the period from January 1, 2001 to July 20, 2001, and the twelve months ended December 31, 2000 and 1999, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to consolidated financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Los Angeles, California
February 26, 2002

NOTE: The report of Arthur Andersen LLP presented above is a copy of a previously issued Arthur Andersen LLP report. This report has not been reissued by Arthur Andersen LLP nor has Arthur Andersen LLP provided a consent to the inclusion of its report in this Form 10-K.

NOTE: The consolidated financial statements as of December 31, 2000 and for the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (see Note 8). The report of Arthur Andersen LLP presented above does not extend to these changes.

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CBRE HOLDING, INC.

CONSOLIDATED BALANCE SHEETS

	December 31	
	2002	2001
	(Dollars in thousands, except share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 79,701	$ 57,450
Receivables, less allowance for doubtful accounts of $10,892 and $11,748 at December 31, 2002 and 2001, respectively	166,213	156,434
Warehouse receivable	63,140	106,790
Prepaid expenses	9,748	8,325
Deferred tax assets, net	18,723	32,155
Other current assets	8,415	8,493
Total current assets	345,940	369,647
Property and equipment, net	66,634	68,451
Goodwill	577,137	609,543
Other intangible assets, net of accumulated amortization of $7,739 and $3,153 at December 31, 2002 and 2001, respectively	91,082	38,117
Cash surrender value of insurance policies, deferred compensation plan	63,642	69,385
Investments in and advances to unconsolidated subsidiaries	50,208	42,535
Deferred tax assets, net	36,376	54,002
Other assets	93,857	102,832
Total assets	$ 1,324,876	$ 1,354,512
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 102,415	$ 82,982
Compensation and employee benefits payable	63,734	68,118
Accrued bonus and profit sharing	103,858	85,188
Income taxes payable	15,451	21,736
Short-term borrowings:		
Warehouse line of credit	63,140	106,790
Other	47,925	48,828
Total short-term borrowings	111,065	155,618
Current maturities of long-term debt	10,711	10,223
Total current liabilities	407,234	423,865
Long-Term Debt:		
11 1/4% senior subordinated notes, net of unamortized discount of $3,057 and $3,263 at December 31, 2002 and 2001, respectively	225,943	225,737
Senior secured term loans	211,000	220,975
16% senior notes, net of unamortized discount of $5,107 and $5,344 at December 31, 2002 and 2001, respectively	61,863	59,656
Other long-term debt	12,327	15,695
Total long-term debt	511,133	522,063
Deferred compensation liability	106,252	105,104
Other liabilities	43,301	46,661
Total liabilities	1,067,920	1,097,693
Minority interest	5,615	4,296
Commitments and contingencies		
Stockholders' Equity:		
Class A common stock; $0.01 par value; 75,000,000 shares authorized; 1,793,254 and 1,755,601 shares issued and outstanding (including treasury shares) at December 31, 2002 and 2001, respectively	17	17
Class B common stock; $0.01 par value; 25,000,000 shares authorized; 12,624,813 shares issued and outstanding at December 31, 2002 and 2001	127	127
Additional paid-in capital	240,574	240,541
Notes receivable from sale of stock	(4,800)	(5,884)
Accumulated earnings	36,153	17,426
Accumulated other comprehensive (loss) income	(18,998)	296
Treasury stock at cost, 110,174 shares at December 31, 2002	(1,732)	—
Total stockholders' equity	251,341	252,523
Total liabilities and stockholders' equity	$ 1,324,876	$ 1,354,512

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

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CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
	(Dollars in thousands, except share data)			
Revenue	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604
Costs and expenses:				
Commissions, fees and other incentives	554,942	266,764	280,813	628,097
Operating, administrative and other	493,949	216,246	296,386	551,528
Depreciation and amortization	24,614	12,198	25,656	43,199
Equity income from unconsolidated subsidiaries	(9,326)	(1,554)	(2,874)	(6,505)
Merger-related and other nonrecurring charges	36	6,442	22,127	—
Operating income (loss)	106,062	62,732	(14,174)	107,285
Interest income	3,272	2,427	1,567	2,554
Interest expense	60,501	29,717	20,303	41,700
Income (loss) before provision for income taxes	48,833	35,442	(32,910)	68,139
Provision for income taxes	30,106	18,016	1,110	34,751
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Basic earnings (loss) per share	$ 1.25	$ 2.22	$ (1.60)	$ 1.60
Weighted average shares outstanding for basic earnings (loss) per share	15,025,308	7,845,004	21,306,584	20,931,111
Diluted earnings (loss) per share	$ 1.23	$ 2.20	$ (1.60)	$ 1.58
Weighted average shares outstanding for diluted earnings (loss) per share	15,222,111	7,909,797	21,306,584	21,097,240

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

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CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
	(Dollars in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	24,614	12,198	25,656	43,199
Amortization of deferred financing costs	3,322	1,316	1,152	2,069
Deferred compensation deferrals	15,925	16,151	16,447	43,557
Gain on sale of properties, businesses and servicing rights	(6,287)	(2,868)	(10,009)	(10,184)
Equity income from unconsolidated subsidiaries	(9,326)	(1,554)	(2,874)	(6,505)
Provision for litigation, doubtful accounts and other	7,649	2,714	3,872	5,125
Deferred income tax provision (benefit)	5,158	(1,948)	(1,569)	(4,083)
(Increase) decrease in receivables	(4,770)	(18,379)	26,970	(12,545)
Decrease (increase) in cash surrender value of insurance policies, deferred compensation plan	5,743	(4,517)	(11,665)	(32,761)
Increase (decrease) in accounts payable and accrued expenses	3,678	(5,835)	(5,491)	(3,201)
Increase (decrease) in compensation and employee benefits payable and accrued bonus and profit sharing	17,541	64,677	(101,312)	24,418
Increase (decrease) in income taxes payable	3,225	13,578	(16,357)	11,074
Decrease in other liabilities	(15,203)	(9,260)	(11,305)	(12,806)
Other operating activities, net	(5,114)	7,635	275	114
Net cash provided by (used in) operating activities	64,882	91,334	(120,230)	80,859
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net of concessions received	(14,266)	(6,501)	(14,814)	(23,668)
Proceeds from sale of properties, businesses and servicing rights	6,378	2,108	9,544	17,495
Purchases of investments	(1,012)	(1,081)	(3,202)	(23,413)
Investment in property held for sale	—	(40,174)	(2,282)	—
Acquisition of businesses including net assets acquired, intangibles and goodwill	(14,811)	(214,702)	(1,924)	(6,561)
Other investing activities, net	(419)	(1,043)	539	3,678
Net cash used in investing activities	(24,130)	(261,393)	(12,139)	(32,469)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolver and swingline credit facility	238,000	113,750	—	—
Repayment of revolver and swingline credit facility	(238,000)	(113,750)	—	—
(Repayment of) proceeds from senior notes and other loans, net	(8,205)	(1,188)	446	588
Proceeds from senior secured term loans	—	235,000	—	—
Repayment of senior secured term loans	(9,351)	(4,675)	—	—
Proceeds from non-recourse debt related to property held for sale	—	37,179	—	—
Repayment of 87/8% senior subordinated notes	—	(175,000)	—	—
Proceeds from 111/4% senior subordinated notes	—	225,629	—	—
Proceeds from 16% senior notes	—	65,000	—	—
Proceeds from revolving credit facility	—	—	195,000	179,000
Repayment of revolving credit facility	—	(235,000)	(70,000)	(229,000)
Payment of deferred financing fees	(443)	(21,750)	(8)	(120)
Proceeds from issuance of common stock	180	92,156	—	—
Other financing activities, net	(19)	(3,520)	792	(3,991)
Net cash (used in) provided by financing activities	(17,838)	213,831	126,230	(53,523)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,914	43,772	(6,139)	(5,133)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	57,450	13,662	20,854	27,844
Effect of currency exchange rate changes on cash	(663)	16	(1,053)	(1,857)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 79,701	$ 57,450	$ 13,662	$ 20,854
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for				
Interest (net of amount capitalized)	$ 52,647	$ 26,126	$ 18,457	$ 38,352
Income taxes, net of refunds	$ 19,142	$ 5,061	$ 19,083	$ 27,607
Non-cash investing and financing activities				
Fair value of assets acquired	$ —	$ (492,220)	$ (105)	$ (2,287)
Fair value of liabilities acquired	—	719,829	—	41
Issuance of stock	—	148,641	—	—
Goodwill	(14,811)	(590,952)	(1,819)	(4,315)
Net cash paid for acquisitions	$ (14,811)	$ (214,702)	$ (1,924)	$ (6,561)

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

CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Company								
	CBRE Holding, Inc.								
						Accumulated other comprehensive income (loss)			
	Class A common stock	Class B common stock	Additional paid-in capital	Notes receivable from sale of stock	Accumulated earnings	Minimum pension liability	Foreign currency translation	Treasury stock	Total
	(Dollars in thousands, except share data)								
Balance, February 20, 2001	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net income	—	—	—	—	17,426	—	—	—	17,426
Contribution of deferred compensation plan stock fund units	—	—	18,771	—	—	—	—	—	18,771
Contribution of shares by certain shareholders of CB Richard Ellis Services, Inc	—	80	121,732	—	—	—	—	—	121,812
Net issuance of Class A common stock	17	—	27,672	—	—	—	—	—	27,689
Issuance of Class B common stock	—	47	72,366	—	—	—	—	—	72,413
Notes receivable from sale of stock	—	—	—	(5,884)	—	—	—	—	(5,884)
Foreign currency translation gain	—	—	—	—	—	—	296	—	296
Balance, December 31, 2001	17	127	240,541	(5,884)	17,426	—	296	—	252,523
Net income	—	—	—	—	18,727	—	—	—	18,727
Issuance of Class A common stock	—	—	460	(180)	—	—	—	—	280
Net cancellation of deferred compensation stock fund units	—	—	(427)	—	—	—	—	—	(427)
Net collection on notes receivable from sale of stock	—	—	—	1,264	—	—	—	—	1,264
Purchase of common stock	—	—	—	—	—	—	—	(1,732)	(1,732)
Minimum pension liability adjustment, net of tax	—	—	—	—	—	(17,039)	—	—	(17,039)
Foreign currency translation loss	—	—	—	—	—	—	(2,255)	—	(2,255)
Balance, December 31, 2002	$ 17	$ 127	$ 240,574	$ (4,800)	$ 36,153	$ (17,039)	$ (1,959)	$ (1,732)	$ 251,341

CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—(CONTINUED)

	Predecessor						
	CB Richard Ellis Services, Inc.						
	Common stock	Additional paid-in capital	Notes receivable from sale of stock	Accumulated (deficit) earnings	Accumulated other comprehensive loss	Treasury stock	Total
	(Dollars in thousands, except share data)						
Balance, December 31, 1999	$ 213	$ 355,893	$ (8,087)	$ (122,485)	$ (1,928)	$ (13,869)	$ 209,737
Net income	—	—	—	33,388	—	—	33,388
Common stock issued for incentive plans	4	4,310	(4,310)	—	—	—	4
Contributions, deferred compensation plan	—	2,729	—	—	—	—	2,729
Deferred compensation plan co-match	—	907	—	—	—	—	907
Net collection on notes receivable from sale of stock	—	(550)	550	—	—	—	—
Amortization of cheap and restricted stock	—	342	—	—	—		342
Tax deduction from issuance of stock	—	580	—	—	—	—	580
Foreign currency translation loss	—	—	—	—	(10,330)	—	(10,330)
Purchase of common stock	—	(43)	—	—	—	(1,975)	(2,018)
Balance, December 31, 2000	217	364,168	(11,847)	(89,097)	(12,258)	(15,844)	235,339
Net loss	—	—	—	(34,020)	—	—	(34,020)
Common stock issued for incentive plans	—	360	—	—	—	—	360
Contributions, deferred compensation plan	—	1,004	—	—	—	—	1,004
Deferred compensation plan co-match	—	492	—	—	—	—	492
Net collection on notes receivable from sale of stock	—	(742)	1,001	—	—	—	259
Amortization of cheap and restricted stock	1	210	—	—	—	—	211
Tax deduction from issuance of stock	—	1,479	—	—	—	—	1,479
Foreign currency translation loss	—	—	—	—	(7,106)	—	(7,106)
Cancellation of common stock	—	(54)	—	—	—	—	(54)
Cancellation of common stock and elimination of historical equity due to the merger	(218)	(366,917)	10,846	123,117	19,364	15,844	(197,964)
Balance, July 20, 2001	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

CBRE HOLDING, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
	(Dollars in thousands)			
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Other comprehensive (loss) income:				
Foreign currency translation (loss) gain	(2,255)	296	(7,106)	(10,330)
Minimum pension liability adjustment, net of tax	(17,039)	—	—	—
Total other comprehensive (loss) income	(19,294)	296	(7,106)	(10,330)
Comprehensive (loss) income	$ (567)	$ 17,722	$ (41,126)	$ 23,058

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

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

CBRE Holding, Inc., a Delaware corporation, was incorporated on February 20, 2001 as Blum CB Holding Corporation. On March 26, 2001, Blum CB Holding Corporation changed its name to CBRE Holding, Inc. (the Company). The Company and its former wholly owned subsidiary, Blum CB Corporation (Blum CB), a Delaware corporation, were created to acquire all of the outstanding shares of CB Richard Ellis Services, Inc. (CBRE), an international real estate services firm. Prior to July 20, 2001, the Company was a wholly owned subsidiary of RCBA Strategic Partners, LP (RCBA Strategic), which is an affiliate of Richard C. Blum, a director of the Company and CBRE.

On July 20, 2001, the Company acquired CBRE (the 2001 Merger) pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001, among the Company, CBRE and Blum CB. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. The operations of the Company after the 2001 Merger are substantially the same as the operations of CBRE prior to the 2001 Merger. In addition, the Company has no substantive operations other than its investment in CBRE.

CBRE Holding, Inc. is a holding company that conducts its operations primarily through direct and indirect operating subsidiaries. In the United States (US), the Company operates through CB Richard Ellis, Inc. and L.J. Melody, in the United Kingdom (UK) through CB Hillier Parker and in Canada through CB Richard Ellis Limited. CB Richard Ellis Investors, LLC (CBRE Investors) and its foreign affiliates conduct business in the US, Europe and Asia. The Company operates in 47 countries through various subsidiaries and pursuant to cooperation agreements. Approximately 73% of the Company’s revenue is generated from the US and 27% is generated from the rest of the world.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and majority-owned and controlled subsidiaries. Additionally, the consolidated financial statements include the accounts of CBRE prior to the 2001 Merger as CBRE is considered the predecessor to the Company for purposes of Regulation S-X. The equity attributable to minority shareholders’ interests in subsidiaries is shown separately in the accompanying consolidated balance sheets. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company’s investments in unconsolidated subsidiaries in which it has the ability to exercise significant influence over operating and financial policies, but does not control, are accounted for under the equity method. Accordingly, the Company’s share of the earnings of these equity-method basis companies is included in consolidated net income. All other investments held on a long-term basis are valued at cost less any impairment in value.

Use of Estimates

The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from these estimates. Management believes that these estimates provide a reasonable basis for the fair presentation of its financial condition and results of operations.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash and highly liquid investments with an original maturity of less than three months. The Company controls certain cash and cash equivalents as an agent for its investment and property management clients. These amounts are not included in the consolidated balance sheets (See Note 17).

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation, or in the case of capitalized leases, at the present value of the future minimum lease payments. Depreciation and amortization of property and equipment is computed primarily using the straight-line method over estimated useful lives ranging up to ten years. Leasehold improvements are amortized over the term of the respective leases, excluding options to renew. The Company capitalizes expenditures that materially increase the life of the related assets and expenses the cost of maintenance and repairs.

The Company periodically reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any of the significant assumptions inherent in this assessment materially change due to market, economic, and/or other factors, the recoverability is assessed based on the revised assumptions. If this analysis indicates that such assets are considered to be impaired, the impairment is recognized in the period the changes occur and represents the amount by which the carrying value exceeds the fair value of the asset.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price paid by the Company over the fair value of the tangible and intangible assets and liabilities of CBRE at July 20, 2001, the date of the 2001 Merger. Other intangible assets include a trademark, which was separately identified as a result of the 2001 Merger, is not being amortized and has an indefinite estimated life. The remaining other intangible assets represent management contracts and loan servicing rights and are amortized on a straight-line basis over estimated useful lives ranging up to ten years.

The Company fully adopted SFAS No. 142, *"Goodwill and Other Intangible Assets,"* effective January 1, 2002. This statement requires the Company to perform at least an annual assessment of impairment of goodwill and other intangible assets deemed to have indefinite useful lives based on assumptions and estimates of fair value and future cash flow information. In June 2002, the Company completed the first step of the transitional goodwill impairment test and determined that no impairment existed as of January 1, 2002. The Company also completed its required annual impairment test as of October 1, 2002 and determined that no impairment existed as of that date. An independent third-party valuation firm was engaged to perform all of the impairment tests (See Note 8).

Deferred Financing Costs

Costs incurred in connection with financing activities are deferred and amortized using the straight-line method over the terms of the related debt agreements ranging up to 10 years. Amortization of these costs is charged to interest expense in the accompanying consolidated statements of operations. Total deferred costs, net of accumulated amortization, included in other assets in the accompanying consolidated balance sheets were $20.5 million and $23.3 million, as of December 31, 2002 and 2001, respectively.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Revenue Recognition

Real estate commissions on sales are recorded as income upon close of escrow or upon transfer of title. Real estate commissions on leases are generally recorded as income once the Company satisfies all obligations under the commission agreement. A typical commission agreement provides that the Company earns a portion of the lease commission upon the execution of the lease agreement by the tenant, while the remaining portion(s) of the lease commission is earned at a later date, usually upon tenant occupancy. The existence of any significant future contingencies will result in the delay of recognition of revenue until such contingencies are satisfied. For example, if the Company does not earn all or a portion of the lease commission until the tenant pays their first month's rent and the lease agreement provides the tenant with a free rent period, the Company delays revenue recognition until cash rent is paid by the tenant. Investment management and property management fees are recognized when earned under the provisions of the related agreements. Appraisal fees are recorded after services have been rendered. Loan origination fees are recognized at the time the loan closes and the Company has no significant remaining obligations for performance in connection with the transaction, while loan servicing fees are recorded to revenue as monthly principal and interest payments are collected from mortgagors. Other commissions, consulting fees and referral fees are recorded as income at the time the related services have been performed unless significant future contingencies exist.

In establishing the appropriate provisions for trade receivables, the Company makes assumptions with respect to their future collectibility. The Company's assumptions are based on an individual assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivables balances. In addition to these individual assessments, in general, outstanding trade accounts receivable amounts that are greater than 180 days are fully provided for.

Business Promotion and Advertising Costs

The costs of business promotion and advertising are expensed as incurred in accordance with Statement of Position 93-7,*"Reporting on Advertising Costs."* Business promotion and advertising costs of $42.4 million, $17.0 million, $30.4 million and $57.0 million were included in operating, administrative and other expenses for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000.

Foreign Currencies

The financial statements of subsidiaries located outside the US are generally measured using the local currency as the functional currency. The assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date and income and expenses are translated at the average monthly rate. The resulting translation adjustments are included in the accumulated other comprehensive (loss) income component of stockholders' equity. Gains and losses resulting from foreign currency transactions are included in the results of operations. The aggregate transaction gains and losses included in the accompanying consolidated statements of operations are a $6.4 million gain, a $0.2 million loss, a $0.3 million gain, and a $3.1 million loss for the twelve months ended December 31, 2002, the period February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000, respectively.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Comprehensive (Loss) Income

Comprehensive (loss) income consists of net income (loss) and other comprehensive (loss) income. Accumulated other comprehensive (loss) income consists of foreign currency translation adjustments and a minimum pension liability adjustment. Foreign currency translation adjustments exclude income tax expense (benefit) given that earnings of non-US subsidiaries are deemed to be reinvested for an indefinite period of time. The income tax benefit associated with the minimum pension liability adjustment is $7.3 million for the twelve months ended December 31, 2002.

Accounting for Transfers and Servicing

The Company follows SFAS No. 140, "*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"* in accounting for loan sales and acquisition of servicing rights. SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. Those standards are based on consistent application of a financial-components approach that focuses on control. Under the approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred at fair value. Servicing assets are amortized over the period of estimated servicing income with write-off required when control is surrendered. The Company's recording of servicing rights at their fair value resulted in gains, which have been reflected in the accompanying consolidated statements of operations. Corresponding servicing assets of approximately $2.1 million and $1.8 million, at December 31, 2002 and 2001, respectively, are included in other intangible assets reflected in the accompanying consolidated balance sheets.

Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148,*"Accounting for Stock-Based Compensation—Transition and Disclosure."* This statement amends SFAS No. 123*, "Accounting for Stock-Based Compensation,"* to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures about the effect on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS No. 148 amends APB Opinion No. 28, *"Interim Financial Reporting,"* to require disclosure about those effects in interim financial information. For entities that voluntarily change to the fair value based method of accounting for stock-based employee compensation, the transition and the disclosure provisions are effective for fiscal years ending after December 15, 2002. The amendments to APB No. 28 are effective for interim periods beginning after December 15, 2002. The Company will adopt the interim disclosure provisions of SFAS No. 148 for the quarter ended March 31, 2003.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

However, the Company continues to account for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25 and does not plan to voluntarily change to the fair value based method of accounting for stock-based compensation. Under this method, the Company does not recognize compensation expense for options that were granted at or above the market price of the underlying stock on the date of grant. Had compensation expense been determined consistent with SFAS No. 123, the Company's net income (loss) and per share information would have been reduced to the following pro forma amounts (dollars in thousands, except per share data):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Net Income (Loss):				
As Reported	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Pro Forma	18,204	17,154	(36,778)	30,393
Basic EPS:				
As Reported	1.25	2.22	(1.60)	1.60
Pro Forma	1.21	2.19	(1.73)	1.45
Diluted EPS:				
As Reported	1.23	2.20	(1.60)	1.58
Pro Forma	1.20	2.17	(1.73)	1.44

These pro forma amounts may not be representative of future pro forma results.

The weighted average fair value of options and warrants granted was $2.33 for the twelve months ended December 31, 2002, $1.86 for the period from February 20, 2001 (inception) through December 31, 2001 and $6.72 for the twelve months ended December 31, 2000. There were no stock options or warrants granted by CBRE for the period from January 1, 2001 through July 20, 2001. Dividend yield is excluded from the calculation since it is the present intention of the Company to retain all earnings. The fair value of each option grant and warrant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants:

	Company	Company	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Twelve Months Ended December 31, 2000
Risk-free interest rate	4.06%	4.69%	6.52%
Expected volatility	0.00%	0.00%	58.06%
Expected life	5 years	5 years	5 years

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Company believes the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of its employee stock options.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during each period. The computation of diluted earnings (loss) per share further assumes the dilutive effect of stock options, stock warrants, contingently issuable shares and other stock-based compensation programs. Contingently issuable shares represent unvested stock fund units in the deferred compensation plan. In accordance with SFAS No. 128, "*Earnings Per Share*" these shares are included in the dilutive earnings per share calculation under the treasury stock method (see Note 15).

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with SFAS No. 109, *"Accounting for Income Taxes."* Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured by applying enacted tax rates and laws to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, *"Accounting for Asset Retirement Obligations."* This statement applies to legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of its fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. Adoption of this statement is not expected to have any material impact on the Company's financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "*Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*" This statement rescinds the following pronouncements:

- SFAS No. 4, "*Reporting Gains and Losses from Extinguishment of Debt*"
- SFAS No. 44, "*Accounting for Intangible Assets of Motor Carriers*"
- SFAS No. 64, "*Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*"

SFAS No. 145 amends SFAS No. 13, "*Accounting for Leases*," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The provisions of this statement related to the rescission of SFAS No. 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions of this statement related to SFAS No. 13 shall be effective for transactions occurring after May 15, 2002. All other provisions of this statement shall be effective for financial statements issued on or after May 15, 2002. Adoption of this statement has not had and is not expected to have any material effect on the Company's financial position or results of operations.

In July 2002, the FASB issued SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities."* This statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan and supersedes Emerging Issues Task Force Issue No. 94.3, "*Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity.*" SFAS No. 146 is to be applied prospectively to exit or disposal plan activities initiated after December 31, 2002. The Company will account for such costs, if any, under SFAS No. 146 on a prospective basis.

In November 2002, the FASB issued FASB Interpretation No. (FIN) 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*," an interpretation of SFAS No. 5, *"Accounting for Contingencies,"* SFAS No. 57, *"Related Party Disclosures"* and SFAS No. 107, "*Disclosure about Fair Value of Financial Instruments."* This interpretation also rescinds FIN 34, *"Disclosure of Indirect Guarantees of Indebtedness of Others."* FIN 45 expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under certain guarantees. The disclosure requirements of FIN 45 are effective as of December 31, 2002, and require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of FIN 45 are to be applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 has not had and is not expected to have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FIN 46, "*Consolidation of Variable Interest Entities,"* which is an interpretation of Accounting Research Bulletin (ARB) No. 51, *"Consolidated Financial Statements."* This interpretation addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests and results of operations of a VIE need to be consolidated with its primary beneficiary. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns, or if the VIE does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. For VIEs in which a significant (but not majority) variable interest is held, certain disclosures are required. The consolidation requirements of FIN 46 apply immediately to VIEs created after January 31, 2003. The consolidation requirements apply to existing VIEs in the first fiscal year or interim period beginning after June 15, 2003. Certain disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the VIE was established. The adoption of this interpretation is not expected to have a material impact on the Company's financial position or results of operations.

Reclassifications

Certain reclassifications, which do not have an effect on net income, have been made to the 2001 and 2000 financial statements to conform to the 2002 presentation.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

3. 2001 Merger

On July 20, 2001, the Company acquired CBRE (the 2001 Merger) pursuant to an Amended and Restated Agreement and Plan of Merger dated May 31, 2001 (the 2001 Merger Agreement) among the Company, CBRE and Blum CB. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. The operations of the Company after the 2001 Merger are substantially the same as the operations of CBRE prior to the 2001 Merger. In addition, the Company has no substantive operations other than its investment in CBRE. As such, CBRE is considered the predecessor to the Company for purposes of Regulation S-X.

At the effective time of the 2001 Merger, CBRE became a wholly owned subsidiary of the Company. Pursuant to the terms of the 2001 Merger Agreement, each issued and outstanding share of common stock of CBRE was converted into the right to receive $16.00 in cash, except for: (i) shares of common stock of CBRE owned by the Company and Blum CB immediately prior to the 2001 Merger, totaling 7,967,774 shares, which were cancelled, (ii) treasury shares and shares of common stock of CBRE owned by any of its subsidiaries, which were cancelled and (iii) shares of CBRE held by stockholders who perfected appraisal rights for such shares in accordance with Delaware law. All shares of common stock of CBRE outstanding prior to the 2001 Merger were acquired by the Company and subsequently cancelled. Immediately prior to the 2001 Merger, the following, collectively referred to as the buying group, contributed to the Company all the shares of CBRE's common stock that he or it directly owned in exchange for an equal number of shares of Class B common stock of the Company: Blum Strategic Partners, L.P. (Blum Strategic), formerly known as RCBA Strategic Partners, L.P., FS Equity Partners III, L.P. (FSEP III), a Delaware limited partnership, FS Equity Partners International, L.P. (FSEP International), a Delaware limited partnership, The Koll Holding Company, a California corporation, Frederic V. Malek, a director of the Company and CBRE, Raymond E. Wirta, the Chief Executive Officer and a director of the Company and CBRE, and Brett White, the President and a director of the Company and CBRE. Such shares of common stock of CBRE, which totaled 7,967,774 shares of common stock, were then cancelled. In addition, the Company offered to purchase for cash options outstanding to acquire common stock of CBRE at a purchase price per option equal to the greater of the amount by which $16.00 exceeded the exercise price of the option, if at all, or $1.00. In connection with the 2001 Merger, CBRE purchased its outstanding options on behalf of the Company, which were recorded as merger-related and other nonrecurring charges by CBRE in the period from January 1, 2001 to July 20, 2001.

The funding to complete the 2001 Merger, as well as the refinancing of substantially all of the outstanding indebtedness of CBRE, was obtained through: (i) the cash contribution of $74.8 million from the sale of Class B common stock of the Company for $16.00 per share, (ii) the sale of shares of Class A common stock of the Company for $16.00 per share to employees and independent contractors of CBRE, (iii) the sale of 625,000 shares of Class A common stock of the Company to the California Public Employees' Retirement System for $16.00 per share, (iv) the issuance and sale by the Company of 65,000 units for $65.0 million to DLJ Investment Funding, Inc. and other purchasers, which units consist of $65.0 million in aggregate principal amount of 16% Senior Notes due July 20, 2011 and 339,820 shares of Class A common stock of the Company, (v) the issuance and sale by Blum CB of $229.0 million in aggregate principal amount of 11 1/4% Senior Subordinated Notes due June 15, 2011 for $225.6 million (which were assumed by CBRE in connection with the 2001 Merger) and (vi) borrowings by CBRE under a new $325.0 million senior credit facility with Credit Suisse First Boston (CSFB) and other lenders.

Following the 2001 Merger, the common stock of CBRE was delisted from the New York Stock Exchange. CBRE also successfully completed a tender offer and consent solicitation for all of the outstanding principal amount of its 8 7/8% Senior Subordinated Notes due 2006 (the Subordinated Notes). The Subordinated Notes were purchased at $1,079.14 for each $1,000 principal amount of Subordinated Notes, which included a consent payment of $30.00 per $1,000 principal amount of Subordinated Notes. The Company also repaid the

outstanding balance of CBRE's existing revolving credit facility. The Company entered into the 2001 Merger in order to enhance the flexibility to operate CBRE's existing businesses and to develop new ones.

4. Purchase Accounting

The aggregate finalized purchase price for the acquisition of CBRE was approximately $399.5 million, which included: (1) shares of the Company's Class B common stock, valued at $16.00 per share, and warrants to acquire share of the Company's Class B common stock issued to members of the buying group in exchange for shares of common stock of CBRE contributed to the Company immediately prior to the 2001 Merger and the cancellation of warrants to acquire common stock of CBRE; (2) $16.00 per share in cash paid to owners of common stock of CBRE, excluding shares owned by members of the buying group discussed above; (3) allocations in CBRE's deferred compensation plan (the DCP) from vested stock fund units, each of which was valued at $16.00 and which was entitled to one underlying share of CBRE common stock upon distribution from the DCP prior to the 2001 Merger, to other investments alternatives available under the DCP, in each case at the election of the applicable participant; (4) vested stock fund units held in the DCP, each of which was valued at $16.00 and which was converted to the right to receive one underlying share of the Company's Class A common stock upon distribution from the DCP after the 2001 Merger, that participants elected to continue to hold after the 2001 Merger; (5) unvested stock fund units held in the DCP, each of which was valued at $16.00 and which were automatically converted to the right to receive one underlying share of the Company's Class A common stock upon distribution from the DCP after the 2001 Merger and (6) direct costs incurred in connection with the 2001 Merger.

The 2001 Merger was accounted for as a purchase by the Company. Prior to the 2001 Merger, no single member of the buying group, nor any combination thereof, controlled CBRE. After the completion of the 2001 Merger, Blum Strategic has control of CBRE. The shares of common stock of CBRE directly owned by Blum Strategic prior to the 2001 Merger, which were included in the shares owned by the buying group contributed to the Company, were valued at Blum Strategic's book value in the determination of the purchase price. All other shares of common stock of CBRE acquired by the Company were accounted for at a fair value of $16.00 per share in the determination of the purchase price. As such, the 2001 Merger was accounted for as a step purchase acquisition in accordance with SFAS No. 141, *"Business Combinations,"* and the net assets of CBRE acquired by the Company were adjusted to 86.5% of their estimated fair value.

The preliminary purchase accounting adjustments of the Company were recorded in 2001 in the accompanying consolidated financial statements as of and for any periods subsequent to July 20, 2001. During 2002, the Company finalized the purchase price allocation, which included finalizing the fair values of all assets acquired and liabilities assumed as of the 2001 Merger date. The excess of the purchase price paid by the Company over the finalized fair value of the assets and liabilities of CBRE at the date of the 2001 Merger was approximately $594.9 million and is included in goodwill in the accompanying consolidated balance sheet as of December 31, 2002. This represents a $28.3 million reduction to what was originally estimated and reported at December 31, 2001. This net decrease was mainly due to the adjustment, net of the related tax impact, of certain intangible assets to their estimated fair values as of the acquisition date, which were finalized based on independent third party appraisals during 2002 (See Note 8 for additional information).

5. Basis of Preparation

The accompanying consolidated balance sheets as of December 31, 2002 and 2001, and the consolidated statements of operations, cash flows and stockholders' equity for the twelve months ended December 31, 2002 and for the period from February 20, 2001 (inception) through December 31, 2001, reflect the consolidated

balance sheets, results of operations, cash flows and stockholders' equity of the Company from inception and also include the consolidated financial statements of CBRE from the date of the 2001 Merger, including all material adjustments required under the purchase method of accounting. For purposes of Regulation S-X, CBRE is considered the predecessor to the Company. As such, the historical financial statements of CBRE prior to the 2001 Merger are included in the accompanying consolidated financial statements, including the consolidated statements of operations, cash flows and stockholders' equity for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 (collectively "Predecessor financial statements"). The Predecessor financial statements have not been adjusted to reflect the acquisition of CBRE by the Company. As such, the consolidated financial statements of the Company after the 2001 Merger are not directly comparable to the Predecessor financial statements prior to the 2001 Merger.

Unaudited pro forma results of the Company, assuming the 2001 Merger had occurred as of January 1, 2001, are presented below. These pro forma results have been prepared for comparative purposes only and include certain adjustments, such as increased interest expense as a result of debt acquired to finance the 2001 Merger. The 2001 proforma information excludes $18.3 million of merger-related and other nonrecurring charges. These pro forma results do not purport to be indicative of what operating results would have been and may not be indicative of future operating results (dollars in thousands, except share data):

	Twelve Months Ended December 31, 2001
Revenue	$ 1,170,762
Operating income	$ 76,496
Net loss	$ (1,640)
Basic and diluted loss per share	$ (0.11)
Weighted average shares outstanding for basic and diluted loss per share	15,025,308

6. Acquisitions and Dispositions

During 2001, the Company acquired a professional real estate services firm in Mexico for an aggregate purchase price of approximately $1.7 million in cash. The Company also purchased the remaining ownership interests that it did not already own in CB Richard Ellis/Hampshire, L.L.C. for a purchase price of approximately $1.8 million in cash.

During 2000, the Company acquired five companies with an aggregate purchase price of approximately $3.4 million in cash, $0.7 million in notes, plus additional payments over the next five years based on acquisition earnout agreements. These payments will supplement the purchase price and be recorded as additional goodwill when paid, as applicable. The most significant acquisition in 2000 was the purchase of Boston Mortgage Capital Corporation (Boston Mortgage) by L.J. Melody for approximately $2.1 million, plus supplemental payments based on an acquisition earnout agreement. Boston Mortgage provides further mortgage banking penetration into the northeastern part of the US.

It services approximately $1.8 billion in loans covering roughly 175 commercial properties throughout New England, New York and New Jersey.

In February 2000, the Company sold certain non-strategic assets for cash proceeds of $8.4 million, resulting in a pre-tax gain of $4.7 million.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

7. Property and Equipment

Property and equipment consists of the following (dollars in thousands):

	December 31	
	2002	2001
Leasehold improvements	$ 20,000	$ 19,710
Furniture and equipment	116,268	126,864
Equipment under capital leases	13,925	27,541
	150,193	174,115
Accumulated depreciation and amortization	(83,559)	(105,664)
Property and equipment, net	$ 66,634	$ 68,451

Depreciation expense was $20.8 million for the twelve months ended December 31, 2002, $9.1 million for the period from February 20, 2001 (inception) through December 31, 2001, $12.6 million for the period from January 1, 2001 through July 20, 2001 and $19.2 million for the twelve months ended December 31, 2000.

8. Goodwill and Other Intangible Assets

In June 2001, the FASB issued SFAS No. 141, "*Business Combinations,*" and SFAS No. 142, "*Goodwill and Other Intangible Assets.*" SFAS No. 141 replaces APB Opinion No. 16, *"Business Combinations,"* and requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. It also provides guidance on purchase accounting related to the recognition of intangible assets. Under SFAS No. 142, goodwill and other intangible assets deemed to have indefinite useful lives are no longer amortized but are subject to impairment tests, on an annual basis, at a minimum, or whenever events or circumstances occur indicating goodwill might be impaired. SFAS No. 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values and be reviewed for impairment in accordance with SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets."*

The Company adopted SFAS No. 141 for all business combinations completed after June 30, 2001 and fully adopted SFAS No. 142 effective January 1, 2002. The Company identified its reporting units and determined the carrying value of each reporting unit by assigning assets and liabilities, including the existing goodwill and intangible assets, to those units for purposes of performing the required transitional goodwill impairment assessment.

In June 2002, the Company completed the first step of the transitional goodwill impairment test which entailed comparing the fair value of each reporting unit to its carrying value. The Company determined that no impairment existed at the effective date of the implementation of the new standard. The Company also completed its required annual goodwill impairment test as of October 1, 2002 and determined that no impairment existed as of that date.

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Had the Company accounted for goodwill consistent with the provisions of SFAS No. 142 in prior periods, the Company's net income (loss) would have been affected as follows (dollars in thousands, except share data):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Reported net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Add back amortization of goodwill, net of taxes	—	—	7,701	14,054
Adjusted net income (loss)	$ 18,727	$ 17,426	$ (26,319)	$ 47,442
Basic earnings (loss) per share:				
Reported earnings (loss) per share	$ 1.25	$ 2.22	$ (1.60)	$ 1.60
Add back goodwill amortization per share	—	—	0.36	0.67
Adjusted basic earnings (loss) per share	$ 1.25	$ 2.22	$ (1.24)	$ 2.27
Diluted earnings (loss) per share:				
Reported earnings (loss) per share	$ 1.23	$ 2.20	$ (1.60)	$ 1.58
Add back goodwill amortization per share	—	—	0.36	0.67
Adjusted diluted earnings (loss) per share	$ 1.23	$ 2.20	$ (1.24)	$ 2.25

The Company has finalized the fair value of all assets and liabilities as of the merger date. The resulting changes in the carrying amount of goodwill for the twelve months ended December 31, 2002, are as follows (dollars in thousands):

	Americas	EMEA	Asia Pacific	Total
Balance at January 1, 2002	$ 510,188	$ 96,637	$ 2,718	$ 609,543
Reclassed (to) from intangible assets	(57,841)	3,617	—	(54,224)
Purchase accounting adjustments related to prior acquisitions	15,321	5,809	688	21,818
Balance at December 31, 2002	$ 467,668	$ 106,063	$ 3,406	$ 577,137

Intangible assets totaled $91.1 million, net of accumulated amortization of $7.7 million, as of December 31, 2002 and are comprised of the following (dollars in thousands):

	As of December 31, 2002	
	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets		
Management contracts	$ 18,887	$ 5,605
Loan servicing rights	16,234	2,134
Total	$ 35,121	$ 7,739
Unamortizable intangible assets		
Trademark	$ 63,700	

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

In accordance with SFAS No. 141, the trademark was separately identified as a result of the 2001 Merger and has an indefinite life. The management contracts are being amortized over their weighted average useful lives of approximately 8.6 years and the loan servicing rights are being amortized over their weighted average useful lives of approximately 10.0 years. Amortization expense related to these intangible assets was $3.8 million for the year ended December 31, 2002. The estimated amortization expense for the five years ending December 31, 2007 approximates $3.8 million, $3.7 million, $3.7 million, $3.4 million and $3.4 million, respectively.

9. Investments in and Advances to Unconsolidated Subsidiaries

Investments in and advances to unconsolidated subsidiaries as of December 31, 2002 and 2001 are as follows (dollars in thousands):

		December 31	
	Interest	2002	2001
CB Richard Ellis Strategic Partners, LP	2.9%	$ 10,690	$ 8,490
CB Commercial/Whittier Partners, LP	50.0%	8,816	10,159
Global Innovation Partners, LLC	4.9%	6,228	1,468
Strategic Partners II, LP.	3.4%	5,965	—
Ikoma CB Richard Ellis KK	20.0%	4,782	4,132
KB Opportunity Investors	45.0%	1,857	4,499
CB Richard Ellis/Pittsburgh, LP	50.0%	1,461	1,108
CB Richard Ellis Corporate Partners, LLC	9.1%	—	3,855
Other	*	10,409	8,824
Total		$ 50,208	$ 42,535

* Various interests with varying ownership rates.

Combined condensed financial information for the entities accounted for using the equity method is as follows (dollars in thousands):

Condensed Balance Sheets Information:

	December 31	
	2002	2001
Current assets	$ 127,635	$ 92,427
Noncurrent assets	1,552,546	866,224
Current liabilities	108,463	51,064
Noncurrent liabilities	664,241	392,357
Minority interest	3,938	265

Condensed Statements of Operations Information:

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
Net revenue	$ 349,121	$ 286,138	$ 241,902
Income from operations	78,171	60,259	59,936
Net income	81,498	30,098	50,183

Included in other current assets in the accompanying consolidated balance sheets is a note receivable from the Company's equity investment in Investors 1031, LLC in the amount of $1.2 million as of December 31, 2002. This note was issued on June 20, 2002, bears interest at 20.0% per annum and is due for repayment on July 15, 2003.

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The Company's investment management business involves investing the Company's own capital in certain real estate investments with clients, including its equity investments in CB Richard Ellis Strategic Partners, LP, Global Innovation Partners, LLC and other co-investments included in the table above. The Company has provided investment management, property management, brokerage, appraisal and other professional services to these equity investees and earned revenues from these co-investments of $22.4 million, $15.4 million and $7.3 million during the years ended December 31, 2002, 2001 and 2000, respectively.

10. Other Assets

The following table summarizes the items included in other assets (dollars in thousands):

	December 31	
	2002	2001
Property held for sale	$ 45,883	$ 42,456
Deferred financing costs, net	20,467	23,346
Deposits	8,714	6,505
Cost investments	6,524	5,768
Notes receivable	4,943	4,895
Employee loans (1)	4,089	—
Deferred compensation assets	1,440	3,520
Prepaid pension costs	—	13,588
Miscellaneous	1,797	2,754
Total	$ 93,857	$ 102,832

(1) See Note 22 for additional information.

11. Employee Benefit Plans

CBRE Holding, Inc., the Company

Option Plans and Warrants. As part of the 2001 Merger, the Company issued 255,477 warrants to purchase shares of Class B common stock with an exercise price of $30.00 per share. These warrants do not vest until August 26, 2007 and expire on August 27, 2007. The Company also issued 1,520,207 options to acquire Class A common stock at an exercise price of $16.00 per share. These options vest and are exercisable in 20% increments over a five-year period ending on July 20, 2006. All options and warrants will become fully vested and exercisable upon change in control of the Company.

CB Richard Ellis Services, Inc., the Predecessor

Option Plans and Warrants. At the effective time of the 2001 Merger, each holder of an option to acquire CBRE's common stock, whether or not vested, had the right to receive, in consideration for the cancellation of his or her options, an amount per share of common stock equal to the greater of (i) the amount by which $16.00 exceeded the exercise price of the option, if any, or (ii) $1.00 reduced in each case by applicable withholding taxes. Employees holding warrants to acquire shares of CBRE received $1.00 per share of common stock underlying the warrant. Warrants held by non-employees, other than FS Equity Partners III, L.P. and FS Equity Partners International, L.P. who received warrants to acquire shares of the Company's Class B common stock, were cancelled and no payments were made to such shareholders. As of December 31, 2001, there were no options or warrants outstanding to acquire CBRE's stock.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The options and warrants outstanding prior to the 2001 Merger were issued in connection with various acquisitions and employee stock-based compensation plans, had exercise prices that ranged from $10.00 to $36.75, with vesting periods that ranged up to 5 years and expired at various dates through August 2010.

A summary of the status of the Company's and the Predecessor's option plans and warrants is presented in the tables below:

	Company			
	CBRE Holding, Inc.			
	Shares	Weighted Average Exercise Price	Exercisable Shares	Weighted Average Exercise Price
Outstanding at February 20, 2001	—	$ —		$ —
Granted	1,775,684	18.01		
Forfeited	(17,186)	16.00		
Outstanding at December 31, 2001	1,758,498	18.03	—	—
Granted	123,873	16.00		
Forfeited	(175,295)	16.00		
Outstanding at December 31, 2002	1,707,076	$ 18.10	277,575	$ 16.00

	Predecessor			
	CB Richard Ellis Services, Inc.			
	Shares	Weighted Average Exercise Price	Exercisable Shares	Weighted Average Exercise Price
Outstanding at December 31, 1999	3,075,356	$ 20.71	770,756	$ 21.86
Granted	487,710	24.81		
Forfeited/Expired	(223,056)	19.84		
Outstanding at December 31, 2000	3,340,010	21.25	1,824,665	23.90
Exercised	(86,521)	12.89		
Forfeited/Expired	(93,370)	20.27		
Paid and/or cancelled as a result of the merger	(3,160,119)	21.50		
Outstanding at July 20, 2001	—	$ —	—	$ —

Option plans and warrants outstanding at December 31, 2002 and their related weighted average price and life information is presented below:

	Outstanding Options and Warrants			Exercisable Options and Warrants	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractural Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$16.00	1,451,599	8.59	$ 16.00	277,575	$ 16.00
$30.00	255,477	4.66	30.00	—	—
	1,707,076		$ 18.10	277,575	$ 16.00

Deferred Compensation Plan (the DCP). In 1994, CBRE implemented the DCP. Under the DCP, a select group of management and highly compensated employees can defer the payment of all or a portion of their compensation (including any bonus). The DCP permits participating employees to make an irrevocable election at the beginning of each year to receive at some future date these deferred amounts invested in interest bearing accounts, which are an unsecured liability of the Company, in shares of common stock of the Company, where elections are recorded to additional paid-in capital or in insurance products which function like mutual funds. The Company has elected to fund a portion of its obligation for deferrals in these insurance products, but is not obligated to do so in the future.

As part of the 2001 Merger, the DCP was amended so that each stock fund unit was converted to the right to receive one share of Class A common stock of the Company. Each participant in the DCP who was a US employee or an independent contractor in specified states and had vested stock fund units prior to the 2001 Merger was permitted to make one of the following elections: (i) convert the value of his or her vested stock fund units, based upon the value of $16.00 per stock unit, into any of the insurance mutual fund alternatives or the Interest Index Fund II provided under the DCP, (ii) continue to hold the vested stock fund units in his or her account under the DCP or (iii) transfer amounts invested in insurance mutual fund alternatives into DCP stock fund units. In accordance with a change in control provision included in the terms of the DCP, stock fund units associated with the 1999 Company matching contribution, which were unvested prior to the 2001 Merger, became vested upon completion of the 2001 Merger, but remained as stock fund units.

Each stock fund unit that was unvested prior to the 2001 Merger remained in participants' accounts, but after the 2001 Merger was converted to the right to receive one share of Class A common stock of the Company. These unvested stock fund units have been accounted for as a deferred compensation asset. The deferred compensation asset will be amortized as compensation expense over the remaining vesting period for such stock fund units in accordance with FASB Interpretation No. 44, *"Accounting for Certain Transactions Involving Stock Compensation,"* with $1.8 million charged to compensation expense for the twelve months ended December 31, 2002 and $0.9 million charged to compensation expense for the period from February 20, 2001 (inception) through December 31, 2001. The accompanying consolidated balance sheets include the unamortized balances totaling $1.9 million and $1.4 million in other current assets and other assets, respectively, as of December 31, 2002. Subsequent to the 2001 Merger, no new deferrals are allowed in stock fund units.

In 2001, the Company announced a match for the Plan Year 2000, effective July 2001, in the amount of $8.0 million to be invested in an interest bearing account on behalf of participants. The 2000 Company Match vests at 20% per year, and will be fully vested by December 2005. The related compensation expense will be amortized over the vesting period. The amounts charged to expense for the 2000 Company match were $1.7 million for the twelve months ended December 31, 2002, $0.7 million for the period from February 20, 2001 (inception) through December 31, 2001 and $0.2 million for the period from January 1, 2001 through July 20, 2001.

Included in the Company's accompanying consolidated balance sheets is the accumulated non-stock liability of $106.3 million and $105.1 million at December 31, 2002 and 2001, respectively, and the assets (in the form of insurance) set aside to cover the liability of $63.6 million and $69.4 million as of December 31, 2002 and 2001, respectively. In addition, the Company's deferred stock liability, included in additional paid-in capital, totaled $18.2 million and $18.8 million at December 31, 2002 and 2001, respectively.

Stock Purchase Plans. Prior to the 2001 Merger, CBRE had restricted stock purchase plans covering select key executives including senior management. A total of 500,000 and 550,000 shares of common stock were reserved for issuance under CBRE's 1999 and 1996 Equity Incentive Plans, respectively. The shares were issued to senior executives for a purchase price equal to the greater of $18.00 and $10.00 per share or fair market value, respectively. The purchase price for these shares was paid either in cash or by delivery of a full recourse

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

promissory note. All promissory notes related to the 1999 Equity Incentive Plan were repaid as part of the 2001 Merger. The majority of the notes related to the 1996 Equity Incentive Plan were also repaid, with the remaining unpaid outstanding balances of $0.6 million and $1.0 million as of December 31, 2002 and 2001, respectively, included in notes receivable from sale of stock in the accompanying consolidated statements of stockholders' equity. As part of the 2001 Merger, the CBRE shares related to these outstanding promissory notes were exchanged for shares of Class B common stock of the Company.

Bonuses. The Company has bonus programs covering select key employees, including senior management. Awards are based on the position and performance of the employee and the achievement of pre-established financial, operating and strategic objectives. The amounts charged to expense for bonuses were $40.2 million for the twelve months ended December 31, 2002, $18.0 million for the period from February 20, 2001 (inception) through December 31, 2001, $16.5 million for the period from January 1, 2001 through July 20, 2001 and $49.8 million for the twelve months ended December 31, 2000.

Capital Accumulation Plan (the Cap Plan). The Cap Plan is a defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code and is the Company's only such plan. Generally, a US employee of the Company is eligible to participate in the plan if the employee is at least 21 years old. The Cap Plan provides for participant contributions as well as discretionary employer contributions. A participant is allowed to contribute to the Cap Plan from 1% to 15%, in whole percentages of his or her compensation, subject to limits imposed by the U.S. Internal Revenue Code. Each year, the Company determines the amount of employer contributions, if any, it will contribute to the Cap Plan based on the performance and profitability of the Company's consolidated U.S. operations. The Company's contributions for the year are allocated to participants who are actively employed on the last day of the plan year in proportion to each participant's pre-tax contributions for that year, up to 5% of the participant's compensation. In connection with the Cap Plan, the Company incurred no expense for the twelve months ended December 31, 2002, $0.8 million for the period from February 20, 2001 (inception) through December 31, 2001, no expense for the period from January 1, 2001 through July 20, 2001 and $2.2 million for the twelve months ended December 31, 2000.

In connection with the 2001 Merger, each share of common stock of CBRE formerly held by the Cap Plan and credited to participant accounts was exchanged for $16.00 in cash. In addition, the Cap Plan was amended to eliminate the common stock of CBRE as an investment option within the Cap Plan after July 20, 2001. The cash received for the shares of CBRE common stock was available for reinvestment in one or more of the investment alternatives available within the Cap Plan in accordance with the terms of the plan, including a new company stock fund in which employees could invest on a one-time basis in Class A shares of common stock of the Company. Subsequent to the 2001 Merger, participants are no longer entitled to purchase additional shares of CBRE Holding Class A or Class B common stock for allocation to their account balance.

Pension Plan. The Company, through the acquisition of Hillier Parker in the UK, maintains a contributory defined benefit pension plan to provide retirement benefits to existing and former Hillier Parker employees participating in the plan. It is the Company's policy to fund the minimum annual contributions required by applicable regulations. Pension expense totaled $3.6 million for the twelve months ended December 31, 2002, $1.4 million for the period February 20, 2001 (inception) through December 31, 2001, $0.9 million for the period from January 1, 2001 through July 20, 2001 and $0.9 million for the twelve months ended December 31, 2000.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

As a result of the plan's under-funded status in 2002, the Company recorded a charge to accumulated other comprehensive loss, net of the related deferred tax impact, appropriately eliminating the prepaid pension asset and establishing a minimum liability for under-funding. This non-cash charge had no impact on net income or cash flow. The following sets forth a reconciliation of the benefit obligation, plan assets, plan's funded status and amounts recognized in the accompanying consolidated balance sheets (dollars in thousands):

	Company	Company	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001
Change in benefit obligation			
Benefit obligation at beginning of period	$ 74,418	$ 75,453	$ 71,076
Service cost	5,578	2,325	2,875
Interest cost	4,764	2,059	2,316
Plan participant contributions	1,226	234	641
Actuarial loss (gain)	3,997	(6,558)	2,990
Benefits paid	(1,939)	(408)	(1,109)
Foreign currency translation	8,690	1,313	(3,336)
Benefit obligation at end of period	$ 96,734	$ 74,418	$ 75,453
Change in plan assets			
Fair value of plan assets at beginning of period	$ 80,950	$ 87,603	$ 103,688
Actual return on plan assets	(13,777)	(8,430)	(12,675)
Company contributions	2,299	438	1,740
Plan participant contributions	1,226	234	641
Benefits paid	(1,939)	(408)	(1,109)
Foreign currency translation	7,671	1,513	(4,682)
Fair value of plan assets at end of period	$ 76,430	$ 80,950	$ 87,603
Funded status	$ (20,304)	$ 6,533	$ 12,150
Unrecognized net actuarial loss	33,350	6,566	12,106
Company contributions in the post-measurement period	530	489	—
Net amount recognized	$ 13,576	$ 13,588	$ 24,256
Net amount recognized in the consolidated balance sheets			
Accrued benefit liability	$ (10,766)	$ —	$ —
Prepaid benefit cost	—	13,588	24,256
Accumulated other comprehensive loss	24,342	—	—
	$ 13,576	$ 13,588	$ 24,256

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Weighted average assumptions used in developing the projected benefit obligation were as follows:

	Company	Company	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Twelve Months Ended December 31, 2000
Discount rate	5.60%	6.00%	6.00%
Expected return on plan assets	8.20%	8.00%	7.75%
Rate of compensation increase	4.30%	4.50%	5.00%

Net periodic pension cost consisted of the following (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Employer service cost	$ 5,578	$ 2,325	$ 2,875	$ 5,728
Interest cost on projected benefit obligation	4,764	2,059	2,316	4,026
Expected return on plan assets	(6,767)	(2,945)	(4,257)	(8,395)
Unrecognized net gain	—	—	—	(425)
Net periodic pension cost	$ 3,575	$ 1,439	$ 934	$ 934

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

12. Debt

Total debt consists of the following (dollars in thousands):

	December 31	
	2002	2001
Long-Term Debt:		
11 1/4% Senior Subordinated Notes, net of unamortized discount of $3.1 million and $3.3 million at December 31, 2002 and 2001, respectively, due in 2011	$ 225,943	$ 225,737
Senior secured term loans, with interest ranging from 5.07% to 7.50%, due from 2002 through 2008	220,975	230,325
16% Senior Notes, net of unamortized discount of $5.1 million and $5.3 million at December 31, 2002 and 2001, respectively, due in 2011	61,863	59,656
Westmark Senior Notes, with interest at 9.0% through December 31, 2004 and at variable rates depending on the Company's credit facility rate thereafter, due from 2008 through 2010	12,129	14,863
Capital lease obligations, mainly for automobiles and telephone equipment, with interest ranging from 6.50% to 9.74%, due through 2007	763	1,438
Other	171	267
Sub-total	521,844	532,286
Less current maturities of long-term debt	10,711	10,223
Total long-term debt	511,133	522,063
Short-Term Borrowings:		
Warehouse Line of Credit, with interest at 1.0% over the Residential Funding Corporation base rate with a maturity date of August 31, 2003	63,140	106,790
Non-recourse secured debt related to property held for sale with interest at one-month Yen LIBOR plus 4.95% and a maturity date of June 18, 2003	40,005	37,179
Euro cash pool loan, with interest ranging from 4.37% to 6.60% and no stated maturity date	7,904	11,162
Other	16	487
Total short-term borrowings	111,065	155,618
Add current maturities of long-term debt	10,711	10,223
Total current debt	121,776	165,841
Total debt	$ 632,909	$ 687,904

Future annual aggregate maturities of total consolidated debt at December 31, 2002 are as follows (dollars in thousands): 2003—$121,776; 2004—$10,640; 2005—$10,623; 2006—$10,619; 2007—$6,244; and $473,007 thereafter.

The Company issued $229.0 million in aggregate principal amount of 11 1/4% Senior Subordinated Notes due June 15, 2011 (the Notes), which were issued and sold by Blum CB Corp. for approximately $225.6 million, net of discount, on June 7, 2001 and assumed by CBRE in connection with the 2001 Merger. The Notes are jointly and severally guaranteed on a senior subordinated basis by the Company and its domestic subsidiaries. The Notes require semi-annual payments of interest in arrears on June 15 and December 15, having commenced on December 15, 2001, and are redeemable in whole or in part on or after June 15, 2006 at 105.625% of par on that date and at declining prices thereafter. In addition, before June 15, 2004, the Company may redeem up to

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

35.0% of the originally issued amount of the Notes at 111 1/4% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, the Company is obligated to make an offer to purchase the Notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest.

The Company also entered into a $325.0 million Senior Credit Facility (the Credit Facility) with CSFB and other lenders. The Credit Facility is jointly and severally guaranteed by the Company and its domestic subsidiaries and is secured by substantially all of their assets. The Credit Facility includes the Tranche A term facility of $50.0 million, maturing on July 20, 2007; the Tranche B term facility of $185.0 million, maturing on July 18, 2008; and the revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. Borrowings under the Tranche A and revolving facility bear interest at varying rates based on the Company's option at either three-month LIBOR plus 2.50% to 3.25% or the alternate base rate plus 1.50% to 2.25% as determined by reference to the Company's ratio of total debt less available cash to EBITDA, which is defined in the debt agreement. Borrowings under the Tranche B facility bear interest at varying rates based on the Company's option at either three-month LIBOR plus 3.75% or the alternate base rate plus 2.75%. The alternate base rate is the higher of (1) CSFB's prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

The Tranche A facility will be repaid by July 20, 2007 through quarterly principal payments over six years, which total $7.5 million each year through June 30, 2003 and $8.75 million each year thereafter through July 20, 2007. The Tranche B facility requires quarterly principal payments of approximately $0.5 million, with the remaining outstanding principal due on July 18, 2008. The revolving line of credit requires the repayment of any outstanding balance for a period of 45 consecutive days commencing on any day in the month of December of each year as determined by the Company. The Company repaid its revolving credit facility as of November 5, 2002 and December 1, 2001 and at December 31, 2002 and 2001, the Company had no revolving line of credit principal outstanding.

The Company issued an aggregate principal amount of $65.0 million of 16.0% Senior Notes due on July 20, 2011 (the Senior Notes). The Senior Notes are unsecured obligations, senior to all current and future unsecured indebtedness, but subordinated to all current and future secured indebtedness of the Company. Interest accrues at a rate of 16.0% per year and is payable quarterly in cash in arrears. Interest may be paid in kind to the extent CBRE's ability to pay cash dividends is restricted by the terms of the Credit Facility. Additionally, interest in excess of 12.0% may, at the Company's option, be paid in kind through July 2006. The Company elected to pay in kind interest in excess of 12.0%, or 4.0%, that was payable on April 20, 2002, July 20, 2002 and October 20, 2002. The Senior Notes are redeemable at the Company's option, in whole or in part, at 116.0% of par commencing on July 20, 2001 and at declining prices thereafter. As of December 31, 2002, the redemption price was 112.8% of par. In the event of a change in control, the Company is obligated to make an offer to purchase all of the outstanding Senior Notes at 101.0% of par.

The Senior Notes are solely the Company's obligation to repay. CBRE has neither guaranteed nor pledged any of its assets as collateral for the Senior Notes and is not obligated to provide cashflow to the Company for repayment of these Senior Notes. However, the Company has no substantive assets or operations other than its investment in CBRE to meet any required principal and interest payments on the Senior Notes. The Company will depend on CBRE's cash flows to fund principal and interest payments as they come due.

The Notes, the Credit Facility and the Senior Notes all contain numerous restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, pay dividends or distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, engage in transactions with affiliates, issue subsidiary equity and enter into consolidations or mergers. The Credit Facility

requires the Company to maintain a minimum coverage ratio of interest and certain fixed charges and a maximum leverage and senior leverage ratio of earnings before interest, taxes, depreciation and amortization to funded debt. The Credit Facility requires the Company to pay a facility fee based on the total amount of the unused commitment.

The Company has short-term borrowings of $111.1 million and $155.6 million with related weighted average interest rates of 3.9% and 4.5% as of December 31, 2002 and 2001, respectively.

A subsidiary of the Company has a credit agreement with Residential Funding Corporation (RFC) for the purpose of funding mortgage loans that will be resold. The credit agreement in 2001 initially provided for a revolving line of credit of $150.0 million, bore interest at the greater of one-month LIBOR or 3.0% (RFC Base Rate), plus 1.0%, and expired on August 31, 2001. Through various executed amendments and extension letters in 2001, the revolving line of credit was increased to $350.0 million and the maturity date was extended to January 22, 2002.

Effective January 23, 2002, the Company entered into a Second Amended and Restated Warehousing Credit and Security Agreement. This agreement provided for a revolving line of credit in the amount of $350.0 million until February 28, 2002 and $150.0 million for the period from March 1, 2002 through August 31, 2002. Additionally, on February 1, 2002, the Company executed a Letter Agreement with RFC that redefined the RFC Base Rate to the greater of one-month LIBOR or 2.25% per annum. On April 20, 2002, the Company obtained a temporary revolving line of credit increase of $210.0 million that resulted in a total line of credit equaling $360.0 million, which expired on July 31, 2002. Upon expiration of the temporary increase and through various executed amendments and extension letter agreements, the Company established a revolving line of credit of $200.0 million, redefined the RFC Base Rate to the greater of one-month LIBOR or 2.0% and extended the maturity date of the agreement to December 20, 2002. On December 16, 2002, the Company entered into the Third Amended and Restated Warehousing Credit and Security Agreement effective December 20, 2002. The agreement provides for a revolving line of credit of $200.0 million, bears interest at the RFC Base Rate plus 1.0% and expires on August 31, 2003.

During the years ended December 31, 2002 and 2001, respectively, the Company had a maximum of $309.0 million and $164.0 million revolving line of credit principal outstanding with RFC. At December 31, 2002 and 2001, respectively, the Company had a $63.1 million and a $106.8 million warehouse line of credit outstanding, which are included in short-term borrowings in the accompanying consolidated balance sheets. Additionally, the Company had a $63.1 million and a $106.8 million warehouse receivable, which are also included in the accompanying consolidated balance sheets as of December 31, 2002 and 2001, respectively.

A subsidiary of the Company has a credit agreement with JP Morgan Chase. The credit agreement provides for a non-recourse revolving line of credit of up to $20.0 million, bears interest at 1.0% in excess of the bank's cost of funds and expires on May 28, 2003. At December 31, 2002 and 2001, the Company had no revolving line of credit principal outstanding.

During 2001, the Company incurred $37.2 million of non-recourse debt through a joint venture. In September 2002, the maturity date on this non-recourse debt was extended to June 18, 2003.

13. Commitments and Contingencies

The Company is a party to a number of pending or threatened lawsuits arising out of, or incident to, its ordinary course of business. Management believes that any liability that may result from disposition of these lawsuits will not have a material effect on the Company's consolidated financial position or results of operations.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The following is a schedule by year of future minimum lease payments for noncancelable leases as of December 31, 2002 (dollars in thousands):

	Capital Leases	Operating Leases
2003	$ 731	$ 66,632
2004	29	58,320
2005	9	50,966
2006	4	42,924
2007	3	35,090
Thereafter	—	233,379
Total minimum payments required	$ 776	$ 487,311

The interest portion of capital lease payments represents the amount necessary to reduce net minimum lease payments to present value calculated at the Company's incremental borrowing rate at the inception of the leases. This totaled approximately $.01 million at December 31, 2002, resulting in a present value of net minimum lease payments of $.76 million. At December 31, 2002, $.72 million and $.04 million were included in current maturities of long-term debt and long-term debt, respectively. In addition, the total minimum payments for noncancelable operating leases were not reduced by the minimum sublease rental income of $4.3 million due in the future under noncancelable subleases.

Substantially all leases require the Company to pay maintenance costs, insurance and property taxes, and generally may be renewed for five-year periods. The composition of total rental expense under noncancelable operating leases consisted of the following (dollars in thousands):

	Company		Predecessor	
	CBRE Holding, Inc.		CB Richard Ellis Services, Inc.	
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Minimum rentals	$ 68,711	$ 27,203	$ 32,831	$ 56,243
Less sublease rentals	(1,157)	(500)	(551)	(1,387)
	$ 67,554	$ 26,703	$ 32,280	$ 54,856

A subsidiary of the Company has an agreement with Fannie Mae to fund the purchase of a $104.6 million loan portfolio using proceeds from its RFC line of credit. A 100% participation in the loan portfolio was sold to Fannie Mae with the Company retaining the credit risk on the first 2% of losses incurred on the underlying portfolio of commercial mortgage loans. The Company has collateralized a portion of its obligation to cover the first 1% of losses through a letter of credit in favor of Fannie Mae for a total of approximately $1.0 million.

At December 31, 2002, the Company had outstanding letters of credit totaling $7.8 million, including the Fannie Mae letter of credit discussed in the preceding paragraph. The letters of credit expire at varying dates through December 2004.

An important part of the strategy for the Company's investment management business involves investing the Company's own capital in certain real estate investments with its clients. These co-investments typically range from 2% to 5% of the equity in a particular fund. As of December 31, 2002, the Company had committed an additional $22.6 million to fund future co-investments.

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CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

14. Income Taxes

The Company's tax provision (benefit) consisted of the following (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Federal:				
Current	$ 10,204	$ 11,747	$ —	$ 24,924
Deferred tax	6,232	(3,252)	(911)	921
Change in valuation allowances	—	796	—	(3,000)
	16,436	9,291	(911)	22,845
State:				
Current	1,824	3,173	1,600	6,895
Deferred tax	378	(494)	(658)	(1,243)
	2,202	2,679	942	5,652
Foreign:				
Current	12,920	10,137	1,079	7,015
Deferred tax	(1,452)	(4,091)	—	(761)
	11,468	6,046	1,079	6,254
	$ 30,106	$ 18,016	$ 1,110	$ 34,751

The following is a reconciliation, stated as a percentage of pre-tax income, of the US statutory federal income tax rate to the Company's effective tax rate on income from operations:

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Federal statutory tax rate	35%	35%	(35)%	35%
Permanent differences	15	5	25	11
State taxes, net of federal benefit	3	5	2	6
Foreign income taxes in excess of US rate	9	4	11	4
Change in valuation allowances	—	2	—	(5)
Effective tax rate	62%	51%	3%	51%

The domestic component of income (loss) before provision for income taxes included in the accompanying consolidated statements of operations was $31.0 million for the twelve months ended December 31, 2002, $22.5 million for the period from February 20, 2001 (inception) through December 31, 2001, $(23.0) million for the period January 1, 2001 to July 20, 2001 and $63.2 million for the twelve months ended December 31, 2000. The

international component of income (loss) before provision for income taxes was $17.8 million for the twelve months ended December 31, 2002, $12.9 million for the period from February 20, 2001 (inception) through December 31, 2001, $(9.9) million for the period from January 1, 2001 through July 20, 2001 and $4.9 million for the twelve months ended December 31, 2000.

Cumulative tax effects of temporary differences are shown below at December 31, 2002 and 2001 (dollars in thousands):

	December 31	
	2002	2001
Asset (Liability)		
Property and equipment	$ 10,960	$ 16,665
Bad debts and other reserves	12,459	10,225
Intangible amortization	(26,065)	(2,311)
Bonus, unexercised restricted stock, deferred compensation	57,780	53,418
Investment	4,189	5,045
Net operating loss (NOL) and alternative minimum tax credit carryforwards	5	3,778
Unconsolidated affiliates	5,283	7,568
Pension obligation	7,303	—
All other, net	(2,923)	3,312
Net deferred tax asset before valuation allowances	68,991	97,700
Valuation allowances	(13,892)	(11,543)
Net deferred tax asset	$ 55,099	$ 86,157

The Company had no federal income tax NOLs at December 31, 2002.

Management has determined that as of December 31, 2002, $13.9 million of deferred tax assets do not satisfy the recognition criteria set forth in SFAS No. 109. Accordingly, a valuation allowance has been recorded for this amount. Approximately $13.1 million of this valuation allowance relates to deferred tax assets acquired in the 2001 Merger. Accordingly, goodwill will be reduced at such time as these deferred tax assets are realized.

A deferred US tax liability has not been provided on the unremitted earnings of foreign subsidiaries because it is the intent of the Company to permanently reinvest these earnings. Undistributed earnings of foreign subsidiaries, which have been, or are intended to be, permanently invested in accordance with APB No. 23, "*Accounting for Income Taxes—Special Areas*," aggregated $52.0 million at December 31, 2002. The determination of the tax liability upon repatriation is not practicable.

15. Stockholders' Equity

The Company is authorized to issue 100,000,000 shares of common stock, including 75,000,000 shares of Class A common stock and 25,000,000 shares of Class B common stock, both with $0.01 par value per share. The holders of Class A common stock are entitled to one vote for each share. Holders of Class B common stock are entitled to ten votes for each share. There are no differences between the two classes of common stock other than number of votes. The holders of Class A and Class B common stock shall share equally on a per-share basis all dividends and other cash, stock or property distributions.

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Upon written request of any holder of Class B common stock, any shares will be automatically converted on a share-for-share basis into the same number of shares of Class A common stock. In addition, upon any transfer, sale, or other disposition of the Company, shares of Class B common stock shall be converted into shares of Class A common stock on a share-for-share basis, excluding the transfer to certain permitted Class B common stockholders. Also, upon completion of an underwritten public offering in which the Company becomes listed on a national securities exchange, all outstanding shares of Class B common stock shall automatically be converted into shares of Class A common stock on a share-for-share basis.

As long as Class B common stock is outstanding, if a holder of Class B common stock purchases any shares of Class A common stock, the holder may convert the Class A common shares on a share-for-share basis into the same number of shares of Class B common stock.

16. Earnings (Loss) Per Share Information

The following is a calculation of earnings (loss) per share (dollars in thousands, except share data):

	Company			Company		
	CBRE Holding, Inc.			CBRE Holding, Inc.		
	Twelve Months Ended December 31, 2002			February 20, 2001 (inception) through December 31, 2001		
	Income	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
Basic earnings per share:						
Net income applicable to common stockholders	$ 18,727	15,025,308	$ 1.25	$ 17,426	7,845,004	$ 2.22
Diluted earnings per share:						
Net income applicable to common stockholders	$ 18,727	15,025,308		$ 17,426	7,845,004	
Dilutive effect of contingently issuable shares		196,803			64,793	
Net income applicable to common stockholders	$ 18,727	15,222,111	$ 1.23	$ 17,426	7,909,797	$ 2.20

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	Predecessor			Predecessor		
	CB Richard Ellis Services, Inc.			CB Richard Ellis Services, Inc.		
	Period from January 1, 2001 through July 20, 2001			Twelve Months Ended December 31, 2000		
	Loss	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
Basic (loss) earnings per share:						
Net (loss) income applicable to common stockholders	$ (34,020)	21,306,584	$ (1.60)	$ 33,388	20,931,111	$ 1.60
Diluted (loss) earnings per share:						
Net (loss) income applicable to common stockholders	$ (34,020)	21,306,584		$ 33,388	20,931,111	
Dilutive effect of exercise of options outstanding		—			35,594	
Dilutive effect of stock-based compensation programs		—			130,535	
Net (loss) income applicable to common stockholders	$ (34,020)	21,306,584	$ (1.60)	$ 33,388	21,097,240	$ 1.58

The following items were not included in the computation of diluted earnings (loss) per share because their effect, in aggregate, was anti-dilutive:

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Stock options				
Outstanding	1,451,599	1,503,021	2,562,150	2,574,029
Price ranges	$16.00	$16.00	$0.38 - $36.75	$11.81 - $36.75
Expiration ranges	7/20/11 - 7/31/12	7/20/11	6/8/04 - 8/31/10	6/8/04 - 8/31/10
Stock warrants				
Outstanding	255,477	255,477	597,969	598,387
Price	$ 30.00	$ 30.00	$ 30.00	$ 30.00
Expiration date	8/27/07	8/27/07	8/28/04	8/28/04

All options and warrants for the period from January 1, 2001 to July 20, 2001 were anti-dilutive as the Company reported a net loss. Any assumed exercise of options or warrants would have been anti-dilutive as they would have resulted in a lower loss per share.

17. Fiduciary Funds

The accompanying consolidated balance sheets do not include the net assets of escrow, agency and fiduciary funds, which amounted to $414.6 million and $373.2 million at December 31, 2002 and 2001, respectively.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

18. Fair Value of Financial Instruments

SFAS No. 107, "*Disclosures about Fair Value of Financial Instruments,*" requires disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheets. Value is defined as the amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value estimates of financial instruments are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents: Includes cash and cash equivalents with maturities of less than three months. The carrying amount approximates fair value due to the short maturity of these instruments.

Short-Term Borrowings: The majority of this balance represents the warehouse line of credit and non recourse debt related to a property held for sale. Due to their short-term maturities and variable interest rates, fair value approximates carrying value (See Note 12).

Senior Subordinated Notes: Based on dealers' quotes, the estimated fair value of the Company's $11^{1}/_{4}$% Senior Subordinated Notes is $208.4 million and $199.5 million at December 31, 2002 and 2001, respectively. Their actual carrying value totaled $225.9 million and $225.7 million at December 31, 2002 and 2001, respectively (See Note 12).

16% Senior Notes: There was no trading activity for the 16% Senior Notes, which are due in 2011. Their carrying value totaled $61.9 million and $59.7 million at December 31, 2002 and 2001, respectively (see Note 12).

Senior Secured Terms Loans & Other Long-Term Debt: Estimated fair values approximate respective carrying values because the majority of these instruments are based on variable interest rates (see Note 12).

19. Nonrecurring Charges

During the period from February 20, 2001 (inception) through December 31, 2001, the Company recorded nonrecurring pre-tax charges totaling $6.4 million which mainly related to the write-off of e-business investments. During the period from January 1, 2001 through July 20, 2001, CBRE recorded merger-related and other nonrecurring charges of $22.1 million, which included merger-related costs incurred of $16.4 million, severance costs incurred of $2.8 million related to CBRE's cost reduction program implemented in May 2001, as well as the write-off of an e-investment of $2.9 million.

20. Guarantor and Nonguarantor Financial Statements

In connection with the 2001 Merger with Blum CB and as part of the financing of the 2001 Merger, CBRE assumed an aggregate of $229.0 million in Senior Subordinated Notes (the Notes) due June 15, 2011. These Notes are unsecured and rank equally in right of payment with any of the Company's future senior subordinated unsecured indebtedness. The Notes are effectively subordinated to indebtedness and other liabilities of the Company's subsidiaries that are not guarantors of the Notes. The Notes are guaranteed on a full, unconditional, joint and several basis by the Company, CBRE and CBRE's wholly owned domestic subsidiaries.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The following condensed consolidating financial information includes:

(1) Condensed consolidating balance sheets as of December 31, 2002 and December 31, 2001; condensed consolidating statements of operations for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000; and condensed consolidating statements of cash flows for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000 of: (a) Holding, the Parent, (b) CBRE, which is the subsidiary issuer, (c) the guarantor subsidiaries, (d) the nonguarantor subsidiaries and (e) the Company on a consolidated basis.

(2) Elimination entries necessary to consolidate CBRE Holding, Inc., the Parent, with CBRE and its guarantor and nonguarantor subsidiaries.

Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and intercompany balances and transactions.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Balance Sheet
As of December 31, 2002

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)			
Current Assets:						
Cash and cash equivalents	$ 127	$ 54	$ 74,173	$ 5,347	$ —	$ 79,701
Receivables, less allowance for doubtful accounts	—	40	61,624	104,549	—	166,213
Warehouse receivable	—	—	63,140	—	—	63,140
Prepaid and other current assets	18,723	22,201	8,432	7,729	(20,199)	36,886
Total current assets	18,850	22,295	207,369	117,625	(20,199)	345,940
Property and equipment, net	—	—	51,419	15,215	—	66,634
Goodwill	—	—	442,965	134,172	—	577,137
Other intangible assets, net	—	—	89,075	2,007	—	91,082
Cash surrender value of insurance policies, deferred compensation plan	—	63,642	—	—	—	63,642
Investment in and advances to unconsolidated subsidiaries	—	4,782	39,205	6,221	—	50,208
Investment in consolidated subsidiaries	302,593	322,794	66,162	—	(691,549)	—
Inter-company loan receivable	—	429,396	—	—	(429,396)	—
Deferred tax assets, net	36,376	—	—	—	—	36,376
Other assets	4,896	17,464	20,453	51,044	—	93,857
Total assets	$ 362,715	$ 860,373	$ 916,648	$ 326,284	$ (1,141,144)	$ 1,324,876
Current Liabilities:						
Accounts payable and accrued expenses	$ 2,137	$ 4,610	$ 36,895	$ 58,773	$ —	$ 102,415
Inter-company payable	20,199	—	—	—	(20,199)	—
Compensation and employee benefits payable	—	—	40,938	22,796	—	63,734
Accrued bonus and profit sharing	—	—	59,942	43,916	—	103,858
Income taxes payable	15,451	—	—	—	—	15,451
Short-term borrowings:						
Warehouse line of credit	—	—	63,140	—	—	63,140
Other	—	—	16	47,909	—	47,925
Total short-term borrowings	—	—	63,156	47,909	—	111,065
Current maturities of long-term debt	—	9,975	—	736	—	10,711
Total current liabilities	37,787	14,585	200,931	174,130	(20,199)	407,234
Long-Term Debt:						
11 1/4% senior subordinated notes, net of unamortized discount	—	225,943	—	—	—	225,943
Senior secured term loans	—	211,000	—	—	—	211,000
16% senior notes, net of unamortized discount	61,863	—	—	—	—	61,863
Other long-term debt	—	—	12,129	198	—	12,327
Inter-company loan payable	—	—	362,344	67,052	(429,396)	—
Total long-term debt	61,863	436,943	374,473	67,250	(429,396)	511,133
Deferred compensation liability	—	106,252	—	—	—	106,252
Other liabilities	11,724	—	18,450	13,127	—	43,301
Total liabilities	111,374	557,780	593,854	254,507	(449,595)	1,067,920
Minority interest	—	—	—	5,615	—	5,615
Commitments and contingencies						
Stockholders' equity	251,341	302,593	322,794	66,162	(691,549)	251,341
Total liabilities and stockholders' equity	$ 362,715	$ 860,373	$ 916,648	$ 326,284	$ (1,141,144)	$ 1,324,876

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CBRE HOLDING, INC.
Condensed Consolidating Balance Sheet
As of December 31, 2001

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)			
Current Assets:						
Cash and cash equivalents	$ 3	$ 931	$ 42,204	$ 14,312	$ —	$ 57,450
Receivables, less allowance for doubtful accounts	47	71	70,343	85,973	—	156,434
Warehouse receivable	—	—	106,790	—	—	106,790
Prepaid and other current assets	32,155	12,465	6,321	8,353	(10,321)	48,973
Total current assets	32,205	13,467	225,658	108,638	(10,321)	369,647
Property and equipment, net	—	—	51,314	17,137	—	68,451
Goodwill	—	197,748	208,432	203,363	—	609,543
Other intangible assets, net	—	—	31,219	6,898	—	38,117
Cash surrender value of insurance policies, deferred compensation plan	—	69,385	—	—	—	69,385
Investment in and advances to unconsolidated subsidiaries	—	4,132	34,296	4,107	—	42,535
Investment in consolidated subsidiaries	271,615	65,690	168,974	—	(506,279)	—
Inter-company loan receivable	—	465,173	—	—	(465,173)	—
Deferred tax assets, net	54,002	—	—	—	—	54,002
Prepaid pension costs	—	—	—	13,588	—	13,588
Other assets	5,266	21,600	14,739	47,639	—	89,244
Total assets	$ 363,088	$ 837,195	$ 734,632	$ 401,370	$ (981,773)	$ 1,354,512
Current Liabilities:						
Accounts payable and accrued expenses	$ 2,022	$ 4,236	$ 37,325	$ 39,399	$ —	$ 82,982
Inter-company payable	10,321	—	—	—	(10,321)	—
Compensation and employee benefits payable	—	—	44,192	23,926	—	68,118
Accrued bonus and profit sharing	—	—	56,821	28,367	—	85,188
Income taxes payable	21,736	—	—	—	—	21,736
Short-term borrowings:						
Warehouse line of credit	—	—	106,790	—	—	106,790
Other	—	178	309	48,341	—	48,828
Total short-term borrowings	—	178	107,099	48,341	—	155,618
Current maturities of long-term debt	—	9,350	129	744	—	10,223
Total current liabilities	34,079	13,764	245,566	140,777	(10,321)	423,865
Long-Term Debt:						
11 1/4% senior subordinated notes, net of unamortized discount	—	225,737	—	—	—	225,737
Senior secured term loans	—	220,975	—	—	—	220,975
16% senior notes, net of unamortized discount	59,656	—	—	—	—	59,656
Other long-term debt	—	—	14,974	721	—	15,695
Inter-company loan payable	—	—	393,827	71,346	(465,173)	—
Total long-term debt	59,656	446,712	408,801	72,067	(465,173)	522,063
Deferred compensation liability	—	105,104	—	—	—	105,104
Other liabilities	16,830	—	14,575	15,256	—	46,661
Total liabilities	110,565	565,580	668,942	228,100	(475,494)	1,097,693
Minority interest	—	—	—	4,296	—	4,296
Commitments and contingencies						
Stockholders’ equity	252,523	271,615	65,690	168,974	(506,279)	252,523
Total liabilities and stockholders’ equity	$ 363,088	$ 837,195	$ 734,632	$ 401,370	$ (981,773)	$ 1,354,512

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Statement of Operations
For the Twelve Months Ended December 31, 2002
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)			
Revenue	$ —	$ —	$ 849,563	$ 320,714	$ —	$ 1,170,277
Costs and expenses:						
Commissions, fees and other incentives	—	—	413,830	141,112	—	554,942
Operating, administrative and other	415	1,186	345,231	147,117	—	493,949
Depreciation and amortization	—	—	15,833	8,781	—	24,614
Equity income from unconsolidated subsidiaries	—	(662)	(7,449)	(1,215)	—	(9,326)
Merger-related and other nonrecurring charges	—	36	—	—	—	36
Operating (loss) income	(415)	(560)	82,118	24,919	—	106,062
Interest income	158	42,845	2,079	916	(42,726)	3,272
Interest expense	11,344	42,731	39,742	9,410	(42,726)	60,501
Equity income from consolidated subsidiaries	27,306	32,898	4,957	—	(65,161)	—
Income before (benefit) provision for income taxes	15,705	32,452	49,412	16,425	(65,161)	48,833
(Benefit) provision for income taxes	(3,022)	5,146	16,514	11,468	—	30,106
Net income	$ 18,727	$ 27,306	$ 32,898	$ 4,957	$ (65,161)	$ 18,727

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Statement of Operations
For the Period From February 20, 2001 (inception) Through December 31, 2001
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)			
Revenue	$ —	$ —	$ 416,446	$ 146,382	$ —	$ 562,828
Costs and expenses:						
Commissions, fees and other incentives	—	—	207,019	59,745	—	266,764
Operating, administrative and other	500	3,589	145,145	67,012	—	216,246
Depreciation and amortization	—	—	8,523	3,675	—	12,198
Equity income from unconsolidated subsidiaries	—	(198)	(1,290)	(66)	—	(1,554)
Merger-related and other nonrecurring charges	—	2,144	3,530	768	—	6,442
Operating (loss) income	(500)	(5,535)	53,519	15,248	—	62,732
Interest income	1,135	19,270	370	561	(18,909)	2,427
Interest expense	8,199	20,353	17,091	2,983	(18,909)	29,717
Equity income from consolidated subsidiaries	22,721	27,713	8,605	—	(59,039)	—
Income before (benefit) provision for income taxes	15,157	21,095	45,403	12,826	(59,039)	35,442
(Benefit) provision for income taxes	(2,269)	(1,626)	17,690	4,221	—	18,016
Net income	$ 17,426	$ 22,721	$ 27,713	$ 8,605	$ (59,039)	$ 17,426

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Statement of Operations
For the Period From January 1, 2001 Through July 20, 2001
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)		
Revenue	$ —	$ 465,280	$ 142,654	$ —	$ 607,934
Costs and expenses:					
Commissions, fees and other incentives	—	217,799	63,014	—	280,813
Operating, administrative and other	1,155	216,063	79,168	—	296,386
Depreciation and amortization	—	17,021	8,635	—	25,656
Equity income from unconsolidated subsidiaries	(492)	(2,141)	(241)	—	(2,874)
Merger-related and other nonrecurring charges	19,260	2,867	—	—	22,127
Operating (loss) income	(19,923)	13,671	(7,922)	—	(14,174)
Interest income	16,757	952	615	(16,757)	1,567
Interest expense	18,014	14,952	4,094	(16,757)	20,303
Equity losses from consolidated subsidiaries	(14,587)	(12,480)	—	27,067	—
Loss before (benefit) provision for income taxes	(35,767)	(12,809)	(11,401)	27,067	(32,910)
(Benefit) provision for income taxes	(1,747)	1,778	1,079	—	1,110
Net loss	$ (34,020)	$ (14,587)	$ (12,480)	$ 27,067	$ (34,020)

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CBRE HOLDING, INC.
Condensed Consolidating Statement of Operations
For the Twelve Months Ended December 31, 2000
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)		
Revenue	$ —	$ 1,027,359	$ 296,245	$ —	$ 1,323,604
Costs and expenses:					
Commissions, fees and other incentives	—	507,061	121,036	—	628,097
Operating, administrative and other	3,375	396,027	152,126	—	551,528
Depreciation and amortization	—	26,604	16,595	—	43,199
Equity (income) losses from unconsolidated subsidiaries	(995)	(5,615)	105	—	(6,505)
Operating (loss) income	(2,380)	103,282	6,383	—	107,285
Interest income	32,969	1,389	876	(32,680)	2,554
Interest expense	37,980	29,151	7,249	(32,680)	41,700
Equity income (losses) from consolidated subsidiaries	39,157	(5,300)	—	(33,857)	—
Income before (benefit) provision for income taxes	31,766	70,220	10	(33,857)	68,139
(Benefit) provision for income taxes	(1,622)	31,063	5,310	—	34,751
Net income (loss)	$ 33,388	$ 39,157	$ (5,300)	$ (33,857)	$ 33,388

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Statement of Cash Flows
For the Twelve Months Ended December 31, 2002
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
			(Dollars in thousands)		
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 509	$ (7,905)	$ 42,090	$ 30,188	$ 64,882
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures, net of concessions received	—	—	(10,049)	(4,217)	(14,266)
Proceeds from sale of properties, businesses and servicing rights	—	—	2,515	3,863	6,378
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(11,588)	(35)	(3,188)	(14,811)
Other investing activities, net	—	44	196	(1,671)	(1,431)
Net cash used in investing activities	—	(11,544)	(7,373)	(5,213)	(24,130)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from revolver and swingline credit facility	—	238,000	—	—	238,000
Repayment of revolver and swingline credit facility	—	(238,000)	—	—	(238,000)
Repayment of senior notes and other loans, net	—	(189)	(3,116)	(4,900)	(8,205)
Repayment of senior secured term loans	—	(9,351)	—	—	(9,351)
Decrease (increase) in intercompany receivables, net	—	28,284	462	(28,746)	—
Other financing activities, net	(385)	(172)	(94)	369	(282)
Net cash (used in) provided by financing activities	(385)	18,572	(2,748)	(33,277)	(17,838)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	124	(877)	31,969	(8,302)	22,914
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	3	931	42,204	14,312	57,450
Effect of currency exchange rate changes on cash	—	—	—	(663)	(663)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 127	$ 54	$ 74,173	$ 5,347	$ 79,701
SUPPLEMENTAL DATA:					
Cash paid during the period for:					
Interest (net of amount capitalized)	$ 8,509	$ 38,751	$ 1,635	$ 3,752	$ 52,647
Income taxes, net of refunds	$ 19,142	$ —	$ —	$ —	$ 19,142

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Statement of Cash Flows
For the Period From February 20, 2001 (inception) Through December 31, 2001
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
			(Dollars in thousands)			
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 310	$ 5,947	$ 56,478	$ 28,599	$ —	$ 91,334
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures, net of concessions received	—	—	(4,246)	(2,255)	—	(6,501)
Proceeds from sale of properties, businesses and servicing rights	—	—	1,996	112	—	2,108
Purchase of investments	—	—	(250)	(831)	—	(1,081)
Investment in property held for sale	—	—	—	(40,174)	—	(40,174)
Contribution to CBRE	(154,881)	—	—	—	154,881	—
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(212,369)	(1,850)	(483)	—	(214,702)
Other investing activities, net	—	(1)	(1,700)	658	—	(1,043)
Net cash used in investing activities	(154,881)	(212,370)	(6,050)	(42,973)	154,881	(261,393)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from revolver and swingline credit facility	—	113,750	—	—	—	113,750
Repayment of revolver and swingline credit facility	—	(113,750)	—	—	—	(113,750)
Proceeds from senior secured term loans	—	235,000	—	—	—	235,000
Repayment of senior secured term loans	—	(4,675)	—	—	—	(4,675)
Proceeds from non recourse debt related to property held for sale	—	—	—	37,179	—	37,179
Repayment of 8 7/8% senior subordinated notes	—	(175,000)	—	—	—	(175,000)
Proceeds from 11 1/4% senior subordinated notes	—	225,629	—	—	—	225,629
Proceeds from 16% senior notes	65,000	—	—	—	—	65,000
Repayment of revolving credit facility	—	(235,000)	—	—	—	(235,000)
Repayment of senior notes and other loans, net	—	—	(1,185)	(3)	—	(1,188)
Payment of deferred financing fees	(2,582)	(19,168)	—	—	—	(21,750)
Proceeds from issuance of stock	92,156	154,881	—	—	(154,881)	92,156
Decrease (increase) in intercompany receivables, net	—	30,263	(6,981)	(23,282)	—	—
Other financing activities, net	—	(5,535)	(103)	2,118	—	(3,520)
Net cash provided by (used in) financing activities	154,574	206,395	(8,269)	16,012	(154,881)	213,831
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3	(28)	42,159	1,638	—	43,772
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	—	959	45	12,658	—	13,662
Effect of currency exchange rate changes on cash	—	—	—	16	—	16
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 3	$ 931	$ 42,204	$ 14,312	$ —	$ 57,450
SUPPLEMENTAL DATA:						
Cash paid during the period for:						
Interest (net of amount capitalized)	$ 2,600	$ 22,562	$ 874	$ 90	$ —	$ 26,126
Income taxes, net of refunds	$ 5,061	$ —	$ —	$ —	$ —	$ 5,061

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CBRE HOLDING, INC.
Condensed Consolidating Statement of Cash Flows
For the Period From January 1, 2001 Through July 20, 2001
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
		(Dollars in thousands)		
CASH FLOWS USED IN OPERATING ACTIVITIES	$ (37,633)	$ (53,363)	$ (29,234)	$ (120,230)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net of concessions received	—	(11,309)	(3,505)	(14,814)
Proceeds from sale of properties, businesses and servicing rights	—	9,105	439	9,544
Purchases of investments	—	(2,500)	(702)	(3,202)
Investment in property held for sale	—	—	(2,282)	(2,282)
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(31)	(1,893)	(1,924)
Other investing activities, net	251	(524)	812	539
Net cash provided by (used in) investing activities	251	(5,259)	(7,131)	(12,139)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolving credit facility	195,000	—	—	195,000
Repayment of revolving credit facility	(70,000)	—	—	(70,000)
(Repayment of) proceeds from senior notes and other loans, net	(2,490)	(1,656)	4,592	446
Payment of deferred financing fees	(8)	—	—	(8)
(Increase) decrease in intercompany receivables, net	(85,712)	52,846	32,866	—
Other financing activities, net	1,489	(81)	(616)	792
Net cash provided by financing activities	38,279	51,109	36,842	126,230
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	897	(7,513)	477	(6,139)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	62	7,558	13,234	20,854
Effect of currency exchange rate changes on cash	—	—	(1,053)	(1,053)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 959	$ 45	$ 12,658	$ 13,662
SUPPLEMENTAL DATA:				
Cash paid during the period for:				
Interest (net of amount capitalized)	$ 17,194	$ 1,165	$ 98	$ 18,457
Income taxes, net of refunds	$ 19,083	$ —	$ —	$ 19,083

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

CBRE HOLDING, INC.
Condensed Consolidating Statement of Cash Flows
For the Twelve Months Ended December 31, 2000
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
		(Dollars in thousands)		
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (30,270)	$ 106,234	$ 4,895	$ 80,859
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net of concessions received	—	(14,575)	(9,093)	(23,668)
Proceeds from sale of properties, businesses and servicing rights	—	16,926	569	17,495
Purchases of investments	—	(20,316)	(3,097)	(23,413)
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(4,959)	(1,602)	(6,561)
Other investing activities, net	(177)	6,336	(2,481)	3,678
Net cash used in investing activities	(177)	(16,588)	(15,704)	(32,469)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolving credit facility	179,000	—	—	179,000
Repayment of revolving credit facility	(229,000)	—	—	(229,000)
Decrease (increase) in intercompany receivables, net	81,779	(82,424)	645	—
Other financing activities, net	(2,134)	(5,951)	4,562	(3,523)
Net cash provided by (used in) financing activities	29,645	(88,375)	5,207	(53,523)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(802)	1,271	(5,602)	(5,133)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	864	6,287	20,693	27,844
Effect of currency exchange rate changes on cash	—	—	(1,857)	(1,857)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 62	$ 7,558	$ 13,234	$ 20,854
SUPPLEMENTAL DATA:				
Cash paid during the period for:				
Interest (net of amount capitalized)	$ 35,464	$ 2,606	$ 282	$ 38,352
Income taxes, net of refunds	$ 27,607	$ —	$ —	$ 27,607

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21. Industry Segments

In the third quarter of 2001, subsequent to the 2001 Merger transaction, the Company reorganized its business segments as part of its efforts to reduce costs and streamline its operations. The Company reports its operations through three geographically organized segments: (1) Americas, (2) Europe, Middle East and Africa (EMEA) and (3) Asia Pacific. The Americas consists of operations located in the US, Canada, Mexico, Central and South America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. The Americas results for the period from February 20, 2001 (inception) through December 31, 2001 include merger-related and other nonrecurring charges of $5.4 million. The Americas results for the period from January 1, 2001 through July 20, 2001 include $21.5 million in merger-related and other nonrecurring charges as well as a nonrecurring sale of mortgage fund contracts of $5.6 million. The Americas 2000 results include a nonrecurring sale of certain non-strategic assets of $4.7 million. The following table summarizes the revenue and operating income (loss) by operating segment (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Revenue				
Americas	$ 896,064	$ 440,349	$ 488,450	$ 1,074,080
EMEA	182,222	83,012	78,294	164,539
Asia Pacific	91,991	39,467	41,190	84,985
	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604
Operating income (loss)				
Americas	$ 81,341	$ 49,110	$ (8,336)	$ 98,051
EMEA	17,287	11,463	(2,169)	9,339
Asia Pacific	7,434	2,159	(3,669)	(105)
	106,062	62,732	(14,174)	107,285
Interest income	3,272	2,427	1,567	2,554
Interest expense	60,501	29,717	20,303	41,700
Income (loss) before provision for income taxes	$ 48,833	$ 35,442	$ (32,910)	$ 68,139
Depreciation and amortization				
Americas	$ 16,958	$ 9,221	$ 18,231	$ 28,600
EMEA	4,579	1,763	4,729	9,837
Asia Pacific	3,077	1,214	2,696	4,762
	$ 24,614	$ 12,198	$ 25,656	$ 43,199
Capital expenditures, net of concessions received				
Americas	$ 10,999	$ 4,692	$ 12,237	$ 16,158
EMEA	2,018	694	1,557	3,829
Asia Pacific	1,249	1,115	1,020	3,681
	$ 14,266	$ 6,501	$ 14,814	$ 23,668
Equity (income) losses from unconsolidated subsidiaries				
Americas	$ (8,425)	$ (1,343)	$ (2,465)	$ (5,553)
EMEA	(82)	(22)	20	(3)
Asia Pacific	(819)	(189)	(429)	(949)
	$ (9,326)	$ (1,554)	$ (2,874)	$ (6,505)

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

	December 31	
	2002	2001
	(dollars in thousands)	
Identifiable assets		
Americas	$ 868,990	$ 941,732
EMEA	198,027	171,621
Asia Pacific	123,059	97,552
Corporate	134,800	143,607
	$ 1,324,876	$ 1,354,512

Identifiable assets by industry segment are those assets used in the Company's operations in each segment. Corporate identifiable assets are primarily cash and cash equivalents and net deferred tax assets.

	December 31	
	2002	2001
	(dollars in thousands)	
Investments in and advances to unconsolidated subsidiaries		
Americas	$ 44,294	$ 37,585
EMEA	1,058	751
Asia Pacific	4,856	4,199
	$ 50,208	$ 42,535

Geographic Information:

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
	(dollars in thousands)			
Revenue				
United States	$ 849,563	$ 416,445	$ 465,281	$ 1,027,359
All other countries	320,714	146,383	142,653	296,245
	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604

	December 31	
	2002	2001
	(dollars in thousands)	
Long-lived assets		
United States	$ 51,419	$ 51,314
All other countries	15,215	17,137
	$ 66,634	$ 68,451

The long-lived assets shown in the table above include property and equipment.

CBRE HOLDING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

22. Related Party Transactions

Included in other current and long-term assets in the accompanying consolidated balance sheets are employee loans of $5.9 million and $1.6 million as of December 31, 2002 and 2001, respectively. The majority of these loans represent prepaid retention and recruitment awards issued to employees at varying principal amounts, bear interest at rates up to 10.0% per annum and mature on various dates through 2007. These loans and related interest are typically forgiven over time, assuming that the relevant employee is still employed by, and is in good standing with, the Company. As of December 31, 2002, the outstanding employee loan balances included a $0.3 million loan to Raymond E. Wirta, the Company's Chief Executive Officer, and a $0.2 million loan to Brett White, the Company's President. These non-interest bearing loans to Mr. Wirta and Mr. White were issued during 2002 and are due and payable on December 31, 2003.

The accompanying consolidated balance sheets also include $4.8 million and $5.9 million of notes receivable from sale of stock as of December 31, 2002 and 2001, respectively. These notes are primarily composed of full-recourse loans to employees, officers and certain shareholders of the Company, which are secured by the Company's common stock that is owned by the borrowers. These full-recourse loans are at varying principal amounts, require quarterly interest payments, bear interest at rates up to 10.0% per annum and mature on various dates through 2010.

Pursuant to the Company's 1996 Equity Incentive Plan (EIP), Mr. Wirta purchased 30,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share that was paid for by delivery of a full recourse promissory note bearing interest at 7.40%. As part of the 2001 Merger, the 30,000 shares of CBRE common stock were exchanged for 30,000 shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the promissory note. All interest charged on the outstanding promissory note balance for any year is forgiven if Mr. Wirta's performance warrants a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. Wirta's promissory note for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, Mr. Wirta had an outstanding loan balance of $385,950, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets.

Pursuant to the Company's 1996 EIP, Mr. White purchased 25,000 shares of CBRE common stock in 1998 at a purchase price of $38.50 per share and 20,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share. These purchases were paid for by delivery of full recourse promissory notes bearing interest at 7.40%. As part of the 2001 Merger, Mr. White's shares of CBRE common stock were exchanged for a like amount of shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the notes. A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of the Company or its subsidiaries on November 16, 2002 and the fair market value of a share of the Company's common stock was less than $38.50 on November 16, 2002. Mr. White's 1998 promissory note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. During 2002, the 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for the remaining balance of $400,000 on the 1998 promissory note. All interest charged on the outstanding promissory note balances for any year is forgiven if Mr. White's performance warrants a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. White's promissory notes for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, respectively, Mr. White had outstanding loan balances of $257,300 and $657,300, which are included in notes receivable from sale of common stock in the accompanying consolidated balance sheets.

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As of December 31, 2002 and 2001, Mr. White had an outstanding loan of $164,832, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets. This outstanding loan relates to the acquisition of 12,500 shares of CBRE's common stock prior to the 2001 Merger. Subsequent to the 2001 Merger, these shares were converted into shares in the Company's common stock and the related loan amount was carried forward. This loan bears interest at 6.0% and is payable at the earlier of: (i) October 14, 2003, (ii) the date of the sale of shares held by the Company pursuant to the related security agreement or (iii) the date of the termination of Mr. White's employment.

At the time of the 2001 Merger, Mr. Wirta delivered to the Company an $80,000 promissory note, which bore interest at 10% per year, as payment for the purchase of 5,000 shares of the Company's Class B common stock. Mr. Wirta repaid this promissory note in full in April of 2002. Additionally, Mr. Wirta and Mr. White delivered full-recourse notes in the amounts of $512,504 and $209,734, respectively, as payment for a portion of the shares purchased in connection with the 2001 Merger. During 2002, Mr. Wirta paid down his loan amount by $40,004 and Mr. White paid off his note in its entirety. As of December 31, 2002, Mr. Wirta has an outstanding loan of $472,500, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheet.

In the event that the Company's common stock is not freely tradable on a national securities exchange or an over-the-counter market by June 2004, the Company has agreed to loan Mr. Wirta up to $3.0 million on a full-recourse basis to enable him to exercise an existing option to acquire shares held by The Koll Holding Company, if Mr. Wirta is employed by the Company at the time of exercise, was terminated without cause or resigned for good reason. This loan will become repayable upon the earliest to occur of: (1) 90 days following termination of his employment, other than by the Company without cause or by him for good reason, (2) seven months following the date the Company's common stock becomes freely tradable as described above or (3) the receipt of proceeds from the sale of the pledged shares. This loan will bear interest at the prime rate in effect on the date of the loan, compounded annually, and will be repayable to the extent of any net proceeds received by Mr. Wirta upon the sale of any shares of the Company's common stock. Mr. Wirta will pledge the shares received upon exercise of the option as security for the loan.

23. Subsequent Event

On February 17, 2003, the Company, CBRE, Apple Acquisition Corp. (the Merger Sub) and Insignia Financial Group, Inc. (Insignia) entered into an Agreement and Plan of Merger (the Insignia Acquisition Agreement). Pursuant to the terms and subject to the conditions of the Insignia Acquisition Agreement, the Merger Sub will merge with and into Insignia, the separate existence of the Merger Sub will cease and Insignia will continue its existence as a wholly owned subsidiary of CBRE (the Insignia Acquisition).

When the Insignia Acquisition becomes effective, each outstanding share of common stock of Insignia (other than the cancelled shares, dissenting shares and shares held by wholly owned subsidiaries of Insignia) will be converted into the right to receive $11.00 in cash, without interest, from the Merger Sub, subject to adjustments as provided in the Insignia Acquisition. At the same time, each outstanding share of common stock of the Merger Sub will be converted into one share of common stock of the surviving entity in the Insignia Acquisition.

As of February 17, 2003, the transaction was valued at approximately $415.0 million, including the repayment of net debt and the redemption of preferred stock. In addition to Insignia shareholder approval, the transaction, which is expected to close in June 2003, is subject to the receipt of financing and regulatory approvals. The sale by Insignia on March 14, 2003 of its residential real estate services subsidiaries, Insignia Douglas Elliman LLC and Insignia Residential Group LLC, to Montauk Battery Realty, LLC and Insignia's receipt of the cash proceeds from such sale will not affect the consideration to be paid in the Insignia Acquisition.

CBRE HOLDING, INC.

QUARTERLY RESULTS OF OPERATIONS
(UNAUDITED)

The following table sets forth the Company's unaudited quarterly results of operations. The unaudited quarterly information should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto. The operating results for any quarter are not necessarily indicative of the results for any future period.

	Company	Company	Company	Company	Company	Company
	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	Three Months Ended June 30, 2003	Three Months Ended March 31, 2003	Three Months Ended December 31, 2002	Three Months Ended September 30, 2002	Three Months Ended June 30, 2002	Three Months Ended March 31, 2002
	(Dollars in thousands, except share data)					
Revenue	$ 321,717	$ 263,724	$ 376,466	$ 284,928	$ 284,893	$ 223,990
Operating income	$ 25,392	$ 10,842	$ 52,723	$ 21,162	$ 29,263	$ 2,914
Net income (loss)	$ 5,172	$ (1,347)	$ 15,652	$ 1,881	$ 7,289	$ (6,095)
Basic EPS (1)	$ 0.34	$ (0.09)	$ 1.04	$ 0.13	$ 0.48	$ (0.40)
Weighted average shares outstanding for basic EPS (1)	15,040,868	15,029,219	15,000,576	15,016,044	15,034,616	15,050,633
Diluted EPS (1)	$ 0.34	$ (0.09)	$ 1.03	$ 0.12	$ 0.48	$ (0.40)
Weighted average shares outstanding for diluted EPS (1)	15,344,038	15,029,219	15,238,038	15,225,788	15,217,186	15,050,633

(1) EPS is defined as earnings (loss) per share

	Company	Company	Company	Company	Predecessor	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Three Months Ended December 31, 2001	Three Months Ended September 30, 2001	Three Months Ended June 30, 2001	February 20, 2001 (inception) through March 31, 2001	Period from July 1, 2001 through July 20, 2001	Three Months Ended June 30, 2001	Three Months Ended March 31, 2001
	(Dollars in thousands, except share data)						
Revenue	$ 337,262	$ 225,566	—	$ —	$ 50,587	$ 284,849	$ 272,498
Merger-related and other nonrecurring charges	$ 3,166	$ 3,276	—	$ —	$ 16,519	$ 5,608	$ —
Operating income (loss)	$ 46,949	$ 15,783	—	$ —	$ (19,954)	$ 3,455	$ 2,325
Net income (loss)	$ 16,178	$ 1,978	$ (730)	$ —	$ (29,653)	$ (1,521)	$ (2,846)
Basic EPS (1)	$ 1.09	$ 0.17	$ (11.45)	$ —	$ (1.40)	$ (0.07)	$ (0.13)
Weighted average shares outstanding for basic EPS (1)	14,781,088	11,865,459	63,801	10	21,194,674	21,328,247	21,309,550
Diluted EPS (1)	$ 1.09	$ 0.17	$ (11.45)	$ —	$ (1.40)	$ (0.07)	$ (0.13)
Weighted average shares outstanding for diluted EPS (1)	14,905,538	11,865,459	63,801	10	21,194,674	21,328,247	21,309,550

(1) EPS is defined as earnings (loss) per share

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CBRE HOLDING, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Company			
	CBRE Holding, Inc.			
	Allowance for Bad Debts	Legal Reserve	Lease Reserves	Other Reserves
Balance, February 20, 2001	$ —	$ —	$ —	$ —
Acquired due to the 2001 Merger with CB Richard Ellis Services, Inc	12,074	2,943	11,111	894
Purchase accounting adjustments	—	2,000	8,823	—
Charges to expense	1,317	1,086	—	311
Write-offs, payments and other	(1,643)	(506)	(178)	(201)
Balance, December 31, 2001	11,748	5,523	19,756	1,004
Purchase accounting adjustments	—	(1,093)	5,014	—
Charges to expense	3,415	1,236	—	2,998
Write-offs, payments and other	(4,271)	(2,100)	406	(782)
Balance, December 31, 2002	$ 10,892	$ 3,566	$ 25,176	$ 3,220

	Predecessor			
	CB Richard Ellis Services, Inc.			
	Allowance for Bad Debts	Legal Reserve	Lease Reserves	Other Reserves
Balance, December 31, 1999	$ 15,560	$ 8,263	$ 13,994	$ 573
Charges to expense	3,061	2,015	24	25
Write-offs, payments and other	(5,990)	(5,139)	(1,988)	129
Balance, December 31, 2000	12,631	5,139	12,030	727
Charges to expense	3,387	69	—	416
Write-offs, payments and other	(3,944)	(2,265)	(919)	(249)
Balance, July 20, 2001	$ 12,074	$ 2,943	$ 11,111	$ 894

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INSIGNIA FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except share data)
(Unaudited)

	June 30, 2003
Assets	
Cash and cash equivalents	$ 55,991
Receivables, net	137,566
Restricted cash	21,153
Property and equipment, net	42,140
Real estate investments, net	131,411
Goodwill	260,565
Acquired intangible assets, less accumulated amortization of $56,025	4,684
Deferred taxes	62,086
Other assets, net	18,653
Total assets	$ 734,249
Liabilities and Stockholders' Equity	
Liabilities:	
Accounts payable	$ 8,999
Commissions payable	45,744
Accrued incentives	13,958
Accrued and sundry	92,886
Deferred taxes	23,396
Notes payable	56,785
Real estate mortgage notes	71,986
Total liabilities	313,754
Stockholders' Equity:	
Common stock, par value $.01 per share—authorized 80,000,000 shares, 24,082,121 issued and outstanding shares, net of 1,502,600 shares held in treasury	241
Preferred stock, par value $.01 per share—authorized 20,000,000 shares, Series A, 250,000 and Series B, 125,000 issued and outstanding shares	4
Additional paid-in capital	443,101
Notes receivable for common stock	(1,006)
Accumulated deficit	(24,104)
Accumulated other comprehensive income	2,259
Total stockholders' equity	420,495
Total liabilities and stockholders' equity	$ 734,249

See Notes to Condensed Consolidated Financial Statements.

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INSIGNIA FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
Revenues		
Real estate services	$ 281,280	$ 255,446
Property operations	4,326	4,550
Equity (loss) earnings in unconsolidated ventures	(3,318)	3,259
	282,288	263,255
Costs and expenses		
Real estate services	271,908	239,960
Property operations	3,664	3,165
Administrative	10,192	6,583
Depreciation	6,971	6,744
Property depreciation	753	1,058
Amortization of intangibles	1,222	2,735
	294,710	260,245
Operating (loss) income	(12,422)	3,010
Other income and expenses:		
Interest income	1,646	2,081
Other income	29	13
Interest expense	(3,293)	(4,338)
Property interest expense	(841)	(951)
Loss from continuing operations before income taxes	(14,881)	(185)
Income tax benefit	5,208	83
Loss from continuing operations	(9,673)	(102)
Discontinued operations, net of applicable taxes:		
(Loss) income from operations	(360)	2,869
Income on disposal	3,763	265
(Loss) income before cumulative effect of a change in accounting principle	(6,270)	3,032
Cumulative effect of a change in accounting principle, net of applicable taxes	—	(20,635)
Net loss	(6,270)	(17,603)
Preferred stock dividends	(1,594)	(573)
Net loss available to common shareholders	$ (7,864)	$ (18,176)

See Notes to Condensed Consolidated Financial Statements.

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INSIGNIA FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
Operating activities		
Loss from continuing operations	$ (9,673)	$ (102)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities:		
Depreciation and amortization	8,946	10,537
Equity loss (earnings) in unconsolidated ventures	3,318	(3,259)
Changes in operating assets and liabilities:		
Accounts receivable	16,441	36,386
Other assets	(7,752)	3,158
Accrued incentives	(35,339)	(44,039)
Accounts payable and accrued expenses	(9,136)	(23,526)
Commissions payable	(17,543)	(33,747)
Net cash used in operating activities	(50,738)	(54,592)
Investing activities		
Additions to property and equipment, net	(4,982)	(2,197)
Proceeds from real estate investments	4,154	30,940
Payments made for acquisitions of businesses	(4,071)	(6,155)
Proceeds from sale of discontinued operations	66,750	23,250
Investment in real estate	(4,732)	(4,897)
Decrease in restricted cash	365	2,941
Net cash provided by investing activities	57,484	43,882
Financing activities		
Proceeds from issuance of common stock	5,488	1,127
Proceeds from issuance of preferred stock, net	—	12,325
Preferred stock dividends	(1,593)	(633)
Payment on notes payable	(70,104)	(36,722)
Payments on real estate mortgage notes	—	(20,915)
Proceeds from real estate mortgage notes	5,191	—
Debt issuance costs	—	(866)
Net cash used in financing activities	(61,018)	(45,684)
Net cash (used in) provided by discontinued operations	(3,002)	5,209
Effect of exchange rate changes on cash	1,818	1,641
Net decrease in cash and cash equivalents	(55,456)	(49,544)
Cash and cash equivalents at beginning of period	111,447	131,770
Cash and cash equivalents at end of period	$ 55,991	$ 82,226

See Notes to Condensed Consolidated Financial Statements.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business

Insignia Financial Group, Inc. ("Insignia" or the "Company"), a Delaware corporation headquartered in New York, New York, is a leading provider of international real estate and real estate financial services, with operations in the United States, United Kingdom, France, continental Europe, Asia and Latin America. Insignia's real estate service businesses offer a diversified array of services including commercial leasing, sales brokerage, corporate real estate consulting, property management, property development, re-development and real estate oriented financial services. In addition to traditional real estate services, Insignia has historically deployed its own capital, together with the capital of third party investors, in principal real estate investments, including co-investment in existing property assets, real estate development and managed private investment funds. The Company's real estate service operations and real estate investments are more fully described below.

Insignia's primary real estate service businesses include the following: Insignia/ESG (United States, commercial real estate services), Insignia Richard Ellis (United Kingdom, commercial real estate services) and Insignia Bourdais (France, commercial real estate services; acquired in December 2001). Insignia also offers commercial real estate services throughout continental Europe, Asia and Latin America. Insignia's other businesses in continental Europe include operations in Germany, Italy, Spain, Holland and Belgium. Insignia's New York-based residential businesses—Insignia Douglas Elliman and Insignia Residential Group—were sold on March 14, 2003 (see further discussion under the caption "Discontinued Operations" in Note 6).

2. Interim Financial Information

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

3. Reclassifications

Certain amounts for the prior year have been reclassified to conform to the 2003 presentation. These reclassifications have no effect on reported net loss.

4. Seasonality

The Company's revenues are substantially derived from tenant representation, agency leasing, investment sales and consulting services. Revenues generated by these services are transactional in nature and therefore affected by seasonality, availability of space, competition in the market place and changes in business and capital market conditions. A significant portion of the expenses associated with these transactional activities are directly correlated to revenue. Also, certain conditions to revenue recognition for leasing commissions are outside of the Company's control.

Consistent with the industry in general, the Company's revenues and operating income have historically been lower during the first three calendar quarters than in the fourth quarter. The reasons for the concentration of earnings in the fourth quarter include a general, industry-wide focus on completing transactions by calendar year

end, as well as the constant nature of the Company's non-variable expenses throughout the year versus the seasonality of its revenues. This phenomenon has generally produced a historical pattern of higher revenues and income in the last half of the year and a gradual slowdown in transactional activity and corresponding operating results during the first quarter. This tendency notwithstanding, it is possible that any fourth quarter may not be the best performing quarter of a particular year. Insignia's quarterly earnings are also susceptible to the potential adverse effects of unforeseen market disruptions like that of the third quarter of 2001 caused by the events of September 11. Consequently, future revenue production and earnings may be difficult to predict and comparisons from period to period may be difficult to interpret.

5. Foreign Currency

The financial statements of the Company's foreign subsidiaries are measured using the local currency as the functional currency. The British pound and euro represent the only foreign currencies of material operations, which collectively generated approximately 30% of the Company's service revenues for the six months ended June 30, 2003. Revenues and expenses of all foreign subsidiaries have been translated into U.S. dollars at the average exchange rates prevailing during the periods. Assets and liabilities have been translated at the rates of exchange at the balance sheet date. Translation gains and losses are deferred as a separate component of stockholders' equity in accumulated other comprehensive income (loss), unless there is a sale or complete liquidation of the underlying foreign investment. Gains and losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables, are included in the consolidated statements of operations in determining net income.

For the six months ended June 30, 2003, European operations were translated to U.S. dollars at average exchange rates of $1.61 to the British pound and $1.10 to the euro. The assets and liabilities of the Company's European operations have been translated at exchange rates of $1.65 to the British pound and $1.14 to the euro at June 30, 2003.

6. Discontinued Operations

On March 14, 2003, Insignia completed the sale of its New York-based residential businesses, Insignia Residential Group and Insignia Douglas Elliman, to Montauk Battery Realty. Montauk Battery Realty is located on Long Island, New York and its principal owners are New Valley Corp. and Dorothy Herman, chief executive officer of Prudential Long Island Realty. The total purchase price of $71.75 million was paid or is payable as follows: (i) $66.75 million paid in cash to Insignia at the closing of the transaction; (ii) $500,000 in cash held in escrow on the closing date and up to another $500,000 held in escrow pending receipt of specified commissions; and (iii) the assumption by the buyer of up to $4.0 million in existing contingent earn-out payment obligations of Insignia Douglas Elliman. The escrowed amounts are available to secure Insignia's indemnity obligations under the purchase and sale agreement. Any amounts remaining in escrow on March 14, 2004 and not securing previously made indemnity claims will be released to Insignia.

Insignia Douglas Elliman, acquired by Insignia in June 1999, provides sales and rental services in the New York City residential cooperative, condominium and rental apartment market and also operates in upscale suburban markets in Long Island (Manhasset, Locust Valley and Port Washington/Sands Point). Insignia Residential Group is the largest manager of cooperative, condominium and rental apartments in the New York metropolitan area, providing full service third-party fee management for more than 250 properties, comprising approximately 60,000 residential units. These residential businesses collectively produced service revenues in 2002, 2001 and 2000 of $133.7 million, $119.2 million and $134.1 million, respectively.

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During the six months ended June 30, 2003, Insignia recognized a net gain of approximately $3.8 million (net of $4.7 million of applicable income taxes) in connection with the sale of its residential businesses. These businesses also generated an operating loss of $360,000 on revenues of $20.5 million during the 2003 period. The gain on sale and operating loss are reported as discontinued operations for financial reporting purposes. During the first quarter of 2002, Insignia recognized income on disposal of $265,000 (net of applicable taxes of $1.8 million) related to the sale of Realty One, the Company's former single-family home brokerage business.

The following tables summarize the aggregate assets and liabilities of Insignia Douglas Elliman and Insignia Residential Group at December 31, 2002 and the results of operations and income on disposal attributed to Insignia Douglas Elliman (2003), Insignia Residential Group (2003) and Realty One (2002) during the six months ended June 30, 2003 and 2002, respectively.

	December 31, 2002
	(In thousands)
Assets	
Cash and cash equivalents	$ 66
Receivables	2,479
Property and equipment	11,766
Goodwill	34,117
Acquired intangible assets	11,999
Deferred taxes	3,365
Other assets	2,177
Assets of discontinued operations	65,969
Liabilities	
Accounts payable	2,535
Commissions payable	564
Accrued incentives	3,027
Accrued and sundry liabilities	3,256
Deferred taxes	789
Liabilities of discontinued operations	10,171
Net assets	$ 55,798

	Six Months Ended June 30,	
	2003	2002
	(In thousands)	
Revenues	$ 20,517	$ 69,009
(Loss) income from operations, net of tax benefit of $248 (2003) and tax expense of $2,347 (2002)	(360)	2,869
Income on disposal, net of tax expense of $4,741 (2003) and $1,809 (2002)	3,763	265
Net income	$ 3,403	$ 3,134

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

7. Goodwill and Intangible Assets

The table below reconciles the change in the carrying amount of goodwill, by operating segment, for the period from December 31, 2002 to June 30, 2003.

	Commercial	Residential	Total
		(In thousands)	
Balance as of December 31, 2002	$ 255,444	$ 34,117	$289,561
Adjustment for discontinued operations	—	(34,117)	(34,117)
	255,444	—	255,444
Other adjustments to purchase consideration	(877)	—	(877)
Foreign currency translation	5,998	—	5,998
Balance as of June 30, 2003	$ 260,565	$ —	$260,565

The following tables present certain information on the Company's acquired intangible assets as of June 30, 2003.

Acquired Intangible Assets	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
			(In thousands)	
As of June 30, 2003				
Property management contracts	5 years	$ 52,679	$ 51,895	$ 784
Favorable premises leases	11 years	2,666	257	2,409
Other	3 years	5,364	3,873	1,491
Total		$ 60,709	$ 56,025	$ 4,684

All intangible assets are being amortized over their estimated useful lives with no residual value. Intangibles included in "Other" consist of customer backlog, non-compete agreements, franchise agreements and trade names. The aggregate acquired intangible amortization expense for the six months ended June 30, 2003 and 2002 totaled $1.2 million and $2.7 million, respectively. The decline in amortization expense in 2003 is attributed to property management contracts and customer backlog that were fully amortized in 2002.

8. Real Estate Investments

Insignia has historically invested in real estate assets and real estate debt securities. Insignia has engaged in real estate investment generally through: (i) investment in operating properties through co-investments with various clients or, in limited instances, by itself; (ii) investment in and development of commercial real estate on its own behalf and through co-investments; and (iii) minority ownership in and management of private investment funds, whose investments primarily consist of securitized real estate debt.

At June 30, 2003, the Company's real estate investments totaled $131.4 million, consisting of the following: (i) $19.3 million in minority-owned operating properties; (ii) $87.2 million of real estate carrying value attributed to three real estate investment entities consolidated by Insignia for financial reporting purposes; (iii) $8.1 million in four minority owned office development properties; (iv) $1.7 million in a land parcel held for development;

and (v) $15.1 million in minority-owned private investment funds owning debt securities. The properties owned by the consolidated investment entities are subject to mortgage debt of $72.0 million and Insignia's investment in the properties totaled $22.3 million at June 30, 2003. Insignia's investment in consolidated properties includes $19.2 million invested in a marina-based development property in the U.S. Virgin Islands. Insignia's minority-owned investments in operating real estate assets include office, retail, industrial, apartment and hotel properties. At June 30, 2003, these real estate assets consisted of over 5.8 million square feet of commercial property and 1,967 multi-family apartment units and hotel rooms. The Company's minority ownership interests in co-investment property range from 1% to 33%.

Gains realized from sales of real estate by minority owned entities for the six months ended June 30, 2003 and 2002 totaled $734,000 and $1.6 million, respectively. During the six months ended June 30, 2003, the Company recorded impairment against its real estate investments of $3.9 million on five property assets. The Company evaluates its real estate investments on a quarterly basis for evidence of impairment. Impairment losses are recognized whenever events or changes in circumstances indicate declines in value of such investments below carrying value and the related undiscounted cash flows are not sufficient to recover the asset's carrying amount. The impairments were based on changes in factors including increased vacancies, lower market rental rates and decreased projections of operating cash flows which diminished prospects for recovery of the Company's full investment upon final disposition. The gains realized from real estate sales and the losses taken on impairments are included in the caption "equity (loss) earnings in unconsolidated ventures" in the Company's condensed consolidated statements of operations.

The Company's only financial obligations with respect to its real estate investments, beyond its investment, are (i) partial construction financing guarantees, backed by letters of credit, totaling $8.9 million; (ii) other letters of credit and guarantees of property debt totaling $2.8 million; and (iii) future capital commitments for capital improvements and additional asset purchases totaling $2.3 million.

9. Debt

At June 30, 2003, Insignia's debt consisted of the following:

	June 30, 2003
	(In thousands)
Notes Payable	
Senior revolving credit facility	$ 28,000
Subordinated credit facility	15,000
Acquisition loan notes	13,785
	56,785
Real Estate Mortgage Notes	71,986
Total	$ 128,771

The Company's debt includes borrowings under its $165.0 million senior revolving credit facility (as amended), borrowings under a $37.5 million subordinated credit facility entered into in June 2002, acquisition loan notes issued in connection with previous acquisitions in the United Kingdom and real estate mortgage notes collateralized by real estate properties.

The senior credit facility bears interest at a margin above LIBOR, which was 2.0% at June 30, 2003. In March 2003, Insignia repaid $67.0 million on the senior revolving credit facility as a result of the March 14, 2003

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

sale of its residential businesses, lowering its outstanding balance to $28.0 million. In conjunction with the pay-down, the commitment under the senior credit facility was reduced from $230.0 million to $165.0 million. The senior revolving credit facility matures in May 2004. The subordinated credit facility borrowings, which are subordinate to Insignia's senior credit facility, bear interest at an annual rate of 11.25%, payable quarterly. Insignia may borrow the remaining $22.5 million available under this credit facility through the period ending in December 2003. The subordinated debt matures in June 2009. The acquisition loan notes are payable to sellers of the acquired U.K. businesses and are backed by restricted cash deposits in approximately the same amount. The loan notes are redeemable semi-annually at the discretion of the note holder and have a final maturity date of April 2010. The real estate mortgage notes are secured by property assets owned by consolidated subsidiaries. Maturities on the real estate mortgage notes range from December 2004 to October 2023.

10. Comprehensive Income (Loss)

The following table presents a calculation of comprehensive income (loss) for the periods indicated.

	Six Months Ended June 30,	
	2003	2002
	(In thousands)	
Net loss	$(6,270)	$(17,603)
Other comprehensive income (loss):		
Foreign currency translation	7,354	5,967
Reclassification adjustment for realized gain	—	(50)
Minimum pension liability	—	(61)
Total other comprehensive income (loss)	7,354	5,856
Total comprehensive income (loss)	$ 1,084	$(11,747)

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

11. Industry Segment Data

In 2003, Insignia's operating activities from continuing operations encompass only one reportable segment, commercial real estate services. The Company's residential real estate service businesses were disposed of in the first quarter of 2003 and are reported as discontinued operations. The Company's commercial service businesses offer similar products and services and are managed collectively because of the similarities between such services. These businesses provide services including tenant representation, property and asset management, agency leasing and brokerage, investment sales, development and re-development, consulting and other real estate financial services. Insignia's commercial businesses include Insignia/ESG in the United States, Insignia Richard Ellis in the United Kingdom, Insignia Bourdais in France and other businesses in continental Europe, Asia and Latin America. The following table summarizes certain geographic financial information for the periods indicated.

	Six Months Ended June 30,	
	2003	2002
	(In thousands)	
Total Revenues		
United States	$ 194,341	$ 187,644
United Kingdom	54,462	49,939
France	22,032	18,082
Other Europe	7,468	4,866
Asia and Latin America	3,985	2,724
	$ 282,288	$ 263,255
Long-Lived Assets		
United States	$ 277,262	$ 261,741
United Kingdom	120,334	112,138
France	31,794	25,013
Other Europe	8,471	5,637
Asia and Latin America	939	773
	$ 438,800	$ 405,302

Long-lived assets are comprised of property and equipment, real estate investments, goodwill and acquired intangible assets.

12. Contingencies

Insignia and certain subsidiaries are defendants in lawsuits arising in the ordinary course of business. Management does not expect that the results of any such lawsuits will have a significant adverse effect on the financial condition, results of operations or cash flows of the Company. All contingencies, including unasserted claims or assessments, which are probable and the amount of loss can be reasonably estimated are accrued in accordance with Statement of Accounting Standards ("SFAS") No. 5, *Accounting for Contingencies*.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

13. CB Richard Ellis Merger and Related Transactions

On February 17, 2003, Insignia entered into an Agreement and Plan of Merger with CBRE Holding, Inc., CB Richard Ellis Services, Inc. (“CB”) and Apple Acquisition Corp., a wholly owned subsidiary of CB, pursuant to which, upon the terms and subject to the conditions set forth therein, including the approval of Insignia’s stockholders, Apple Acquisition Corp. would be merged with and into Insignia (the “Merger”), with Insignia being the surviving corporation in the Merger and becoming a wholly owned subsidiary of CB. The Merger closed on July 23, 2003 and Insignia’s common shareholders received cash consideration of $11.156 per share. Insignia incurred approximately $4.9 million of expenses for legal and other services in connection with the Merger during the first six months of 2003. Such expenses are included in administrative expenses in the Company’s statement of operations for the six months ended June 30, 2003.

Separately, on July 23, 2003, Insignia sold substantially all of its real estate investment assets to Island Fund I LLC prior to the closing of the Merger. The purchase price in the sale aggregated $44.8 million and included $36.9 million paid in cash to Insignia at closing and the assumption by the buyer of $7.9 million in contractual obligations to certain executive officers, including the Company’s Chairman, who are also officers of Island Fund. The Company recognized a loss of approximately $12.8 million (before income tax effects) in connection with the sale.

14. Supplemental Information

The following supplemental information includes: (i) condensed consolidating balance sheet as of June 30, 2003; and (ii) condensed consolidating statements of operations and cash flows for the six months ended June 30, 2003 and 2002, respectively, of the Company’s domestic commercial service operations (including operations of Insignia/ESG, Inc. and unallocated administrative expenses and corporate assets of Insignia), all other operations (comprised of international service operations and real estate investment operations) and the Company on a consolidated basis. Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and intercompany balances and transactions.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed Consolidating Balance Sheet
June 30, 2003

	Domestic Commercial Service Operations	Other Operations	Eliminations	Consolidated Total
		(In thousands)		
Assets				
Cash and cash equivalents	$ 38,386	$ 17,605	$ —	$ 55,991
Receivables, net	98,651	38,915	—	137,566
Restricted cash	14,300	6,853	—	21,153
Intercompany receivables	43,978	—	(43,978)	—
Investment in consolidated subsidiaries	129,895	—	(129,895)	—
Property and equipment, net	32,220	9,920	—	42,140
Real estate investments, net	—	131,411	—	131,411
Goodwill	112,662	147,903	—	260,565
Acquired intangible assets, net	426	4,258	—	4,684
Deferred taxes	54,501	7,585	—	62,086
Other assets, net	8,160	10,493	—	18,653
Total assets	$ 533,179	$ 374,943	$ (173,873)	$ 734,249
Liabilities and Stockholders' Equity				
Liabilities:				
Accounts payable	$ 6,288	$ 2,711	$ —	$ 8,999
Commissions payable	43,548	2,196	—	45,744
Accrued incentives	10,704	3,254	—	13,958
Accrued and sundry	44,707	48,179	—	92,886
Deferred taxes	21,182	2,214	—	23,396
Intercompany payables	—	43,978	(43,978)	—
Notes payable	56,785	—	—	56,785
Real estate mortgage notes	—	71,986	—	71,986
Total liabilities	183,214	174,518	(43,978)	313,754
Total stockholders' equity	349,965	200,425	(129,895)	420,495
Total liabilities and stockholders' equity	$ 533,179	$ 374,943	$ (173,873)	$ 734,249

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed Consolidating Statement of Operations
For the Six Months Ended June 30, 2003

	Domestic Commercial Service Operations	Other Operations	Eliminations	Consolidated Total
		(In thousands)		
Revenues	$ 193,333	$ 88,955	$ —	$ 282,288
Costs and expenses				
Real estate services	187,672	84,236	—	271,908
Property operations	—	3,664	—	3,664
Administrative	10,192	—	—	10,192
Depreciation and amortization	6,271	1,922	—	8,193
Property depreciation	—	753	—	753
	204,135	90,575	—	294,710
Operating loss	(10,802)	(1,620)	—	(12,422)
Other income and expenses:				
Interest income	593	1,053	—	1,646
Other income (expense)	41	(12)	—	29
Interest expense	(3,081)	(212)	—	(3,293)
Property interest expense	—	(841)	—	(841)
Equity earnings in consolidated subsidiaries	2,211	—	(2,211)	—
Loss from continuing operations before income taxes	(11,038)	(1,632)	(2,211)	(14,881)
Income tax benefit	4,768	440	—	5,208
Loss from continuing operations	(6,270)	(1,192)	(2,211)	(9,673)
Discontinued operations, net of applicable taxes:				
Loss from operations	—	(360)	—	(360)
Income on disposal	—	3,763	—	3,763
Net loss	$ (6,270)	$ 2,211	$ (2,211)	$ (6,270)

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed Consolidating Statement of Operations
For the Six Months Ended June 30, 2002

	Domestic Commercial Service Operations	Other Operations	Eliminations	Consolidated Total
		(In thousands)		
Revenues	$ 179,835	$ 83,420	$ —	$ 263,255
Costs and expenses				
Real estate services	171,590	68,370	—	239,960
Property operations	—	3,165	—	3,165
Administrative	6,583	—	—	6,583
Depreciation and amortization	7,585	1,894	—	9,479
Property depreciation	—	1,058	—	1,058
	185,758	74,487	—	260,245
Operating (loss) income	(5,923)	8,933	—	3,010
Other income and expenses:				
Interest income	946	1,135	—	2,081
Other income (expense)	53	(40)	—	13
Interest expense	(4,060)	(278)	—	(4,338)
Property interest expense	—	(951)	—	(951)
Equity losses in consolidated subsidiaries	(12,213)	—	12,213	—
(Loss) income from continuing operations before income taxes	(21,197)	8,799	12,213	(185)
Income tax benefit (expense)	3,594	(3,511)	—	83
(Loss) income from continuing operations	(17,603)	5,288	12,213	(102)
Discontinued operations, net of applicable taxes:				
Income from operations	—	2,869	—	2,869
Income on disposal	—	265	—	265
Income (loss) before cumulative effect of a change in accounting principle	(17,603)	8,422	12,213	3,032
Cumulative effect of a change in accounting principle, net of applicable taxes	—	(20,635)	—	(20,635)
Net loss	$ (17,603)	$ (12,213)	$ 12,213	$ (17,603)

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Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2003

	Domestic Commercial Service Operations	Other Operations	Consolidated Total
		(In thousands)	
Net cash used in operating activities	$ (22,851)	$ (27,887)	$ (50,738)
Investing activities			
Additions to property and equipment, net	(1,294)	(3,688)	(4,982)
Proceeds from real estate investments	—	4,154	4,154
Payments made for acquisitions of businesses	—	(4,071)	(4,071)
Proceeds from sale of discontinued operation	—	66,750	66,750
Investment in real estate	—	(4,732)	(4,732)
Decrease (increase) in restricted cash	2,977	(2,612)	365
Net cash provided by investing activities	1,683	55,801	57,484
Financing activities			
Decrease (increase) in intercompany receivables, net	53,518	(53,518)	—
Proceeds from issuance of common stock	5,488	—	5,488
Preferred stock dividends	(1,593)	—	(1,593)
Payments on notes payable	(70,104)	—	(70,104)
Proceeds from real estate mortgage notes	—	5,191	5,191
Net cash used in financing activities	(12,691)	(48,327)	(61,018)
Net cash used in discontinued operations	—	(3,002)	(3,002)
Effect of exchange rate changes on cash	—	1,818	1,818
Net decrease in cash and cash equivalents	(33,859)	(21,597)	(55,456)
Cash and cash equivalents at beginning of period	72,245	39,202	111,447
Cash and cash equivalents at end of period	$ 38,386	$ 17,605	$ 55,991

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INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2002

	Domestic Commercial Service Operations	Other Operations	Consolidated Total
		(In thousands)	
Net cash (used in) provided by operating activities	$ (63,181)	$ 8,589	$ (54,592)
Investing activities			
Additions to property and equipment, net	(1,878)	(319)	(2,197)
Proceeds from real estate investments	—	30,940	30,940
Payments made for acquisitions of businesses	(804)	(5,351)	(6,155)
Proceeds from sale of discontinued operation	—	23,250	23,250
Investment in real estate	—	(4,897)	(4,897)
Decrease (increase) in restricted cash	3,932	(991)	2,941
Net cash provided by investing activities	1,250	42,632	43,882
Financing activities			
Decrease (increase) in intercompany receivables, net	35,275	(35,275)	—
Proceeds from issuance of common stock	1,127	—	1,127
Proceeds from issuance of preferred stock, net	12,325	—	12,325
Preferred stock dividends	(633)	—	(633)
Payments on notes payable	(36,722)	—	(36,722)
Payments on real estate mortgage notes	—	(20,915)	(20,915)
Debt issuance costs	(866)	—	(866)
Net cash provided by (used in) financing activities	10,506	(56,190)	(45,684)
Net cash provided by discontinued operations	—	5,209	5,209
Effect of exchange rate changes on cash	—	1,641	1,641
Net (decrease) increase in cash and cash equivalents	(51,425)	1,881	(49,544)
Cash and cash equivalents at beginning of period	106,954	24,816	131,770
Cash and cash equivalents at end of period	$ 55,529	$ 26,697	$ 82,226

INDEPENDENT AUDITORS' REPORT

The Stockholders
Insignia Financial Group, Inc.:

We have audited the accompanying consolidated balance sheet of Insignia Financial Group, Inc. and subsidiaries as of December 31, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Insignia Financial Group, Inc. and subsidiaries as of December 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company adopted the fair value recognition provisions of Financial Accounting Standards Board Statement No. 123, Accounting for Stock-Based Compensation, and the provisions of Statement No. 141, Business Combinations, and Statement No. 142, Goodwill and Other Intangible Assets effective January 1, 2002.

/S/ KPMG LLP

New York, New York
October 15, 2003

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Insignia Financial Group, Inc.

We have audited the accompanying consolidated balance sheet of Insignia Financial Group, Inc. as of December 31, 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2001. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Financial Group, Inc. at December 31, 2001, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 4 to the financial statements, in 2000 the Company changed its method of accounting for revenue recognition for leasing commissions.

/S/ ERNST & YOUNG LLP

New York, New York
February 8, 2002, except Notes 3, 4, 5, 15 and 19,
as to which the date is October 15, 2003

INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED BALANCE SHEETS

	December 31	
	2002	2001
	(In thousands)	
Assets		
Cash and cash equivalents	$ 111,513	$ 131,860
Receivables, net of allowance of $6,684 (2002) and $5,972 (2001)	155,321	176,120
Restricted cash	21,518	21,617
Property and equipment, net	55,614	62,198
Real estate investments, net	134,135	95,710
Goodwill, less accumulated amortization of $57,992 (2001)	289,561	288,353
Acquired intangible assets, less accumulated amortization of $65,276 (2002) and $57,145 (2001)	17,611	21,462
Deferred taxes	47,609	43,171
Other assets, net	39,957	20,069
Assets of discontinued operation	—	57,822
Total assets	$ 872,839	$ 918,382
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 13,743	$ 12,876
Commissions payable	63,974	86,387
Accrued incentives	52,324	63,911
Accrued and sundry	117,990	100,863
Deferred taxes	15,795	12,675
Notes payable	126,889	169,972
Real estate mortgage notes	66,795	37,269
Liabilities of discontinued operation	—	34,572
Total liabilities	457,510	518,525
Stockholders' Equity:		
Preferred stock, par value $.01 per share—authorized 20,000,000 shares, Series A, 250,000 (2002), Series B, 125,000 (2002) and 250,000 (2001) issued and outstanding shares	4	3
Common Stock, par value $.01 per share—authorized 80,000,000 shares 23,248,242 (2002) and 22,852,034 (2001) issued and outstanding shares, net of 1,502,600 (2002 and 2001) shares held in treasury	232	229
Additional paid-in capital	437,622	422,309
Notes receivable for common stock	(1,193)	(1,882)
Accumulated deficit	(16,241)	(11,912)
Accumulated other comprehensive loss	(5,095)	(8,890)
Total stockholders' equity	415,329	399,857
Total liabilities and stockholders' equity	$ 872,839	$ 918,382

See accompanying notes to the consolidated financial statements.

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INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31		
	2002	2001	2000
		(In thousands)	
Revenues			
Real estate services	$ 577,544	$ 613,253	$ 639,447
Property operations	9,195	3,969	5,212
Equity earnings in unconsolidated ventures	3,482	13,911	3,912
Other income, net	793	2,096	1,365
	591,014	633,229	649,936
Costs and expenses			
Real estate services	526,076	554,744	559,400
Property operations	7,264	1,145	1,346
Internet-based businesses	—	—	17,168
Administrative	14,344	13,439	16,355
Depreciation	13,915	12,509	9,432
Property depreciation	1,920	990	1,623
Amortization of intangibles	4,406	20,344	19,853
	567,925	603,171	625,177
Operating income	23,089	30,058	24,759
Other income and expenses:			
Interest income	3,936	4,853	7,236
Interest expense	(8,854)	(12,369)	(11,697)
Property interest expense	(2,122)	(1,744)	(2,868)
Losses from internet investments, net	—	(10,263)	(18,435)
Other expense	—	(661)	—
Life insurance proceeds, net	—	—	19,100
Minority interests	—	—	900
Income from continuing operations before income taxes	16,049	9,874	18,995
Income tax expense	(7,012)	(3,522)	(997)
Income from continuing operations	9,037	6,352	17,998
Discontinued operations, net of applicable tax			
Income (loss) from operations	4,180	(2,231)	3,789
Income (loss) on disposal	4,918	(17,629)	—
	9,098	(19,860)	3,789
Income (loss) before cumulative effect of a change in accounting principle	18,135	(13,508)	21,787
Cumulative effect of a change in accounting principle, net of applicable taxes	(20,635)	—	(30,420)
Net loss	(2,500)	(13,508)	(8,633)
Preferred stock dividends	(2,173)	(1,000)	(890)
Net loss available to common shareholders	$ (4,673)	$ (14,508)	$ (9,523)

INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)

	Years Ended December 31		
	2002	2001	2000
	(In thousands, except per share data)		
Per share amounts:			
Earnings per common share—basic			
Income from continuing operations	$ 0.30	$ 0.24	$ 0.81
Income (loss) from discontinued operations	0.39	(0.90)	0.18
Income (loss) before cumulative effect of a change in Accounting principle	0.69	(0.66)	0.99
Cumulative effect of a change in accounting principle	(0.89)	—	(1.44)
Net loss	$ (0.20)	$ (0.66)	$ (0.45)
Earnings per common share—assuming dilution:			
Income from continuing operations	$ 0.29	$ 0.23	$ 0.74
Income (loss) from discontinued operations	0.38	(0.85)	0.15
Income (loss) before cumulative effect of a change in accounting principle	0.67	(0.62)	0.89
Cumulative effect of a change in accounting principle	(0.87)	—	(1.24)
Net loss	$ (0.20)	$ (0.62)	$ (0.35)
Weighted average common shares and assumed conversions:			
— Basic	23,122	22,056	21,200
— Assuming dilution	23,691	23,398	24,428

See accompanying notes to the consolidated financial statements.

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INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Preferred Stock	Additional Paid-in Capital	Notes Receivable for Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Comprehensive Loss	Total
	(In thousands, except share data)							
Balances at December 31, 1999	$ 207	$ —	$ 382,784	$ (1,758)	$ 11,954	$ (118)		$ 393,069
Net loss	—	—	—	—	(8,633)	—	$ (8,633)	(8,633)
Other comprehensive loss:								
Foreign currency translation, net of tax benefit of $4,518	—	—	—	—	—	(4,674)	(4,674)	(4,674)
Unrealized loss on securities, net of tax benefit of $456	—	—	—	—	—	(685)	(685)	(685)
Reclassification adjustment for realized gains, net of tax of $324	—	—	—	—	—	(487)	(487)	(487)
Total comprehensive loss							$ (14,479)	
Exercise of stock options and warrants—446,541 shares of Common Stock issued	5	—	3,779	—	—	—		3,784
Issuance of 307,413 shares of Common Stock under Employee Stock Purchase Program	3	—	2,380	—	—	—		2,383
Issuance of 250,000 shares of Preferred Stock	—	3	24,946	—	—	—		24,949
Restricted stock awards—62,135 shares of Common Stock issued	1	—	708	—	—	—		709
Assumption of options pursuant to Brooke acquisition	—	—	479	—	—	—		479
Preferred stock dividend	—	—	475	—	(475)	—		—
Notes receivable from employees for shares of Common Stock	—	—	405	(405)	—	—		—
Payments on notes receivable for shares of Common Stock	—	—	—	112	—	—		112
Adjustment for certain amounts estimated at Spin-Off	—	—	(2,125)	—	—	—		(2,125)
Balances at December 31, 2000	216	3	413,831	(2,051)	2,846	(5,964)		408,881
Net loss	—	—	—	—	(13,508)	—	$ (13,508)	(13,508)
Other comprehensive income (loss):								
Foreign currency translation, net of tax benefit of $1,769	—	—	—	—	—	(2,033)	(2,033)	(2,033)
Unrealized gain on securities, net of tax of $7	—	—	—	—	—	7	7	7
Minimum pension liability, net of tax benefit of $696	—	—	—	—	—	(900)	(900)	(900)
Total comprehensive loss	—	—	—	—	—	—	$ (16,434)	—
Exercise of stock options and warrants—381,241 shares of Common Stock issued	4	—	2,139	—	—	—		2,143
Issuance of 159,520 shares of Common Stock under Employee Stock Purchase Program	2	—	1,470	—	—	—		1,472
Issuance of 402,645 shares of Common Stock in connection with Insignia Bourdais acquisition	4	—	3,995	—	—	—		3,999
Restricted stock awards—30,330 shares of Common Stock issued	—	—	627	—	—	—		627
Restricted stock—279,370 shares issued	3	—	(3)	—	—	—		—
Preferred stock dividend—25,000 shares of Common Stock issued	—	—	250	—	(1,250)	—		(1,000)
Payments on notes receivable for shares of Common Stock	—	—	—	169	—	—		169
Balances at December 31, 2001	$ 229	$ 3	$ 422,309	$ (1,882)	$ (11,912)	$ (8,890)		$ 399,857

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INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Notes Receivable for Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Comprehensive (Loss) Income	Total
	(In thousands, except share data)							
Balance at December 31, 2001 (from previous page)	$ 229	$ 3	$ 422,309	$ (1,882)	$ (11,912)	$ (8,890)		$ 399,857
Net loss	—	—	—	—	(2,500)	—	$ (2,500)	(2,500)
Other comprehensive income (loss):	—	—	—	—	—	—	—	—
Foreign currency translation, net of tax of $6,215	—	—	—	—	—	12,383	12,383	12,383
Reclassification adjustment for realized gain, net of tax of $39	—	—	—	—	—	(50)	(50)	(50)
Unrealized gain on securities, net of tax of $752	—	—	—	—	—	1,128	1,128	1,128
Minimum pension liability, net of tax benefit of $3,832	—	—	—	—	—	(9,666)	(9,666)	(9,666)
Total comprehensive income							$ 1,295	
Exercise of stock options and warrants—113,519 shares of Common Stock issued	1	—	673	—	—	—		674
Issuance of 111,840 shares of Common Stock under Employee Stock Purchase Program	1	—	902	—	—	—		903
Issuance of 131,480 shares of Common Stock in connection with Insignia Bourdais acquisition	1	—	1,305	—	—	—		1,306
Restricted stock awards—87,155 shares of Common Stock issued	1	—	706	—	—	—		707
Preferred stock issuance—125,000 shares	—	1	12,269	—	—	—		12,270
Preferred stock dividend	—	—			(1,829)	—		(1,829)
Cancellation of notes receivable for 47,786 shares of Common Stock	(1)	—	(542)	543	—	—		—
Payments on notes receivable for shares of Common Stock	—	—	—	146	—	—		146
Balance at December 31, 2002	$ 232	$ 4	$ 437,622	$ (1,193)	$ (16,241)	$ (5,095)		$ 415,329

See accompanying notes to consolidated financial statements.

INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2002	2001	2000
		(In thousands)	
Operating activities			
Income from continuing operations	$ 9,037	$ 6,352	$ 17,998
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	20,241	33,843	30,908
Other expenses	—	661	—
Equity earnings in real estate ventures	(3,482)	(10,381)	(1,455)
Gain on sale of consolidated real estate property	(1,306)	—	—
Minority interests	—	—	(900)
Foreign currency transaction gains	—	(331)	(1,365)
Losses from internet investments	—	10,263	18,435
Deferred income taxes	(644)	(2,754)	(3,618)
Changes in operating assets and liabilities, net of effects of acquired businesses:			
Receivables	24,184	23,486	(78,525)
Other assets	(9,610)	5,656	5,434
Accrued incentives	(16,002)	(22,194)	46,307
Accounts payable and accrued expenses	1,157	(34,344)	18,076
Commissions payable	(21,893)	18,616	29,277
Cash provided by operating activities	1,682	28,873	80,572
Investing activities			
Additions to property and equipment	(8,388)	(11,789)	(20,517)
Investment in internet-based businesses	—	(4,010)	(22,502)
Distribution proceeds from real estate investments	44,648	63,787	18,215
Proceeds from sale of discontinued operations	23,250	—	—
Payments made for acquisition of businesses, net of acquired cash	(8,918)	(18,983)	(11,970)
Investments in real estate	(46,684)	(33,905)	(37,099)
Decrease (increase) in restricted cash	3,964	(14,879)	7,130
Cash provided by (used in) investing activities	$ 7,872	$ (19,779)	$ (66,743)

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INSIGNIA FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Years Ended December 31		
	2002	2001	2000
		(In thousands)	
Financing activities			
Proceeds from issuance of common stock	$ 903	$ 1,472	$ 2,383
Proceeds from issuance of preferred stock	12,270	—	24,949
Proceeds from exercise of stock options	674	2,143	3,782
Preferred stock dividends	(1,829)	(1,000)	—
Payments on notes payable	(59,785)	(138,350)	(7,659)
Proceeds from notes payable	15,000	158,999	15,652
Payments on real estate mortgage notes	(28,361)	(33,086)	—
Proceeds from real estate mortgage notes	20,000	21,987	19,914
Debt issuance costs	(1,415)	(2,130)	—
Cash (used in) provided by financing activities	(42,543)	10,035	59,021
Net cash provided by (used in) discontinued operation	8,787	(4,402)	(9,254)
Effect of exchange rate changes in cash	3,789	(1,217)	(669)
Net (decrease) increase in cash and cash equivalents	(20,413)	13,510	62,927
Cash and cash equivalents at beginning of year	131,860	124,527	61,600
	111,447	138,037	124,527
Cash of discontinued operations	66	(6,177)	(2,331)
Cash and cash equivalents at end of year	$ 111,513	$ 131,860	$ 122,196
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 8,956	$ 11,036	$ 9,342
Cash paid for income taxes	9,527	7,714	11,779

See accompanying notes to consolidated financial statements.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2002

1. Business

Insignia Financial Group, Inc. ("Insignia" or the "Company"), a Delaware corporation headquartered in New York, New York, is a leading provider of international real estate and real estate financial services, with operations in the United States, the United Kingdom, France, continental Europe, Asia and Latin America. Insignia's principal executive offices are located at 200 Park Avenue in New York.

Insignia's real estate service businesses specialize in commercial leasing, sales brokerage, corporate real estate consulting, property management, property development and re-development, apartment brokerage and leasing, condominium and cooperative apartment management, real estate-oriented financial services, equity co-investment and other services. In 2002, Insignia's primary real estate service businesses include the following: Insignia/ESG (U.S. commercial real estate services), Insignia Richard Ellis (U.K. commercial real estate services), Insignia Bourdais (French commercial real estate services; acquired in December 2001), Insignia Douglas Elliman (New York apartment brokerage and leasing) and Insignia Residential Group (New York condominium, cooperative and rental apartment management). Insignia's commercial real estate service operations in continental Europe, Asia and Latin America include the following locations: Madrid and Barcelona, Spain; Frankfurt, Germany; Milan and Bologna, Italy; Brussels, Belgium; Amsterdam, The Netherlands; Tokyo, Japan; Hong Kong; Beijing and Shanghai, China; Bangkok, Thailand; Mumbai, Hyderabad, Bangalore, Chennai and Delhi, India; Manila, Philippines; and Mexico City, Mexico. The Company also owns 10% of an Irish commercial services company with offices in Dublin, the Republic of Ireland and Belfast, Northern Ireland.

In addition to traditional real estate services, Insignia has historically deployed its own capital, together with the capital of third party investors, in principal real estate investments, including co-investment in existing property assets, real estate development and managed private investment funds.

2. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Principles of Consolidation

Insignia's consolidated financial statements include the accounts of all majority-owned subsidiaries and all entities over which the Company exercises voting control. All significant intercompany balances and transactions have been eliminated. Entities in which the Company owns less than a majority interest and has substantial influence are recorded on the equity method of accounting (net of payments to certain employees in respect of equity grants or rights to proceeds).

In one instance, a minority-owned partnership (with additional promotional interests in profits depending on performance) is consolidated by virtue of general partner control. Since the cumulative losses of the partnership have exceeded the limited partners' original investment, the partnership is consolidated into Insignia's financial statements and no minority interest is reflected, even though Insignia holds a minority economic interest.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates and assumptions are used in the evaluation and financial reporting for, among other things, bad debts, self-insurance

liabilities, intangibles and investment valuations, deferred taxes and pension costs. Actual results could differ from those estimates under different assumptions or conditions.

Reclassifications

Certain amounts for 2001 and 2000 have been reclassified to conform to the 2002 presentation. These reclassifications had no effect on the net losses or total stockholders' equity previously reported.

Cash and Cash Equivalents

The amount of cash on deposit in federally insured institutions generally exceeds the limit on insured deposits. The Company considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents.

Restricted Cash

At December 31, 2002 restricted cash consisted of approximately $17.3 million in cash pledged to secure the bond guarantee of notes issued in connection with the Richard Ellis Group Limited ("REGL") and St. Quintin Holdings Limited ("St. Quintin") acquisitions and approximately $4.2 million related to accounts of the consolidated real estate entities. At December 31, 2001, restricted cash consisted of approximately $21.2 million in cash pledged to secure the bond guarantee of notes issued in connection with the REGL and St. Quintin acquisitions, and approximately $400,000 restricted for contingent payments related to other business acquisitions.

Real Estate Investments

Insignia has invested in real estate assets and real estate related debt securities. Generally, the Company's investment strategy involves identifying investment opportunities and investing as a minority owner in entities formed to acquire such assets. The Company's minority-owned investments are generally accounted for under the equity method of accounting due to the Company's influence over the operational decisions made with respect to the real estate entities. The Company's portion of earnings in these real estate entities is reported in equity earnings in unconsolidated ventures in its consolidated statements of operations, including gains on sales of property and net of impairments. The Company's share of unrealized gains on marketable equity and debt securities available for sale is reported as a component of other comprehensive income (loss), net of tax. Income from dispositions of minority-owned development assets is reported in real estate services revenues in the Company's consolidated statements of operations. The Company's policy with respect to the timing of recognition of promoted profit participation interests in its real estate investments is to record such amounts upon collection.

Each entity in which the Company holds a real estate investment is a special purpose entity, the assets of which are subject to the obligations only of that entity. Each entity's debt, except for limited and specific guarantees and other commitments aggregating $14.0 million, is either (i) non-recourse except to the real estate assets of the subject entity (subject to limited exceptions standard in such non-recourse financing, including the misapplication of rents or environmental liabilities), or (ii) an obligation solely of such limited liability entity and thus having no recourse to other assets of the Company.

The Company provides real estate services to and receives real estate service fees from the entities comprising its principal investment activities. Such fees are generally derived from the following services: (i) property management, (ii) asset management, (iii) development management, (iv) investment management, (v) leasing, (vi) acquisition, (vii) sales and (viii) financings. With respect to fees that are currently recorded as expense by the entities, the Company includes the fees in current income, while its share as owner of such fee is

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

reflected in the income or loss from the investment entity. If the fee is capitalized by the investment entity, the Company records as income only the portion of the fee attributable to third party ownership and defers the portion attributable to its ownership.

The Company evaluates all real estate investments on a quarterly basis for evidence of impairment. Impairment losses are recognized whenever events or changes in circumstances indicate declines in value of such investments below carrying value and the related undiscounted cash flows are not sufficient to recover the asset's carrying amount. Generally, Insignia relies upon the expertise of its own property professionals to assess real estate values; however, in certain circumstances where Insignia considers its expertise limited with respect to a particular investment, third party valuations may also be obtained. Property valuations and estimates of related future cash flows are by nature subjective and will vary from actual results.

In October 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144,*Accounting for the Impairment or Disposal of Long-Lived Assets,* which provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. Insignia early adopted SFAS No. 144 as of January 1, 2001. SFAS No. 144 requires, in most cases, that gains/losses from dispositions of investment properties and all earnings from such properties be reported as "discontinued operations." SFAS No. 144 is silent with respect to treatment of gains or losses from sales of investment property held in a joint venture. The Company has concluded that, as a matter of policy, all gains and losses realized from sales of minority owned property in its real estate co-investment program constitute earnings from a continuing line of business. Therefore, operating activity related to that investment program will continue to be included in income (loss) from continuing operations. However, SFAS No. 144 requires that gains or losses from sales of consolidated properties, if material, be reported as discontinued operations. As a result, the Company's earnings from dispositions of consolidated properties would be excluded from reported income from continuing operations and included in discontinued operations, if material.

Consolidated Real Estate

At December 31, 2002, the Company consolidated three investment entities owning real estate property. These consolidated properties include a wholly owned retail property; a wholly owned marine development property and a minority owned residential property consolidated due to general partner control. Rental revenue attributable to the Company's consolidated property operations are recognized when earned. Real estate is stated at depreciated cost. The cost of buildings and improvements include the purchase price of property, legal fees and acquisitions costs. Costs directly related to the development property are capitalized. Capitalized development costs include interest, property taxes, insurance, and other direct project costs incurred during the period of development.

The Company periodically reviews its properties to determine if its carrying amounts will be recovered from future operating cash flows. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements, which could differ materially from actual results in future periods.

Development Activities

At December 31, 2002, the Company held minority investments in four office properties whose development the Company has directed. A variety of costs have been incurred in the development and leasing of these properties. Capitalized development costs include interest, internal wages, property taxes, insurance, and other project costs incurred during the period of development.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The Company's capitalization policy on its development properties is guided by SFAS No. 34, *Capitalization of Interest Costs*, and SFAS No. 67, *Accounting for Costs and the Initial Rental Operations of Real Estate Properties*. The Company ceases capitalization when a property is held available for occupancy upon substantial completion of tenant improvements.

Revenue Recognition

The Company's real estate services revenues are generally 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 events beyond the Company's control are recognized upon the occurrence of such events. As certain conditions to revenue recognition for leasing commissions are outside of the Company's control and are not clearly defined, judgment must be exercised in determining when such events have occurred. Revenues from tenant representation, agency leasing, investment sales and residential brokerage, which collectively comprise a substantial portion of Insignia's service revenues, are transactional in nature and therefore subject to seasonality and changes in business and capital market conditions. As a consequence, the timing of transactions and resulting revenue recognition is difficult to predict.

Prior to 2000, leasing commission revenue was recorded when the related service was performed (generally at lease signing), unless significant contingencies existed. Effective January 1, 2000, the Company changed its method of accounting to comply with the Securities and Exchange Commission's Staff Accounting Bulletin 101 ("SAB 101"), *Revenue Recognition in Financial Statements.* As a result, leasing commissions that are payable upon tenant occupancy, payment of rent or other specified events are now recognized upon the occurrence of such events (see Note 4).

Insignia's revenue from property management services is generally based upon percentages of the revenue generated by the properties that it manages. In conjunction with the provision of management services, the Company customarily employs personnel (either directly or on behalf of the property owner) to provide services solely to the properties managed. In most instances, Insignia is reimbursed by the owners of managed properties for direct payroll related costs incurred in the employment of property personnel. The aggregate amount of such payroll cost reimbursements has ranged from \$50.0 million to \$60.0 million annually. Such payroll reimbursements are generally characterized in the Company's consolidated statements of operations as a reduction of actual expenses incurred. This characterization is based on the following factors: (i) the property owner generally has authority over hiring practices and the approval of payroll prior to payment by the Company; (ii) Insignia is the primary obligor with respect to the property personnel, but bears little or no credit risk under the terms of the management contract; (iii) reimbursement to the Company is generally completed simultaneously with payment of payroll or soon thereafter; and (iv) the Company generally earns no margin in the arrangement, obtaining reimbursement only for actual cost incurred.

Advertising Expense

The cost of advertising is expensed as incurred. The Company incurred approximately \$8,327,000, \$8,926,000 and \$9,972,000 in advertising costs during 2002, 2001 and 2000, respectively.

Acquired Intangible Assets

The Company's acquired intangible assets consist of property management contracts, favorable leases, non-competitive agreements, trademarks and franchises. Acquired intangible assets are stated at cost, less accumulated amortization. These assets are amortized using the straight-line method over 3 to 20 years, and are reviewed when indicators of impairment exist. Intangible assets are reviewed for impairment when indicators of impairment exist.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets, typically ranging from 3 to 10 years.

Foreign Currency

The financial statements of the Company's foreign subsidiaries are measured using the local currency as the functional currency. The British pound and euro represent the only foreign currencies of material operations, which collectively generate approximately 25% of the Company's annual revenues. All currencies other than the British pound, euro and dollar have comprised less than 1% of annual revenues. Revenues and expenses of all foreign subsidiaries have been translated into U.S. dollars at the average exchange rates prevailing during the periods. Assets and liabilities have been translated at the rates of exchange at the balance sheet date. Translation gains and losses are deferred as a separate component of stockholders' equity in accumulated other comprehensive income (loss), unless there is a sale or complete liquidation of the underlying foreign investment. Gains and losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables, are included in the consolidated statements of operations in determining net income. For the twelve months ended December 31, 2002, the Company's European operations have been translated into U.S. dollars at average exchange rates of $1.51 to the pound and $0.95 to the euro. For the twelve months of 2001, European operations were translated to U.S. dollars at average exchange rates of $1.44 and $0.90 to the pound and euro, respectively.

For the twelve months of 2000, European operations were translated to U.S. dollars at average exchange rates of $1.51 and $0.92 to the pound and euro, respectively. The assets and liabilities of the Company's European operations have been translated at exchange rates of $1.60 to the pound and $1.05 to the euro at December 31, 2002 and were translated at exchange rates of $1.45 to the pound and $0.89 to the euro at December 31, 2001.

Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of unrealized gains (losses) on marketable equity securities, foreign currency translation and minimum pension liability adjustments. At December 31, 2002, accumulated other comprehensive losses totaled $5.1 million (net of applicable taxes), comprised of unrealized gains on marketable securities of $1.1 million and foreign currency translation gains of $4.4 million and a minimum pension liability of $10.6 million. At December 31, 2001, accumulated other comprehensive losses totaled $8.9 million (net of applicable taxes), comprised of foreign currency translation losses of $8.0 million, a minimum pension liability of $900,000 and unrealized gains on marketable securities of $50,000.

Minority Interest

In 2000, minority interest consisted of minority equity in EdificeRex.com, Inc. ("EdificeRex"), the Company's internally developed internet-based business that launched in February 2000. During the first half of 2000, Insignia consolidated EdificeRex and recorded net operating losses of approximately $9.3 million, or $3.2 million in excess of the Company's investment. EdificeRex was de-consolidated in the third quarter of 2000, due to a restructuring that reduced the Company's voting interest to approximately 47%. The $3.2 million excess loss was carried as a deferred credit on the Company's balance sheet until EdificeRex disposed of all of its operating divisions and liquidated during the fourth quarter of 2001. At liquidation, the Company recognized the deferred credit of $3.2 million in earnings, which is included in losses from internet investments.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Income Taxes

Deferred income tax assets and liabilities are recorded to reflect the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases and operating loss and tax credit carry forwards. Valuation allowances are provided against deferred tax assets that are unlikely to be realized. Federal income taxes are not provided on the unremitted earnings of foreign subsidiaries because it has been the practice of the Company to reinvest those earnings in the businesses outside the United States.

Impairment

In October 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 provides guidance for accounting and financial reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, it retains the fundamental provisions of that Statement. It also supersedes the accounting and reporting of APB Opinion No. 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions* related to the disposal of a segment of a business. However, it retains the requirement in Opinion 30 to report separately discontinued operations and extends that reporting to a component of an entity either disposed of or classified as held for sale. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. Insignia early adopted SFAS No. 144 as of January 1, 2001.

Impairment losses are recognized for long-lived assets held and used when indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the assets' carrying amount. Impairment losses are measured for assets held for sale by comparing the fair value of assets (less costs to dispose) to their respective carrying amounts.

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired. As described in Note 4, the Company adopted the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets,* as of January 1, 2002. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142.

Prior to the adoption of SFAS No. 142, goodwill was amortized on a straight-line basis over the expected periods to be benefited, generally 5 to 25 years, and evaluated for potential impairment by determining whether the underlying undiscounted cash flows of the acquired business were sufficient to recover the carrying value of the asset.

Stock-Based Compensation

At December 31, 2002, the Company had four stock-based employee compensation plans that are described more fully in Note 14. Prior to 2002, the Company accounted for those plans under the recognition and measurement provisions of APB Opinion No. 25*, Accounting for Stock Issued to Employees* and related interpretations. Effective January 1, 2002 the Company adopted the fair value recognition provisions of SFAS 123, *Accounting for Stock-Based Compensation*, prospectively to all employee awards granted, modified or settled after January 1, 2002. Awards under the Company's plans vest over five years. The cost related to stock-based employee compensation included in the determination of net income for 2002 is less than that which would

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have been recognized if the fair value based method had been applied to all awards since the original effective date of SFAS 123. The following table illustrates the pro forma effect on net income and earnings per share if the fair value based method had been applied to all outstanding awards in each period.

The Company's pro forma information follows:

	2002	2001	2000
	(in thousands, except per share data)		
Pro forma:			
Income from continuing operations	$ 6,556	$ 4,014	$ 12,809
Net loss	(4,981)	(15,846)	(13,822)
Per share amounts:			
Pro forma earnings per share—basic			
Income from continuing operations	$ 0.19	$ 0.14	$ 0.56
Net loss	(0.31)	(0.76)	(0.69)
Pro forma earnings per share—assuming dilution			
Income from continuing operations	0.19	0.13	0.52
Net loss	(0.30)	(0.72)	(0.57)

The pro forma information has been determined as if the Company had accounted for its employee stock options, warrants and unvested restricted stock awards granted under the fair value method with fair values estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	2002	2001	2000
Risk-free interest rate	2.5%	3.7%	5.1%
Dividend yield	N/A	N/A	N/A
Volatility factors of the expected market price	0.45	0.49	0.52
Weighted-average expected life of the options	3.9	4.3	4.3

The Black-Scholes option valuation model was developed for use in estimating the fair value of transferable options and warrants with no vesting restrictions. This method requires the input of subjective assumptions including the expected stock price volatility and weighted average expected life of the options. The Company's employee stock options have characteristics significantly different from those of transferable options and changes in the subjective input assumptions can materially affect the value estimate. The Black-Scholes model is not the only reliable measure that could be used to determine the fair value of employee stock options. The Company believes that any and all valuations of employee stock options will necessarily be estimates.

Risks and Uncertainties

The Company's future results could be adversely affected by a number of factors, including (i) a general economic downturn in the Company's principal markets, most notably New York, London and Paris; (ii) unfavorable foreign currency fluctuations; (iii) changes in interest rates; and (iv) fluctuations in rental rates and real estate values.

Earnings Per Share

Basic earnings per share is calculated using income available to common shareholders divided by the weighted average number of common shares outstanding during the year. Diluted earnings per share is similar to basic earnings per share except that the weighted average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive securities, such as preferred stock, options and warrants, had been issued or exercised.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB") issued Interpretation No. 46,*Consolidation of Variable Interest Entities, an interpretation of ARB No. 51.* This Interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies immediately to variable interests in variable interest entities created after January 31, 2003, and to variable interests in variable interest entities obtained after January 31, 2003. The Interpretation requires certain disclosures in financial statements issued after January 31, 2003 if it is reasonably possible that the Company will consolidate or disclose information about variable interest entities when the Interpretation becomes effective. A public enterprise with a variable interest in a variable interest entity created before February 1, 2003, shall apply this guidance (other than the required disclosures prior to the effective date) to that entity as of the beginning of the first interim or annual reporting period beginning after December 15, 2003. The application of this Interpretation is not expected to have a material effect on the Company's consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45,*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 34.* This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002 and are not expected to have a material effect on the Company's consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146,*Accounting for Costs Associated with Exit or Disposal Activities.* SFAS No. 146 provides guidance for accounting and financial reporting for costs associated with exit or disposal activities and supersedes Emerging Issues Task Force (EITF) Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity.* SFAS No. 146 requires the recognition of a liability for costs associated with an exit or disposal activity when the liability is incurred and establishes fair value as the initial measurement of a liability. Under EITF Issue No. 94-3, a liability for an exit cost is recognized at the date of a commitment to an exit plan. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002.

3. Discontinued Operations

Sale of Insignia Douglas Elliman and Insignia Residential Group

On March 14, 2003, Insignia completed the sale of its New York-based residential businesses, Insignia Douglas Elliman and Insignia Residential Group, to Montauk Battery Realty, LLC. Montauk Battery Realty is located on Long Island, New York and its principal owners are New Valley Corp. and Dorothy Herman, chief executive officer of Prudential Long Island Realty. Insignia Douglas Elliman, acquired by Insignia in June 1999, provides sales and rental services in the New York City residential cooperative, condominium and rental apartment market and also operates in upscale suburban markets in Long Island (Manhasset, Locust Valley and Port Washington/Sands Point). Insignia Residential Group is the largest manager of cooperative, condominium and rental apartments in the New York metropolitan area.

The financial terms of the sale included the payment of $66.75 million in cash to Insignia at closing of the transaction, $500,000 in cash held in escrow on the closing date and up to another $500,000 held in escrow pending receipt of specified commissions. In addition, the buyer acceded to existing contingent earn-out obligations of Insignia Douglas Elliman totaling up to $4.0 million, depending on the future of the business. The

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

escrowed amounts are available to secure Insignia's indemnity obligations under the purchase and sale agreement. Any amounts remaining in escrow on March 14, 2004 and not securing previously made indemnity claims will be released to Insignia. Simultaneous with closing, Insignia paid down $67.0 million on its senior revolving credit facility, decreasing outstanding borrowings to $28.0 million. Insignia recognized a net gain of approximately $3.8 million (net of $4.7 million of applicable income taxes) during the first quarter of 2003 in connection with the sale of these residential businesses.

The operations of Insignia Douglas Elliman and Insignia Residential Group were discontinued in the first quarter of 2003. The Company's statements of operations and statements of cash flows for the years ended December 31, 2002, 2001 and 2000 have been restated to classify the operations and cash flows of these residential businesses as discontinued operations for financial reporting purposes.

Sale of Realty One

In December 2001, Insignia entered into a contract to sell its Realty One single-family home brokerage business and affiliated companies to Real Living, Inc., effective as of December 31, 2001. Real Living, Inc. is a privately held company formed by HER Realtors of Columbus, Ohio and Huff Realty of Cincinnati, Ohio. The sale closed on January 31, 2002. Proceeds from the sale potentially total $33.0 million, including approximately $29.0 million in cash received at closing (before extinguishment of $5.5 million of Realty One debt) and additional receipts aggregating as much as $4.0 million. The additional receipts include the following: (i) a $1.0 million reimbursement, collected in February 2002, for Realty One operating losses in January 2002; (ii) a potential earn-out of as much as $2 million receivable through 2003 (depending on the performance of the Realty One business); and (iii) a $1 million operating lease receivable over four years for the use of proprietary software developed by Insignia for an internet-based residential brokerage model. The $2.0 million earnout is receivable in increments of $1.0 million each for the 2002 and 2003 fiscal years. The first $1.0 million earnout for the 2002 fiscal year was achieved in full and be received by the Company in May 2003, as required by the terms of the sale. Remaining amounts due to Insignia under the terms of the sale totaling $2.7 million were included in other assets in the Company's consolidated balance sheet at December 31, 2002. Insignia recognized a loss in connection with the sale of Realty One of $17.6 million (net of applicable tax benefit of $4.0 million) for the year ended December 31, 2001. During the twelve months ended December 31, 2002, the Company recognized net income of $4.9 million from discontinued operations, including $265,000 (net of tax), in post-closing adjustments in the first quarter and $4.7 million in the third quarter from the reduction of a valuation allowance on the tax benefit on the capital portion of the loss on sale. This capital loss was fully reserved in 2001 because of uncertainty of its deductibility due to loss disallowance rules in the Treasury Regulations and insufficient income of the appropriate character. In the third quarter of 2002, it was determined that the loss would be fully deductible for tax purposes, resulting in the realization of a tax benefit for financial reporting purposes.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The results of operations of Insignia Douglas Elliman, Insignia Residential Group and Realty One are reported separately as discontinued operations for the years ended December 31, 2002, 2001 and 2000. Assets and liabilities of Realty One have been classified separately in the Company's consolidated balance sheet at December 31, 2001. The following tables summarize the aggregate assets and liabilities of Insignia Douglas Elliman, Insignia Residential Group and Realty One and the results of their operations and income (loss) on disposal for the periods presented:

	Insignia Douglas Elliman and Insignia Residential Group		Realty One
	December 31 2002	December 31 2001	December 31 2001
		(In thousands)	
Assets			
Cash and cash equivalents	$ 66	$ 90	$ 6,177
Receivables	2,479	3,023	3,655
Mortgage loans held for sale	—	—	20,555
Property and equipment	11,766	13,424	9,852
Goodwill	34,117	59,386	15,711
Acquired intangible assets	11,999	13,158	—
Other assets	5,542	751	1,872
	65,969	89,832	57,822
Liabilities			
Accounts payable	2,535	3,566	1,043
Commissions payable	564	1,231	—
Accrued incentives	3,027	644	3,937
Accrued and sundry liabilities	4,045	1,365	1,499
Mortgage warehouse line of credit	—	—	20,554
Notes payable	—	—	7,539
	10,171	6,806	34,572
Net assets of discontinued operations	$ 55,798	$ 83,026	$ 23,250

	Years ended December 31		
	2002	2001	2000
		(In thousands)	
Revenues	$ 133,691	$ 222,043	$ 233,247
Income (loss) from operations, net of tax expense of $3,707 (2002), tax benefit of $1,123 (2001) and tax expense of $2,730 (2000)	4,180	(2,231)	3,789
Income (loss) on disposal, net of applicable tax benefits of $2,844 (2002), and $4,000 (2001)	4,918	(17,629)	—
Net income (loss)	$ 9,098	$ (19,860)	$ 3,789

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

4. Changes in Accounting Principles

Stock-Based Compensation

In September 2002, the Company adopted the fair value expense recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, in accounting for employee stock options. The accounting change results in the expensing of the estimated fair value of employee stock options granted by the Company, applied on a prospective basis for all stock options granted on or after January 1, 2002. The Company previously followed Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*. Under APB Opinion No. 25, no compensation expense is recognized when the exercise price of an employee stock option equals or exceeds the market price at issuance.

The Company issued 290,000 employee options during 2002. The fair value of these options has been estimated as of the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) estimated stock price volatility of 40%; (ii) risk free interest rate of 2.5%; (iii) weighted average option life of 3.9 years; and (iv) a forfeiture rate of 3%. Under these assumptions, the aggregate value of the options totaled approximately $384,000, which is amortizable to expense over the vesting periods of six years. For 2002, stock compensation expense recognized totaled approximately $102,000.

The ultimate impact of the accounting change on the Company's future earnings will depend on the number of options issued in the future, as to which the Company has no specific plan, and the estimated value of each option. Insignia does not expense the value of outstanding options issued before January 1, 2002.

Goodwill and Intangible Assets

In June 2001, the FASB issued SFAS No. 141, *Business Combinations*, and No. 142, *Goodwill and Other Intangible Assets*. SFAS 141 replaced APB 16 and requires the use of the purchase method for all business combinations initiated after June 30, 2001. It also provides guidance on purchase accounting related to the recognition of intangible assets. Under SFAS 142, goodwill and other intangible assets deemed to have indefinite lives are no longer amortized but are subject to impairment tests on an annual basis, at a minimum, or whenever events or circumstances occur indicating goodwill or indefinite-lived intangibles might be impaired. Other acquired intangible assets with finite lives continue to be amortized over their estimated useful lives. The Company adopted SFAS No. 141 for all business combinations completed after June 30, 2001 and fully implemented SFAS No. 141 and SFAS No. 142 effective January 1, 2002. The Company identified its reporting units and determined the carrying value of each reporting unit by assigning assets and liabilities, including the existing goodwill and intangible assets, to those units as of January 1, 2002 for purposes of performing a required transitional goodwill impairment assessment within six months of adoption.

In early 2002, the Company performed internal analyses on its reporting units based on estimated industry multiples and the carrying values of tangible and intangible assets which demonstrated that the value of the Company's U.S. commercial operation significantly exceeded its carrying value and that goodwill of the Asian operation was fully impaired.

These analyses also indicated potential impairment in the Company's European operations and Insignia Douglas Elliman. The Company engaged Standard & Poor's to value the European and Insignia Douglas Elliman operations and those appraisals indicated no impairment in the Company's European operations and partial impairment in Insignia Douglas Elliman.

As a result of this evaluation, Insignia measured impairment for Insignia Douglas Elliman and the Asian business of an aggregate $30.0 million, before applicable taxes. The Company recorded a $20.6 million (net of

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

tax benefit of $9.4 million) transitional goodwill impairment charge in earnings as the cumulative effect of a change in accounting principle, effective January 1, 2002.

The Company concluded its annual impairment test as of December 31, 2002, and that test did not demonstrate further goodwill impairment. The estimation of business values for measuring goodwill impairment is highly subjective and selections of different projected income levels and valuation multiples within observed ranges can yield different results.

Amortization of goodwill (from continuing operations) totaled approximately $14.8 million and $12.2 million, for 2001 and 2000, respectively. Elimination of goodwill amortization would have improved income from continuing operations by approximately $10.3 million and $8.5 million (net of applicable taxes), respectively, for 2001 and 2000. The following table provides pro forma information to reflect the effect of adoption of SFAS No. 142 on earnings for 2001 and 2000.

	2001	2000
	(In thousands)	
Reported income from continuing operations	$ 6,352	$17,998
Less: Preferred stock dividend	(1,000)	(890)
Income from continuing operations available to common shareholders	5,352	17,108
Add: Goodwill amortization, net of tax benefit of $4,520 (2001) and $3,703 (2000)	10,260	8,516
Adjusted income from continuing operations available to common shareholders	$15,612	$25,624
Earnings per common share—basic:		
Reported income from continuing operations	$ 0.24	$ 0.81
Add: Goodwill amortization, net of tax benefit of $0.20 (2001) and $0.17 (2000)	0.47	0.40
Adjusted income from continuing operations	$ 0.71	$ 1.21
Earnings per common share—assuming dilution:		
Reported income from continuing operations	$ 0.25	$ 0.74
Add: Goodwill amortization, net of tax benefit of $0.18 (2001) and $0.15 (2000)	0.41	0.35
Adjusted income from continuing operations	$ 0.66	$ 1.09

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Additional contingent purchase price of acquired businesses totaling $17.9 million was recorded as additional goodwill during 2002. Such additional purchase price included: (i) Insignia Bourdais earnout of $10.3 million (paid by issuance of 131,480 shares of Insignia common stock, a cash payment of $4.7 million and $4.3 million accrued at December 31, 2002); (ii) a $4.0 million earnout with respect to the prior Boston acquisition by Insignia/ESG; (iii) a $2.0 million earnout related to Insignia Douglas Elliman; and (iv) $1.6 million of payments related to other acquisitions. The table below reconciles the change in the carrying amount of goodwill, by operating segment, for the period from December 31, 2001 to December 31, 2002.

	Commercial	Residential	Total
		(In thousands)	
Balance as of December 31, 2001	$ 228,967	$ 59,386	$288,353
Effect of adoption of SFAS 142	(3,201)	(26,822)	(30,023)
Balance as of January 1, 2002	225,766	32,564	258,330
Additional purchase consideration	15,922	2,000	17,922
Other reclassifications	(143)	—	(143)
Goodwill related to partial sale of business unit	—	(447)	(447)
Foreign currency translation	13,899	—	13,899
Balance as of December 31, 2002	$ 255,444	$ 34,117	$289,561

The following tables present certain information on the Company's acquired intangible assets as of December 31, 2002 and December 31, 2001, respectively.

Acquired Intangible Assets	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
			(In thousands)	
As of December 31, 2002				
Property management contracts	7 years	$ 72,883	$ 60,081	$ 12,802
Favorable premises leases	8 years	4,831	1,667	3,164
Other	3 years	5,173	3,528	1,645
Total		$ 82,887	$ 65,276	$ 17,611
As of December 31, 2001				
Property management contracts	7 years	$ 70,926	$ 54,049	$ 16,877
Favorable premises leases	8 years	4,453	1,099	3,354
Other	3 years	3,228	1,997	1,231
Total		$ 78,607	$ 57,145	$ 21,462

All intangible assets are being amortized over their estimated useful lives with no residual value. Intangibles included in "Other" consist of customer backlog, non-compete agreements, franchise agreements and trade names. The aggregate reported acquired intangible amortization expense for 2002, 2001 and 2000 totaled approximately $4.4 million, $5.6 million and $7.6 million, respectively. Amortization of favorable premises leases, totaling approximately $157,000 for 2002 is included in rental expense (included in real estate services expenses) in the Company's consolidated statements of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The estimated acquired intangible assets amortization expense, including amounts reflected in rental expense, for the subsequent five fiscal years through December 31, 2007 approximates $2.0 million, $941,000, $550,000, $523,000 and $370,000, respectively.

Revenue Recognition

At December 31, 2000, the Company changed its method of accounting for revenue recognition for leasing commissions in compliance with Staff Accounting Bulletin 101 ("SAB 101"), *Revenue Recognition in Financial Statements*, effective as of January 1, 2000. Prior to the accounting change, the Company generally recognized leasing commissions upon execution of the underlying lease, unless significant contingencies existed. Under the new accounting method, adopted retroactive to January 1, 2000, the Company's leasing commissions that are payable upon certain events such as tenant occupancy or payment of rent are recognized upon the occurrence of such events.

Operating results for the 2002, 2001 and 2000 years are presented in compliance with the requirements of this accounting change. The cumulative effect of the accounting change on prior years resulted in a reduction to income of $30.4 million (net of applicable taxes of $23.3 million), which is included in net earnings for the year ended December 31, 2000. The Company recognized revenue of $1.2 million, $18.8 million and $80.4 million during 2002, 2001 and 2000, respectively, that was included in the cumulative effect adjustment at January 1, 2000. While this accounting change affects the timing of recognition of leasing revenues (and corresponding commission expense), it does not impact the Company's cash flow from operations.

5. Earnings Per Share

The following table sets forth the computation of the numerator and denominator used for the computation of basic and diluted earnings per share for the periods indicated.

	2002	2001	2000
		(In thousands)	
Numerator:			
Numerator for basic earnings per share—income available to common stockholders (before discontinued operations and cumulative effect)	$ 6,864	$ 5,352	$ 17,108
Effect of dilutive securities:			
Preferred stock dividends	—	—	890
Numerator for diluted earnings per share—income available to common stockholders after assumed conversions (before discontinued operations and cumulative effect)	$ 6,864	$ 5,352	$ 17,998
Denominator:			
Denominator for basic earnings per share—weighted average common shares	23,122	22,056	21,200
Effect of dilutive securities:			
Stock options, warrants and unvested restricted stock	569	1,342	1,442
Convertible preferred stock	—	—	1,786
Denominator for diluted earnings per share—weighted average common shares and assumed conversions	23,691	23,398	24,428

The potential dilutive shares from the conversion of preferred stock is not assumed for the year ended December 31, 2002 or 2001, because the inclusion of such shares would be antidilutive.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

6. Acquisitions

The Company's significant acquisitions during the last three years are discussed below. All acquisitions were accounted for as purchases and the results of operations have been included in Insignia's statement of operations from the respective date of acquisition. Contingent purchase consideration is generally accounted for as additional costs in excess of net assets of acquired businesses when incurred.

Groupe Bourdais

In late December 2001, Insignia completed the acquisition of Groupe Bourdais, one of France's premier commercial real estate services companies. Groupe Bourdais now operates under the Insignia Bourdais name. The Insignia Bourdais purchase price consists of total potential consideration of approximately $50.2 million. Amounts paid and or accrued in cash or stock (534,125 common shares) at December 31, 2002 total approximately $31.7 million. Additional consideration up to approximately $18.5 million may be paid over the two years ending December 31, 2004, depending on the performance of the Insignia Bourdais operation. The acquisition consisted substantially of specifically identified intangible assets and goodwill. Identified intangible assets, included customer backlog, property management contracts, a non-compete agreement, franchise agreements, trademarks and a favorable premises lease. The results of Insignia Bourdais have been included in the Company's financial statements since January 1, 2002.

Baker Commercial

In October 2001, Insignia acquired Baker Commercial Real Estate ("Baker"), a leading provider of commercial real estate services in the greater Dallas area. Baker provides tenant representation, land and investment property sales, and strategic real estate planning. The Baker acquisition augments Insignia's existing regional tenant representation and investment sales capabilities in the greater Dallas area. The base purchase price was approximately $2.2 million and was paid in cash. Additional purchase consideration of up to $1.0 million payable over 2003 and 2004 is contingent on the future performance of the Dallas operations.

Brooke International

In December 2000, Insignia acquired Brooke International ("Brooke"), a commercial real estate service company based in Hong Kong with additional offices in China and Thailand. The base purchase price was approximately $1.6 million, comprised of approximately (i) $1.1 million paid in cash and (ii) $500,000 in reserved Common Stock and an assumed option plan enabling certain Brooke employees to purchase 110,000 shares of the Company's Common Stock. Options to purchase 40,000 shares of the Company's Common Stock at $11.81 had been granted under this plan and remain outstanding at December 31, 2002.

BDR

In March 2000, the Company entered into a definitive agreement to acquire BDR, a Dutch real estate services company headquartered in Amsterdam, the Netherlands. The base purchase price was approximately $2.4 million, all of which was paid in cash upon final closing in June 2000.

BDR provides a variety of commercial real estate services with a specialization in international advisory assignments and other corporate services. Additional purchase consideration of approximately $2.5 million, payable over three years, is contingent on the future performance of this business.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Other Information (Unaudited)

Pro forma unaudited results of operations for the years ended December 31, 2001 and 2000, assuming consummation of the Bourdais acquisition at January 1, 2001 and 2000 is as follows:

	2001	2000
	(In thousands, except per share data)	
Revenues	$672,115	$695,745
Income from continuing operations	9,012	24,025
Net loss	(11,053)	(2,606)
Pro forma per share amounts:		
Net loss – basic	$ (0.50)	$ (0.16)
Net loss – assuming dilution	(0.47)	(0.11)

These pro forma results do not purport to represent the operations of the Company nor are they necessarily indicative of the results that actually would have been realized by the Company if the purchase of these businesses had occurred at the beginning of the periods specified. Except for the Bourdais acquisition, the financial operations of the acquired businesses were not significant to those of the Company. The base purchase consideration for the Bourdais and Baker (2001) and BDR and Brooke (2000) acquisitions and other individually insignificant acquisitions (2001 and 2000) is summarized as follows:

	2001	2000
	(In thousands)	
Common stock	$ 4,000	$ 479
Accrued and sundry liabilities	10,990	2,398
Cash paid at the closing dates	20,508	3,458
	$ 35,498	$6,335

The base purchase consideration was allocated as follows:

	2001	2000
	(In thousands)	
Cash acquired	$ 8,856	$ —
Receivables	5,469	1,600
Property and equipment	415	152
Property management contracts	1,008	—
Non-compete agreements	153	—
Goodwill	14,540	4,070
Other assets	5,057	513
	$ 35,498	$6,335

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

7. Receivables

Receivables consist of the following:

	December 31 2002	December 31 2001
	(In thousands)	
Commissions and accounts receivable, net of allowance	$ 140,589	$ 161,041
Notes receivable:		
Broker signing bonuses and advances	7,111	5,319
Brokerage and other employees	3,483	6,037
Executive officers, with interest at the Company's cost of debt capital (approximately 5.25% (2002) and 4.5% (2001))	3,269	1,500
Reimbursement due from Chairman (collected on February 28, 2003)	691	—
Other	178	2,223
	14,732	15,079
	$ 155,321	$ 176,120

Accounts receivable consists primarily of property management fees and cost reimbursements. Commissions receivable consists primarily of brokerage and leasing commissions from users of the Company's real estate services. The Company's receivables are not collateralized; however, credit losses have been insignificant. The Company's bad debt expense totaled approximately $5.0 million, $1.9 million and $4.1 million in 2002, 2001 and 2000, respectively.

Long-term commissions receivable totaling $8.4 million and $8.1 million at December 31, 2002 and 2001, respectively, have been discounted to their present value based on an estimated discount rates of 5.25% (2002) and 7% (2001). Broker signing bonuses and advances are generally forgiven over the terms of employment, subject to potential repayment based on certain specific conditions.

Principal collections on brokerage, employee and executive notes receivable and scheduled forgiveness of Broker signing bonuses and advances are as follows:

	Amount
	(In thousands)
2003	$ 6,369
2004	2,865
2005	3,860
2006	1,205
2007	433
	$ 14,732

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

8. Property and Equipment

Property and equipment consists of the following:

	December 31 2002	2001
	(In thousands)	
Data processing equipment	$ 32,010	$ 29,231
Computer software	34,291	26,870
Furniture and fixtures	17,466	15,351
Leasehold improvements	19,805	17,957
Other equipment	7,436	8,086
	111,008	97,495
Less: Accumulated depreciation	(55,394)	(35,297)
	$ 55,614	$ 62,198

The useful life of each property and equipment category is listed below: Data processing equipment, 3 years; Computer software, 2-10 years; Furniture and fixtures, 7-10 years; Leasehold improvements, generally 5-10 years; Other equipment, 3-7 years.

9. Real Estate Investments

The Company has engaged in real estate investment generally through: (i) investment in operating properties through co-investments with various clients or, in limited instances, by itself; (ii) investment in and development of commercial real estate on its own behalf and through co-investments; and (iii) minority ownership in and management of private investment funds, whose investments primarily consist of securitized real estate debt. The Company is currently not engaged in new investments although, is continuing its investment in existing real estate entities as needed or required by current business plans.

At December 31, 2002 and 2001, the Company's real estate investments totaled $134.1 million and $95.7 million, consisting of the following:

	2002	2001
	(In thousands)	
Minority interests in operating properties	$ 21,109	$ 29,282
Consolidated properties	85,205	41,788
Minority owned development properties	10,014	10,761
Land held for future development	1,726	2,308
Minority interests in real estate debt investment funds	16,081	11,571
Total Real Estate Investments	$ 134,135	$ 95,710

The real estate carrying amounts of the three consolidated properties at December 31, 2002 were financed by real estate mortgage notes encumbering the assets totaling $66.8 million. At December 31, 2002, Insignia had equity investments of approximately $21.7 million in these consolidated properties and has no further obligations to the subsidiaries or their creditors.

Insignia maintains an incentive compensation program pursuant to which certain employees, including executive officers, participate in the profits generated by its real estate investments, through grants of either

equity interests (at the time investments are made) or contractual right to participate in proceeds from successful investments. Such grants generally consist of an aggregate of 50% to 63.5% of the cash proceeds paid to Insignia after Insignia has recovered its full investment plus a 10% per annum return thereon. In addition, upon disposition, the Company generally makes discretionary incentive payments of 5% to 10% to certain employees who directly contributed to the success of an investment. With respect to the private investment funds, employees are collectively entitled to share 55% to 60% of proceeds received by Insignia in respect of its promoted profits participation in those funds. Employees share only in promoted profits and are not entitled to any portion of earnings on the Company's actual investment. Gains on sales of real estate and equity earnings for 2002, 2001 and 2000 are recorded net of employee entitlements and discretionary incentives of approximately $8.1 million, $10.8 million and $7.9 million, respectively. The Company's principal investment programs are more fully described below.

Property Investment

The Company maintains minority investments in operating real estate assets including office, retail, industrial, apartment and hotel properties. As of December 31, 2002, Insignia held equity investments totaling $21.1 million in 30 minority owned property assets. These properties consist of approximately 6.0 million square feet of commercial property and 1,967 multi-family apartment units and hotel rooms. The Company's minority ownership interests in co-investment property range from 1% to 33%. Gains realized from sales of real estate by minority owned ventures totaled $4.2 million in 2002, $11.0 million in 2001 and $3.9 million in 2000. Such amounts are included in the caption "equity earnings in unconsolidated ventures" in the Company's consolidated statements of operations.

Insignia also consolidates two operating properties, a wholly-owned retail property located in Norman, Oklahoma and a New York City apartment complex owned by a limited partnership in which the Company owns a 1% controlling general partner interest. These properties contain approximately 155,000 square feet of commercial space and 420 multi-family apartment units. With respect to the New York City apartment complex, in addition to its 1% interest, Insignia is entitled to approximately $1.3 million of the first $7.3 million distributed and approximately 45% of all additional distributions. In July 2002, Insignia invested approximately $1.3 million in the limited partnership as a new limited partner pursuant to a $1.5 million equity financing and the purchase of an existing partners interest. The remaining equity financing was invested in June 2002 by existing limited partners. Certain executives and other employees of Insignia have the right to acquire from the Company, at its cost, approximately 50% of the $1.3 million limited partner investment made in July 2002. Such executives and employees have no other incentive grants or participation rights with respect to this investment.

Although Insignia's economic interest in the New York City apartment complex at its initial investment was nominal (until the limited partners received a return of all invested capital), the Company commenced consolidating this property in its financial statements as of January 1, 2002 because (i) the partnership agreement for the property-owning partnership grants the general partner complete authority over the management and affairs of the partnership, including any sale or refinancing of its sole asset without limited partner approval, and (ii) accounting principle's generally accepted in the United States require consolidation on the basis of voting control (regardless of the level of equity ownership).

At December 31, 2002, the carrying amounts of these two consolidated properties totaled $46.4 million, and non-recourse real estate mortgage debt totaled $46.8 million. In September 2002, a consolidated retail property was sold for a $1.3 million net gain. The gain is included under the caption "other income, net" in the Company's consolidated statements of operations.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Development

The Company's development program includes minority-owned office developments and a wholly-owned marina based development located in the U.S. Virgin Islands. In July 2002, a subsidiary of the Company acquired three contiguous parcels of property and related leasehold rights in St. Thomas, U.S. Virgin Islands, which comprise 32.3 acres of property, including 18 submerged acres with full water rights. The initial purchase price was approximately $35.0 million, paid with $18.5 million in cash and $20.0 million borrowed by the subsidiary under a non-recourse $40.0 million mortgage loan facility. The property is currently undergoing predevelopment activities together with operating activities of an existing marina. The property and its debt are consolidated in the Company's consolidated financial statements. Insignia's equity investment in the property totaled $19.3 million at December 31, 2002.

Insignia also has minority ownership in four office projects whose development is directed by the Company and owns a parcel of land in Denver, located adjacent to one of the office developments, that is held for future development. Development activities on all four office buildings have been completed other than tenant improvements associated with additional leasing. Insignia's ownership in the four office developments ranges from 25% to 33% and all have commenced operations.

The Company's only financial obligations with respect to the office developments, beyond its investment, are partial construction financing guarantees, backed by letters of credit, totaling $8.9 million. The Company's investment in the office development assets and land parcel totaled $11.7 million at December 31, 2002. The Company has not initiated any new office developments since September 2000 and does not currently intend to further expand this development program.

Interest capitalized in connection with development properties totaled approximately $1,673,000, $500,000, and $1,225,000 for 2002, 2001, and 2000, respectively.

Private Investment Funds

Insignia Opportunity Trust ("IOT") is an Insignia-sponsored private real estate investment fund formed in late 1999. IOT, through its subsidiary operating partnership, Insignia Opportunity Partners ("IOP"), invests primarily in secured real estate debt instruments and, to a lesser extent, in other real estate debt and equity instruments, with a focus on below investment grade commercial mortgage-backed securities. IOT completed its deployment of committed capital (totaling $71.0 million) in 2002, of which $10.0 million was invested by Insignia and the remainder by third-party investors. Insignia has an aggregate ownership interest of approximately 13% in IOT and IOP and also has a 10% non-subordinated promoted interest in IOP.

In September 2001, Insignia closed the capital-raising phase for a second real estate investment fund, Insignia Opportunity Partners II ("IOP II"), with $48.5 million of equity capital commitments from Insignia and third-party investors. IOP II invests primarily in secured real estate debt instruments, similar to the investment initiatives of IOT. IOP II had called $28.2 million of its total capital commitments at December 31, 2002. Insignia holds a 10% ownership in IOP II and serves as its day-to-day advisor.

Insignia realized total earnings from both funds of approximately $4.0 million (2002), $2.6 million (2001) and $911,000 (2000). Such earnings are included in equity earnings in unconsolidated ventures.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

At December 31, 2002, Insignia held investments totaling $16.1 million in IOT, IOP and IOP II and had commitments to invest an additional $2.1 million in IOP II. The following table summarizes financial information of IOT and IOP II as of December 31, 2002 and 2001:

	2002	2001
	(In thousands)	
Total assets	$ 150,139	$ 125,221
Total liabilities	36,358	30,416
Total revenues	25,992	15,828

Apart from its real estate investments, Insignia had obligations totaling $14.0 million to all real estate entities at December 31, 2002, consisting of the following:

	Amount
	(In thousands)
Letters of credit partially backing construction loans	$ 8,900
Other partial guarantees of property debt	2,825
Future capital contributions for capital improvements	150
Future capital contributions for asset purchases	2,105
Total Obligations	$ 13,980

Outstanding letters of credit generally have one-year terms to maturity and bear standard renewal provisions. Other letters of credit and guarantees of property debt do not bear formal maturity dates and remain outstanding until certain conditions (such as final sale of property and funding of capital commitments) have been satisfied. The future capital contributions represent contractual equity commitments for specified activities of the respective real estate entities. Insignia, as a matter of policy, would consider advancing funds to real estate entities beyond its legal obligation as a new capital contribution subject to normal investment returns.

Summarized financial information of unconsolidated real estate entities is as follows:

	Year ended December 31		
Condensed Statements of Operations Information	2002	2001	2000
		(In thousands)	
Revenues	$ 197,255	$ 222,502	$ 166,101
Total operating expenses	(190,543)	(208,556)	(176,252)
Income (loss) before gains on sales of properties	6,712	13,946	(10,151)
Gains on sales of properties	41,252	107,025	24,939
Net income	$ 47,964	$ 120,971	$ 14,788
Company's share of net income:			
Included in equity earnings in unconsolidated ventures	$ 3,482	$ 13,911	$ 3,912

Equity earnings in unconsolidated ventures included pre-tax gains on dispositions of minority-owned investments totaling $4.2 million, $11.0 million and $3.9 million in 2002, 2001 and 2000, respectively.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed Balance Sheet Information	December 31 2002	2001
	(In thousands)	
Cash and investments	$ 46,068	$ 29,662
Receivables and deposits	25,946	28,963
Investments in commercial mortgage backed securities	127,116	116,363
Investments in mezzanine loans	1,731	2,249
Other assets	31,573	36,837
Real estate	1,056,037	1,007,432
Less accumulated depreciation	(95,891)	(75,049)
Net real estate	960,146	932,383
Total assets	$ 1,192,581	$ 1,146,457
Mortgage notes payable	$ 712,601	$ 698,452
Other liabilities	27,435	29,187
Total liabilities	740,036	727,639
Partners' capital	452,545	418,818
Total liabilities and partners' capital	$ 1,192,581	$ 1,146,457

Real Estate Impairment

During 2002, the Company recorded impairment against its real estate investments of $3.5 million on eight property assets. The impairment charge includes $560,000 for a owned land parcel in Denver, held for future development, based on a third party appraisal. The Company recorded impairment charges during 2001 and 2000 of $824,000 and $1.8 million, respectively.

10. Other Assets

Other assets consist of the following:

	December 31 2002	2001
	(In thousands)	
Loan costs, net	$ 2,412	$ 2,193
Amount receivable in connection with disposition	2,693	3,000
Federal tax refund receivable (domestic)	3,966	—
Prepaid taxes	5,246	1,234
Other prepaid expenses	12,088	6,166
Real estate sales proceeds	7,865	—
Other	5,687	7,476
	$ 39,957	$ 20,069

Real estate sales proceeds of $7.9 million represents sale proceeds from a minority owned real estate property received in December 2002 and payable to a third party investor in 2003. The corresponding payable is included in the Company's accrued and sundry liabilities at December 31, 2002.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

11. Accrued and Sundry Liabilities

Accrued and sundry liabilities consist of the following:

	December 31	
	2002	2001
	(In thousands)	
Employee compensation and benefits	$ 13,791	$ 14,501
Acquisition related lease and annuity liabilities	6,379	6,385
Amounts payable in connection with acquisitions	6,450	1,781
Deferred compensation	21,192	23,103
Deferred revenue	13,948	25,306
Current taxes payable	7,175	3,683
Value added taxes	6,312	4,178
Minimum pension liability	14,571	1,596
Real estate sales proceeds payable	7,865	—
Liabilities of consolidated real estate entities	3,136	848
Other	17,171	19,482
	$ 117,990	$ 100,863

Deferred revenue consists of lease commissions collected but deferred due to contingencies and the Company's ownership portion of acquisition and development fees in certain real estate partnerships. Deferred acquisition and development fees are realized in income upon disposal of the Company's ownership, generally from property sales, and deferred leasing commissions are recognized upon the fulfillment of all conditions to commission payment, such as tenant occupancy or payment of rent.

12. Private Financing

In June 2002, Insignia executed agreements for $50.0 million of new capital through a private investment by funds affiliated with Blackacre Capital Management, LLC ("Blackacre"). The investment consists of $12.5 million in newly issued shares of Series B convertible preferred stock and a commitment to provide $37.5 million of subordinated debt. The preferred stock carries an 8.5% annual dividend, payable quarterly at Insignia's option in cash or in kind, and is convertible into Insignia common stock at a price of $15.40 per share, subject to adjustment. The preferred stock has a perpetual term, although Insignia may call the preferred stock, at stated value, after June 7, 2005. In February 2000, Blackacre purchased $25.0 million of convertible preferred stock, which has now been exchanged for a Series A convertible preferred stock with an 8.5% annual dividend and a conversion price of $14.00 per share.

The Blackacre credit facility, which is subordinate to Insignia's senior credit facility, bears interest at an annual rate of 11.25% to 12.25%, payable quarterly, depending on the amount borrowed. In July 2002, Insignia borrowed $15.0 million under the credit facility. The proceeds were used to finance the purchase of the development property and related leasehold rights in St. Thomas, United States Virgin Islands (discussed under "Real Estate Principal Investment Activities" above). Insignia may draw down the remaining $22.5 million of availability at any time until December 2003. Any further borrowings will bear interest at 12.25%. The subordinated debt has a final maturity of June 2009.

13. Long Term Debt

Total long term debt consists of notes payable of the Company and real estate mortgage notes of consolidated real estate entities.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Notes Payable

Notes payable consist of the following:

	December 31	
	2002	2001
	(In thousands)	
Senior revolving credit facility with interest due quarterly at LIBOR plus 2.0 to 2.5% (totaling approximately 4.3% (2002) and 4.5% (2001)). Final payment due date is May 8, 2004	$ 95,000	$ 149,000
Senior subordinated credit facility with interest due quarterly at 11.25% and a final maturity of June 2009	15,000	—
Acquisition loan notes with an interest rate of approximately 3.0% and a final maturity of April 2010	16,889	20,972
	$ 126,889	$ 169,972

The Company's debt includes outstanding borrowings under its $230.0 million senior revolving credit facility and a $37.5 million subordinated credit facility entered into in June 2002 with Blackacre. The margin above LIBOR on the senior facility was 2.50% at December 31, 2002 and 2001. The Company also had outstanding letters of credit of $11.0 million and $12.3 million at December 31, 2002 and 2001, respectively. At December 31, 2002 the unused commitment on the senior revolving credit facility was approximately $124.0 million.

The $37.5 million Blackacre credit facility is subordinate to Insignia's senior credit facility and bears interest, payable quarterly, at an annual rate of 11.25% to 12.25%, depending on the amount borrowed. At December 31, 2002, the Company had borrowings of $15.0 million outstanding on the subordinated credit facility at an interest rate of 11.25%. Any further borrowings will bear interest at 12.25%. Insignia may draw down the remaining $22.5 million of availability at any time until December 2003. The subordinated debt has a final maturity of June 2009.

The senior credit facility provides for foreign denominated borrowings up to an aggregate $75 million. No foreign denominated borrowings were outstanding at December 31, 2002 or 2001. The senior facility is collateralized by a pledge of the stock of domestic subsidiaries and material foreign subsidiaries.

The Company also maintains a £5 million line of credit in the UK for short term working capital purposes in Europe. The Company has not borrowed on this line of credit during the past two years.

The U.K. acquisition loan notes outstanding at December 31, 2002 are guaranteed by a bank, as required by the terms of the respective purchase agreements. The bank holds restricted cash deposits sufficient to repay the notes in full when due. These loan notes are redeemable semi-annually at the discretion of the note holder.

In March 2003, the Company repaid $67.0 million on the senior credit facility as a result of the sale of its residential businesses Insignia Douglas Elliman and Insignia Residential Group. In conjunction with the pay-down, the commitment under the senior credit facility was reduced from $230.0 million to $165.0 million.

The Company's credit agreements and other debt agreements contain various restrictive covenants requiring, among other things, minimum consolidated net worth and certain other financial ratios. The Company's revolving credit facility restricts the payment of cash dividends to an amount not to exceed twenty-five percent of net income for the immediately preceding fiscal quarter. At December 31, 2002, Insignia had approximately $80.0 million of availability on its credit facilities under these covenants. At December 31, 2002 and 2001, the Company was in compliance with all covenants.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Real Estate Mortgage Notes

Real estate mortgage notes represent non-recourse loans collateralized by real estate properties consisting of the following:

	2002	2001
	(In thousands)	
Brookhaven Village, mortgage loan bearing interest at 6.24% with a final maturity in December 2004	$ 8,305	$ 8,305
Dolphin Village, mortgage loan	—	7,608
Shinsen Place, mortgage loan	—	21,356
U.S. Virgin Islands development loan bearing interest at LIBOR plus 5.0% with a floor of 8.0% (8% at December 31, 2002). The note matures in August 2005	20,000	—
West Village, FHA loan bearing interest at 7.25%. The loan matures in October 2013	7,064	—
West Village, HPD note bearing interest at 8.5% and maturing in October 2023 (loan amount plus unpaid accrued interest)	29,897	—
West Village, non-interest bearing residual receipt note maturing in October 2023	1,529	—
	$ 66,795	$ 37,269

The mortgage note encumbering Brookhaven Village includes a participation feature whereby the lender is entitled to 35% of the net cash flow, net refinancing proceeds or net sales proceeds after the Company has achieved a 10% annual return on equity. The projected participation liability to the lender equaled approximately $715,000 and $658,000 at December 31, 2002 and 2001, respectively. This amount is substantially contingent upon a sale of the asset. Dolphin Village and Shinsen Place were sold during 2002. The U.S. Virgin Island development loan includes a one time deferred financing fee of 4.35% to 17% of the loan proceeds, depending of the length of financing. This deferred financing fee is payable at loan maturity or the early repayment of the loan.

Scheduled principal maturities on all long term debt payable after December 31, 2002 are as follows:

	Notes Payable	Real Estate Mortgage Notes	Total
		(In thousands)	
2003	$ 16,889	$ 412	$ 17,301
2004	95,000	8,786	103,786
2005	—	20,518	20,518
2006	—	556	556
2007	—	598	598
Thereafter	15,000	35,925	50,925
	$ 126,889	$ 66,795	$ 193,684

14. Stock Compensation Plans

The Company's 1998 Stock Incentive Plan, as amended and restated (the "1998 Plan"), authorized the grant of options and restricted stock awards to management personnel totaling up to 4,500,000 shares of the Company's common stock. The term of each option is determined by the Company's Board of Directors but will in no event exceed ten years from the date of grant. Options granted typically have five-year terms and are granted at prices not less than 100% of the fair market value of the Company's common stock on the date of grant. The 1998 Plan may be terminated by the Board of Directors at any time. In September 1998, the Company

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

was spun-off from its former parent, a company also named Insignia Financial Group, Inc. At the spin-off date, the Company assumed, under the 1998 Plan, approximately 1,787,000 options issued by the former parent to employees of the businesses included in the spin-off. At December 31, 2002, 1,926,583 options were outstanding under the 1998 Plan.

At December 31, 2002, approximately 96,000 unvested restricted stock awards to acquire shares of the Company's common stock were outstanding under the 1998 Plan. These awards, which have a five-year vesting period, were granted to executive officers and other employees of the Company. Compensation expense recognized by the Company for these awards totaled approximately $706,000, $627,000 and $709,000 for 2002, 2001 and 2000, respectively.

During 2002, the Company granted 150,000 nonqualified options to the president of Insignia Douglas Elliman, pursuant to his employment agreement. These options were issued outside of the 1998 Plan and have a five-year vesting period.

The Company assumed 1,289,329 options under Non-Qualified Stock Option Agreements in connection with the acquisition of REGL. The options had five-year terms at the date of grant and the terms remained unchanged at the date of assumption. At December 31, 2002, 654,806 options remained outstanding.

The Company assumed approximately 612,000 options under Non-Qualified Stock Option Agreements in connection with the acquisition of St. Quintin. The options had five-year terms at the date of grant and the terms remained unchanged at the date of assumption. At December 31, 2002, 266,484 options remained outstanding.

The Company assumed 110,000 options under a Non-Qualified Stock Option Plan in connection with the acquisition of Brooke. At December 31, 2002, 65,000 options remained outstanding under the plan. The options had five and one half-year terms at the date of grant and the terms remained unchanged at the date of assumption.

The terms of all options assumed in connection with acquisitions remained subject to continued vesting over their original terms. These options have been accounted for as additional purchase consideration for each respective business combination.

During 2000, Insignia granted 1,493,000 warrants to purchase Insignia common stock to certain key executives, non-employee directors and other employees under Warrant Agreements. Such warrants had five-year terms at the date of grant. At December 31, 2002, 1,432,500 warrants remained outstanding.

Pursuant to the Company's Supplemental Stock Purchase and Loan Program, Insignia has loans outstanding to seven employees, including three executive officers, of the Company. These loans were originally made in 1998 and 1999 for the purchase of 158,663 newly issued shares of Insignia's common stock at an average share price of approximately $12.18. The loans require principal and interest payments, at a fixed rate of 7.5%, in 40 equal quarterly installments ending December 31, 2009. The notes are secured by the common shares and are non-recourse to the employee except to the extent of 25% of the outstanding amount. The outstanding principal balances of these notes totaled $1,193,000 and $1,882,000 at December 31, 2002 and 2001, respectively. The notes receivable are classified as a reduction of stockholders' equity in the Company's consolidated balance sheet.

The Company's 1998 Employee Stock Purchase Plan (the "Employee Plan") was adopted to provide employees with an opportunity to purchase common stock through payroll deductions at a price not less than 85% of the fair market value of the Company's common stock. The Employee Plan was developed to qualify under Section 423 of the Internal Revenue Code of 1986.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

In connection with the Company's spin-off in September 1998, 1,196,000 warrants to purchase shares of common stock of the Company (at $14.50 per share) were issued to holders of the Convertible Preferred Securities of the Company's former parent. The term of each warrant is five years. The Company's former parent purchased the warrants from Insignia in 1998 for approximately $8.5 million. At December 31, 2002, all warrants remained outstanding and were fully exercisable.

The Company's common stock reserved for future issuance in connection with stock compensation plans totaled 5,751,373 shares at December 31, 2002.

Summaries of the Company's stock option, warrant and unvested restricted stock activity, and related information for the years ended December 31, 2002, 2001 and 2000 are as follows:

	2002		2001		2000	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	6,616,404	$ 10.32	8,304,155	$ 10.06	6,859,368	$ 10.02
Options and warrants granted	290,000	10.33	30,000	11.70	2,189,174	8.54
Options granted in connection with Brooke acquisition	—	—	20,000	10.80	40,000	11.81
Exercised	(200,674)	3.48	(690,941)	6.64	(508,676)	6.36
Forfeited/canceled	(954,357)	11.95	(1,046,810)	9.40	(275,711)	8.62
Outstanding at end of year	5,751,373	10.30	6,616,404	$ 10.32	8,304,155	$ 10.06
Exercisable at end of year	4,501,359	$ 10.66	4,233,299	$ 11.31	4,359,468	$ 11.24
Weighted-average fair value of grants during the year		$ 2.90		$ 5.32		$ 4.09

Significant option, warrant and unvested restricted stock groups outstanding at December 31, 2002 and related weighted average price and life information follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.00 - $ 7.50	1,017,526	1.9 years	$5.82	560,066	$6.41
$7.51 - $11.00	2,108,000	2.5 years	$8.40	1,723,330	$8.06
$11.01 - $14.00	1,308,965	1.7 years	$12.61	901,081	$12.65
$14.01 - $15.69	1,316,882	0.8 years	$14.51	1,316,882	$14.51
	5,751,373		$10.30	4,501,359	$10.66

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15. Income Taxes

For financial reporting purposes, income (loss) from continuing operations before income taxes includes the following components:

	2002	2001	2000
		(In thousands)	
United States	$ (3,583)	$ 4,200	$ 530
Foreign	19,632	5,674	18,465
	$ 16,049	$ 9,874	$ 18,995

Significant components of the income tax expense from continuing operations are as follows:

	2002	2001	2000
		(In thousands)	
Current:			
Federal	$ (324)	$ 1,080	$(1,431)
Foreign	8,279	4,868	6,619
State and local	(299)	328	(573)
Total current	7,656	6,276	4,615
Deferred:			
Federal	2,053	(1,662)	(1,952)
Foreign	960	(944)	(804)
State and local	(3,657)	(148)	(862)
Total deferred	(644)	(2,754)	(3,618)
	$ 7,012	$ 3,522	$ 997

Components of income tax expense (benefit) reported other than in continuing operations are as follows:

	2002	2001	2000
		(In thousands)	
Discontinued Operations:			
Income (loss) from operations	$ 3,707	$(1,123)	$ 2,730
Income (loss) on disposal	(2,844)	(4,000)	—
Total	863	(5,123)	2,730
Accumulated Other Comprehensive Income:			
Minimum pension liability	(3,832)	(696)	—
Unrealized investment gains (losses)	752	7	(456)
Currency translation	6,215	(1,769)	(4,518)
Total	3,135	(2,458)	(4,974)
Cumulative Change in Accounting Principles:			
Goodwill impairment	(9,388)	—	—
SAB 101 adoption	—	—	(23,310)
	$(9,388)	$ —	$(23,310)

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The reconciliation of income tax attributable to continuing operations computed at the U.S. statutory rate to income tax expense is shown below(*In thousands*):

	2002		2001		2000	
	Amount	Percent	Amount	Percent	Amount	Percent
Tax at U.S. statutory rates	$ 5,617	35.0%	$ 3,456	35.0%	$ 6,648	35.0%
Effect of different tax rates in foreign jurisdictions	(387)	(2.4)	(424)	(4.3)	(867)	(4.6)
State income taxes, net of federal tax benefit	(2,571)	(16.0)	(1,521)	(15.4)	(1,198)	(6.3)
Effect of nondeductible meals and entertainment expenses	479	3.0	1,075	10.9	571	3.0
Effect of nondeductible goodwill amortization	—	—	1,386	14.0	824	4.3
Change in valuation allowances for continuing operations	1,913	11.9	1,468	14.9	—	—
Effect of life insurance proceeds	—	—	—	—	(7,000)	(36.8)
Effect of settlement of IRS exam	(73)	(0.4)	(1,961)	(19.9)	—	—
Effect of executive compensation limitation	1,504	9.3	351	3.6	403	2.1
Other	530	3.3	(308)	(3.1)	1,616	8.5
	$ 7,012	43.7%	$ 3,522	35.7%	$ 997	5.2%

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

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 liabilities and assets are as follows:

	December 31	
	2002	2001
	(In thousands)	
Deferred tax liabilities:		
Acquisition related intangibles	$ (1,799)	$ (7,323)
Tax over book depreciation	(6,149)	—
Partnership earnings differences	—	(1,841)
Compensation	(5,415)	(2,177)
Accumulated comprehensive income—unrealized gains	(752)	(39)
Other, net	(1,680)	(1,295)
Total deferred tax liabilities	(15,795)	(12,675)
Deferred tax assets:		
Net operating losses	13,494	7,132
Acquisition related items	4,082	734
Book over tax depreciation	—	5,262
Commission income receivable (net)	1,499	—
Alternative minimum tax credit	1,234	4,270
Partnership earnings differences	3,897	—
Bad debt reserves	2,400	1,164
Reserve for asset impairments	2,540	10,243
Compensation and benefits	17,261	15,786
Accumulated comprehensive income—minimum pension liability	4,528	696
Accumulated comprehensive income—currency translation	—	6,215
Other, net	2,250	632
Total deferred tax assets	53,185	52,134
Valuation allowance for deferred tax assets	(5,576)	(8,963)
Deferred tax assets, net of valuation allowance	47,609	43,171
Net deferred tax assets	$ 31,814	$ 30,496

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to realize fully the deferred assets, the Company will need to generate future taxable income of approximately $58.1 million, principally for U.S. purposes.

The Company has generated losses and has created other net deferred assets in prior years. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future income during the carryforward period are reduced. Net operating losses in the U.S. were carried forward from 2001 for federal

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

income tax purposes. At December 31, 2002, approximately $12.6 million and $41.1 million of net operating losses will carry forward to 2003 for federal, state and local income tax purposes respectively. These amounts expire between 2015 and 2022.

In 2001, the Company entered into an agreement to sell Realty One and its affiliated companies. In connection with the Realty One sale, the Company incurred a pre-tax loss of approximately $21.6 million. Under the tax law existing at December 31, 2001, approximately $12.5 million of the loss could not be deducted for income tax purposes and no income tax benefit has been provided on this portion of the loss in 2001. Subsequent to 2001, the U.S. Treasury Department issued new legislative regulations that allowed for the deduction of the loss for income tax purposes. Sufficient capital gains were generated to offset the loss.

Undistributed earnings of the Company's foreign operations amounted to approximately $39.0 million in aggregate as of December 31, 2002. Deferred income taxes are not provided at U.S. tax rates on these earnings as it is intended that the earnings will be permanently reinvested outside of the U.S. Any such taxes should not be significant, since U.S. tax rates are no more than 5% in excess of U.K. and French tax rates and goodwill, with respect to the U.K. and French operations, are amortizable for U.S. tax purposes.

During 2002, certain of the Company's foreign operations generated operating losses in aggregate of approximately $8.1 million. All potential tax benefits pertaining to such losses have been fully reserved due to absence of profits.

In 2000, the Internal Revenue Service ("IRS") commenced an examination of the income tax returns for the 1998 (January 1, 1998 through September 30, 1998), 1997 and 1996 tax years. In November 2001, the IRS made a final determination to which the Company has agreed. The agreed assessment paid by the Company was approximately $1.1 million, including taxes and interest. The examination will have final resolution when the U. S. Treasury Department issues a determination letter resulting from the review by the Joint Committee on Taxation. The statute of limitations expired on March 31, 2003 and the Company does not anticipate any additional assessments.

16. EmployeeBenefit Plans

401(k) Retirement Plan

The Company established a 401(k) savings plan covering substantially all U.S. employees. The Company may make a contribution equal to 25% of the employees' contribution up to a maximum of 6% of the employees' compensation and participants fully vest in employer contributions after 5 years. All contributions to the 401(k) plan are expensed currently in earnings. The Company expensed approximately $1,026,000, $1,201,000, and $1,656,000 in contributions to the 401(k) plan during 2002, 2001, and 2000, respectively.

Defined Contribution Plan

Insignia Richard Ellis maintains a defined contribution plan that is available to all of its employees at their option after the completion of six months of service and the attainment of 25 years of age. Insignia Richard Ellis contributions are 3.5% of salary for ages 25 to 30, 4.5% of salary for ages 31 to 35 and 5.5% to 7% of salary for ages 36 and over. Insignia Richard Ellis expensed approximately $1,598,000, $1,430,000 and $1,558,000 in contributions to the plan during 2002, 2001, and 2000, respectively.

Defined Benefit Plans

Insignia Richard Ellis maintains two defined benefit plans for certain of its employees. The plans provide for benefits based upon the final salary of participating employees. The funding policy is to contribute annually an amount to fund pension cost as actuarially determined by an independent pension consulting firm.

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The following table summarizes the accumulated benefit obligation, projected benefit obligation, funded status and net periodic pension cost of the Insignia Richard Ellis defined benefit plans:

	December 31	
	2002	2001
	(In thousands)	
Accumulated Benefit Obligation	$ 57,089	$45,727
Projected Benefit Obligation ("PBO")		
PBO—Beginning of year	$ 48,355	$46,230
Service cost	1,158	909
Interest cost	3,017	2,657
Benefits paid net of participant contributions	(566)	(533)
Net actuarial loss	4,023	368
Foreign currency exchange rate changes	5,593	(1,276)
PBO—End of year	61,580	48,355
Change in Plan Assets		
Fair value of plan assets at beginning of year	44,131	50,114
Actual return on plan assets	(6,198)	(4,947)
Employer contributions	884	916
Benefits paid net of participant contributions	(566)	(533)
Foreign currency exchange rate changes	4,267	(1,419)
Fair value of plan assets at end of year	42,518	44,131
Funded status of the plans	(19,062)	(4,224)
Unrecognized net actuarial loss	19,585	5,002
Adjustment required to recognize minimum liability	(15,094)	(2,374)
Net pension liability recognized in the Company's consolidated balance sheets	$(14,571)	$ (1,596)

	Years Ended December 31		
	2002	2001	2000
		(In thousands)	
Net Periodic Pension Cost			
Service cost	$ 1,158	$ 909	$ 1,370
Interest cost	3,017	2,657	2,545
Return on plan assets	(2,975)	(3,398)	(3,343)
	$ 1,200	$ 168	$ 572
Assumptions used in determining accounting:			
Discount rate	5.5%	6.0%	6.0%
Weighted average increase in compensation levels	4.3%	4.5%	5.0%
Rate of return on plan assets	6.5%	6.5%	7.0%

The adjustment to accumulated other comprehensive income in 2002 pertaining to the minimum pension liability was approximately $9.7 million (net of tax benefit of $3.8 million).

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17. RelatedParty Transactions

In May 2002, Insignia made a loan in the amount of $270,000 to an Executive Vice President of the Company. The variable interest rate on the loan is the same the average cost of funds borrowed by Insignia, which was approximately 5.25% at December 31, 2002. Interest on the loan is payable to Insignia in cash on June 30 and December 31 of each year; provided, however, that until December 31, 2004 all interest accrued and payable may, at the discretion of the executive (but subject to Insignia's right of offset as more fully described below), be added to the outstanding principal balance of the loan instead of paid in cash. The loan is repayable on the earlier of (i) June 30, 2005 or (ii) 30 days following a termination of the executive's employment with Insignia for any reason. Pursuant to its rights under the note, beginning on August 1, 2002, Insignia began withholding 50% of any distribution payable to the executive, in respect of the executive's equity interest in the Company's profits interest in IOP, to be applied as a payment of accrued interest first and then outstanding principal. The outstanding balance on the loan was $269,083 at December 31, 2002.

In March 2002, Insignia made a loan in the amount of $1.5 million to its Chairman and Chief Executive Officer. The variable interest rate on the loan is the same as the average cost of funds borrowed by Insignia, which was approximately 5.25% at December 31, 2002. The loan is payable on or before March 5, 2005. The Company deducts quarterly interest payments due on the loan from certain bonuses payable to the Chairman. To the extent such bonuses are not paid, all accrued and unpaid interest is payable at maturity. The loan and any accrued interest thereon would be forgiven in limited circumstances, such as a significant transaction or change of control. The outstanding balance on the loan at December 31, 2002 was $1.5 million.

In June 2001, Insignia made a loan in the amount of $1.5 million to its President. The variable interest rate on the loan is the same as the average cost of funds borrowed by Insignia, which was approximately 5.25% at December 31, 2002. The loan becomes due upon the earliest of (i) voluntary termination of the President's employment with Insignia, (ii) the termination of the President's employment with Insignia for cause or (iii) March 15, 2006. Insignia will forgive $375,000 of the principal amount of the loan and accrued interest thereon on March 15 of the year following each of 2002, 2003, 2004 and 2005 to the extent that actual Net EBITDA equals or exceeds 75% of annual budgeted Net EBITDA for any such year, as approved by the Board of Directors. In addition, if aggregate actual Net EBITDA for fiscal 2002, 2003, 2004 and 2005 equals or exceeds aggregate annual budgeted EBITDA for such years, any outstanding principal amount of the loan and accrued interest thereon, will be forgiven as of March 15, 2006. The outstanding balance on the loan at December 31, 2002 was $1.5 million.

Pursuant to the Company's Supplemental Stock Purchase and Loan Program, Insignia has loans outstanding to seven employees, including three executive officers, of the Company. These loans were originally made in 1998 and 1999 for the purchase of 158,663 newly issued shares of Insignia's common stock at an average share price of approximately $12.18. The loans require principal and interest payments, at a fixed rate of 7.5%, in 40 equal quarterly installments ending December 31, 2009. The notes are secured by the common shares and are non-recourse to the employee except to the extent of 25% of the outstanding amount. At December 31, 2002 and 2001, the loans outstanding totaled $1,193,000 and $1,882,000, respectively, and are presented as a reduction of stockholders' equity in the Company's consolidated balance sheets.

A director of Insignia is a partner in a law firm that represents Insignia or certain of its affiliates from time to time. The amount of fees paid by the Company to the firm during 2002, 2001 and 2000 totaled $1,363,000, $59,000 and $589,000, respectively.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

18. Commitments,Contingencies and Other Matters

Ordinary Course of Business Claims

Insignia and certain subsidiaries are defendants in lawsuits arising in the ordinary course of business. Management does not expect that the results of any such lawsuits will have a significant adverse effect on the financial condition, results of operations or cash flows of the Company. All contingencies including unasserted claims or assessments, which are probable and for which the amount of loss can be reasonably estimated, are accrued in accordance with SFAS No. 5, *Accounting for Contingencies.*

Indemnification

In 1998, the Company's former parent entered into a Merger Agreement with Apartment Investment and Management Company ("AIMCO"), and one of AIMCO's subsidiaries, pursuant to which the former parent was merged into AIMCO. Shortly before the merger, the former parent distributed the stock of Insignia to its shareholders in a spin-off transaction. As a requirement of the Merger Agreement, Insignia entered into an Indemnification Agreement with AIMCO. In the Indemnification Agreement, Insignia agreed generally to indemnify AIMCO against all losses exceeding $9.1 million that result from: (i) breaches by the Company or former parent of representations, warranties or covenants in the Merger Agreement; (ii) actions taken by or on behalf of former parent prior to the merger; and (iii) the spin-off.

In December 2001, the Company entered into a stock purchase agreement with Real Living, Inc., the purchaser, that provided for the sale of 100% of the stock of Realty One and its affiliated companies. Such affiliated companies included First Ohio Mortgage Corporation, Inc., First Ohio Escrow Corporation, Inc. and Insignia Relocation Management, Inc. As a part of sale, the Company agreed generally to indemnify the purchaser against all losses up to the purchase price (subject to certain deductible amounts), resulting from the following: (i) breaches by the Company of any representations, warranties or covenants in the stock purchase agreement; (ii) pre-disposition obligations for goods, services, taxes or indebtedness except for those assumed by Real Living, Inc.; (iii) change of control payments made to employees of Realty One; and (iv) any third party losses arising or related to the period prior to the disposition. In addition, the Company provided an indemnification for losses incurred by Wells Fargo Home Mortgage, Inc. ("Wells Fargo") and/or the purchaser in respect of (i) mortgage loan files existing on the date of closing; (ii) fraud in the conduct of its home mortgage business; and (iii) the failure to follow standard industry practices in the home mortgage business. The aggregate loss for which the Company is potentially liable to Wells Fargo is limited to $10 million and the aggregate of any claims made by the purchaser and Wells Fargo shall not exceed the purchase price.

In March 2003, Insignia completed the sale of its New York-based residential real estate service businesses, Insignia Douglas Elliman and Insignia Residential Group, to Montauk Battery Realty, LLC. In connection with the sale, Insignia agreed generally to indemnify the purchaser for the amount of any loss, liability, claim, damage, cost or expense up to the aggregate purchase price (subject to certain deductible amounts) arising, directly or indirectly, from or in connection with the following: (i) breaches by the Company of any representations, warranties, covenants or obligations in the purchase and sale agreement; (ii) claims pending or threatened on the date of sale; (iii) any conduct, action or inaction or circumstances related to the operation, management or ownership of the businesses arising or related to the period prior to the sale; and (iv) any liabilities or obligations arising or related to the period prior to the sale.

As of December 31, 2002, the Company was not aware of any matters that would give rise to a material claim under any indemnities and warranties.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Environmental

Under various federal and state environmental laws and regulations, a current or previous owner or operator of real estate may be required to investigate and remediate certain hazardous or toxic substances or petroleum-product releases at the property, and may be held liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by such parties in connection with contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The owner or operator of a site may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from or at the site, including the presence of asbestos containing materials. Insurance for such matters may not be available.

The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. There can be no assurance that Insignia, or any assets owned or controlled by Insignia (as on-site property manager), currently are in compliance with all of such laws and regulations or that Insignia will not become subject to liabilities that arise in whole or in part out of any such laws, rules or regulations. The liability may be imposed even if the original actions were legal and Insignia did not know of, or was not responsible for, the presence of such hazardous or toxic substances. Insignia may also be solely responsible for the entire payment of any liability if it is subject to joint and several liability with other responsible parties who are unable to pay. Insignia may be subject to additional liability if it fails to disclose environmental issues to a buyer or lessee of property. Management is not currently aware of any environmental liabilities that are expected to have a material adverse effect upon the operations or financial condition of the Company.

Operating Leases

The Company leases office space and equipment under noncancelable operating leases. Minimum annual rentals under operating leases for the five years ending after December 31, 2002 and thereafter are as follows:

	Amount
	(In thousands)
2003	$ 27,276
2004	25,878
2005	24,105
2006	22,306
2007	20,829
Thereafter	64,638
Total minimum payments	$ 185,032

Rental expense, which is recorded on a straight-line basis, was approximately $29,705,000 (2002) $24,496,000 (2001) and $21,871,000 (2000). Certain of the leases are subject to renewal options and annual escalation based on the Consumer Price Index or annual increases in operating expenses.

Convertible Preferred Stock

Insignia has 375,000 shares, or $37.5 million, of convertible preferred stock outstanding to investment funds affiliated with Blackacre Capital Management. The convertible preferred stock includes 250,000 shares, or $25.0 million, of Series A, initially purchased in February 2000, and 125,000 shares, or $12.5 million, of Series B purchased in June 2002. The initial preferred originally carried a 4% annual dividend and was exchanged in June 2002 for Series A convertible preferred stock. The convertible preferred stock carries an 8.5% annual dividend (totaling approximately $3.2 million), payable quarterly at Insignia's option in cash or in kind. The Company paid cash dividends of approximately $1.8 million in 2002.

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The convertible preferred stock has a perpetual term, although Insignia may call the preferred stock, at stated value, after June 7, 2005. Upon the dissolution, liquidation or winding up of the Company, the holders of Series A and Series B convertible preferred stock are entitled to receive the stated value of $100.00 per share (totaling $37.5 million (2002) and $25.0 million (2001)) plus accrued and unpaid dividends.

Stock Repurchase

At December 31, 2002 and 2001, Insignia held in treasury 1,502,600 repurchased shares of its Common Stock. Such shares were repurchased at an aggregate cost of approximately $16.2 million and are reserved for issuance upon the exercise of warrants granted in 2001 to certain executive officers, non-employee directors and other employees of the Company.

In July 2002, the Company authorized a stock repurchase program of up to $5.0 million, subject to compliance with all covenants contained within the Company's existing debt agreements. As of December 31, 2002, the Company had not initiated any stock repurchases under this authorization.

Life Insurance Proceeds

In October 2000, Insignia collected $20 million in life insurance proceeds from a "key man" insurance policy on the life of Edward S. Gordon, a member of the Company's Office of the Chairman. The policy was purchased in connection with Insignia's acquisition of Edward S. Gordon Incorporated in June 1996. Insignia incurred approximately $900,000 in obligations payable to Mr. Gordon's estate at the time of his death. The Company recognized the resulting income of $19.1 million in the third quarter of 2000.

19. IndustrySegments

As of December 31 2002, Insignia's operating activities encompassed two segments that include (i) commercial real estate services, including principal investment activities, and (ii) residential real estate services. The Company's New York-based residential real estate service businesses were sold in March 2003; therefore, operating activities from continuing operations exclude the operations of these businesses. Residential operations are reported as discontinued operations in the Company's consolidated statements of operations. In 2001 and 2000, the Company's operating activities included internet-based initiatives as a segment. The Company's segments include businesses that offer similar products and services and are managed separately because of the distinction between such services. The accounting policies of the segments are the same as those used in the preparation of the consolidated financial statements.

The commercial segment provides services including tenant representation, property and asset management, agency leasing and brokerage, investment sales, development and re-development, consulting and other services. The commercial segment also includes the Company's principal real estate investment activities and fund management. Insignia's commercial segment is comprised of the operations of Insignia/ESG in the U.S., Insignia Richard Ellis in the U.K., Insignia Bourdais in France and other businesses in continental Europe, Asia and Latin America. The Company's unallocated administrative expenses and corporate assets, consisting primarily of cash and property and equipment, are included in "Other" in the segment reporting. The Company's internet-based initiatives launched in 1999 were terminated in 2001.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The following tables summarize certain financial information by industry segment.

Year ended December 31, 2002	Commercial	Residential	Other	Total
		(In thousands)		
Revenues				
Real estate services	$ 577,544	$ —	$ —	$577,544
Property operations	9,195	—	—	9,195
Equity earnings in unconsolidated ventures	3,482	—	—	3,482
Other income, net	589	—	204	793
	590,810	—	204	591,014
Operating income (loss)	37,318	—	(14,229)	23,089
Other income and expense:				
Interest income	2,300	—	1,636	3,936
Interest expense	(474)	—	(8,380)	(8,854)
Property interest expense	(2,122)	—	—	(2,122)
Income (loss) from continuing operations before income taxes	$ 37,022	$ —	$(20,973)	$ 16,049
Total assets	$ 724,330	$ 62,604	$ 85,905	$872,839
Real estate investments, net	134,135	—	—	134,135
Capital expenditures, net	8,388	—	—	8,388

Year ended December 31, 2001	Commercial	Residential	Internet	Other	Total
Revenues					
Real estate services	$ 613,253	$ —	$ —	$ —	$613,253
Property operations	3,969	—	—	—	3,969
Equity earnings in unconsolidated ventures	13,911	—	—	—	13,911
Other income, net	1,765	—	—	331	2,096
	632,898	—	—	331	633,229
Operating income (loss)	43,244	—	—	(13,186)	30,058
Other income and expenses:					
Interest income	2,084	—	—	2,769	4,853
Interest expense	(639)	—	—	(11,730)	(12,369)
Property interest expense	(1,744)	—	—	—	(1,744)
Losses from internet investments	—	—	(10,263)	—	(10,263)
Other expenses	(661)	—	—	—	(661)
Income (loss) from continuing operations before income taxes	$ 42,284	$ —	$(10,263)	$(22,147)	$ 9,874
Total assets	$ 678,091	$ 147,654	$ 1,007	$ 91,630	$918,382
Real estate investments, net	95,710	—	—	—	95,710
Capital expenditures, net	11,704	—	—	85	11,789

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Year ended December 31, 2000	Commercial	Residential	Internet	Other	Total
			(In thousands)		
Revenues					
Real estate services	$ 639,447	$ —	$ —	$ —	$639,447
Property operations	5,212	—	—	—	5,212
Equity earnings in unconsolidated ventures	3,912	—	—	—	3,912
Other income	—	—	—	1,365	1,365
	$ 648,571	$ —	$ —	$ 1,365	$649,936
Operating income (loss)	58,265	—	(18,456)	(15,050)	24,759
Other income and expenses:					
Interest income	2,316	—	464	4,456	7,236
Interest expense	(1,032)	—	—	(10,665)	(11,697)
Property interest expense	(2,868)	—	—	—	(2,868)
Losses from internet investments	—	—	(18,435)	—	(18,435)
Life insurance proceeds	—	—	—	19,100	19,100
Minority interest	—	—	900	—	900
Income (loss) from continuing operations before income taxes	$ 56,681	$ —	$(35,527)	$ (2,159)	$ 18,995
Total assets	$ 645,989	$ 162,213	$ 10,963	$106,460	$925,625
Real estate investments, net	102,170	—	—	—	102,170
Capital expenditures, net	20,444	—	—	73	20,517

Certain geographic information is as follows:

	Year ended December 31, 2002		Year ended December 31, 2001		Year ended December 31, 2000	
	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
United States	$ 406,198	$ 343,072	$ 512,754	$ 339,619	$ 502,972	$ 274,652
United Kingdom	121,746	115,029	105,896	106,701	133,809	90,781
France	43,058	30,189	—	12,800	—	—
Other countries	20,012	8,631	14,579	8,603	13,155	3,639
	$ 591,014	$ 496,921	$ 633,229	$ 467,723	$ 649,936	$ 369,072

Long-lived assets are comprised of property and equipment, real estate investments, goodwill and acquired intangibles.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

20. FairValues of Financial Instruments

The fair value estimates of financial instruments are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The carrying amount reported on the balance sheet for cash and cash equivalents approximates its fair value. Receivables reported on the balance sheet generally consist of property and lease commission receivables and various note receivables. The property and note receivables approximate their fair values. Lease commission receivables are carried at their discounted present value; therefore the carrying amount and fair value amount are the same. The carrying amounts for notes payable and real estate mortgage notes payable approximate their respective fair value because the interest rates generally approximate current market interest rates for similar instruments.

21. QuarterlyFinancial Data (unaudited)

	2002				
	Total	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(In thousands, except per share data)				
Revenues	$ 591,014	$ 172,332	$ 155,414	$ 139,225	$ 124,043
Income (loss) from continuing operations	9,037	6,254	2,779	905	(901)
Discontinued operations	9,098	80	5,990	2,270	758
Income (loss) before cumulative effect of a change in accounting principle	18,135	6,334	8,769	3,175	(143)
Cumulative effect of a change in accounting principle	(20,635)	—	—	—	(20,635)
Net (loss) income	$ (2,500)	$ 6,334	$ 8,769	$ 3,175	$ (20,778)
Per share amounts:					
Earnings per share – basic					
Income (loss) from continuing operations	$ 0.30	$ 0.23	$ 0.09	$ 0.03	$ (0.05)
Discontinued operations	0.39	0.01	0.25	0.09	0.03
Income (loss) before cumulative effect of a change in accounting principle	0.69	0.24	0.34	0.12	(0.02)
Cumulative effect of a change in accounting change in accounting principle	(0.89)	—	—	—	(0.90)
Net (loss) income	(0.20)	$ 0.24	0.34	0.12	(0.92)
Earnings per share – assuming dilution					
Income (loss) from continuing operations	0.29	0.23	0.09	0.03	(0.05)
Discontinued operations	0.38	0.01	0.25	0.09	0.03
Income (loss) before cumulative effect of a change in accounting principle	0.67	0.24	0.34	0.12	(0.02)
Cumulative effect of a change in accounting principle	(0.87)	—	—	—	(0.90)
Net (loss) income	$ (0.20)	$ 0.24	$ 0.34	$ 0.12	$ (0.92)

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

	2001				
	Total	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**First Quarter**
	(In thousands, except per share data)				
Revenues	$ 633,229	$ 228,981	$ 115,949	$ 140,747	$ 147,552
Income (loss) from continuing operations	6,352	13,534	(5,561)	(1,821)	200
Discontinued operations	(19,860)	(18,593)	1,091	376	(2,734)
Net loss	$ (13,508)	$ (5,059)	$ (4,470)	$ (1,445)	$ (2,534)
Per share amounts:					
Earnings per share – basic					
Income (loss) from continuing operations	$ 0.24	$ 0.59	$ (0.26)	$ (0.09)	$ 0.00
Discontinued operations	(0.90)	(0.83)	0.05	0.01	(0.13)
Net loss	(0.66)	(0.24)	(0.21)	(0.08)	(0.13)
Earnings per share – assuming dilution					
Income (loss) from continuing operations	0.23	0.50	(0.26)	(0.09)	0.00
Discontinued operations	(0.85)	(0.70)	0.05	0.01	(0.13)
Net loss	$ (0.62)	$ (0.20)	$ (0.21)	$ (0.08)	$ (0.13)

Fourth quarter earnings included a gain of approximately $10.4 million from the sale of a real estate property in which the Company held a 17.5% profits interest. In addition, the fourth quarter included impairment write-downs of $4.6 million in remaining internet investments and income of $3.2 million in connection with the liquidation of EdificeRex.

22. SubsequentEvents

CB Richard Ellis Merger

On February 17, 2003, Insignia entered into an Agreement and Plan of Merger (the "Merger Agreement") with CBRE Holding, Inc., CB Richard Ellis Services, Inc. ("CB") and Apple Acquisition Corp., a wholly owned subsidiary of CB, pursuant to which, upon the terms and subject to the conditions set forth therein, Apple Acquisition Corp. will be merged with and into Insignia (the "Merger"), with Insignia being the surviving corporation in the Merger and becoming a wholly owned subsidiary of CB. The Merger Agreement provides that Insignia's Certificate of Incorporation and the Bylaws of Apple Acquisition Corp. will be the Certificate of Incorporation and the Bylaws, respectively, of the surviving corporation. Under the Merger Agreement, at closing each share of common stock, par value $0.01 per share, of Insignia (the "Common Stock") will be converted into the right to receive $11.00 per share in cash (the "Common Merger Consideration"), subject to adjustment based on the potential sale of certain real estate assets (excluding assets of the service businesses) prior to the closing of the Merger. The Merger Agreement provides that if Insignia receives more than a specified amount of cash net proceeds for these assets, the excess net cash proceeds will be paid to holders of Common Stock, options, warrants and unvested restricted stock as additional Common Merger Consideration, up to an additional $1.00 per share of Common Stock. The Merger closed on July 23, 2003 and Insignia's common shareholders received cash consideration of $11.156 per share.

Separately, on July 23, 2003, Insignia sold substantially all of its real estate investment assets to Island Fund I LLC prior to the closing of the Merger. The purchase price in the sale aggregated $44.8 million and included $36.9 million paid in cash to Insignia at closing and the assumption by the buyer of $7.9 million in contractual

obligations to certain executive officers, including the Company's Chairman, who are also officers of Island Fund. The Company recognized a loss of approximately $12.8 million (before applicable income taxes) in connection with the sale.

When Insignia entered into the Merger Agreement it considered whether the right to sell certain of its real estate investment assets had any effect on the evaluation of such investments for purposes of determining impairment and discontinuance for financial reporting purposes. Insignia concluded that the investment assets did not qualify for classification as assets held for sale based on the following factors: (i) management had not committed to a formal plan to sell the asset (or disposal group); (ii) an active program to locate a buyer and other actions required to complete the sell the assets had not been initiated; (ii) the sale of any investment assets below book value was not considered probable; and (iv) the Company would not sell assets below book value unless the merger closed and such sales produced additional incremental share consideration above $11.00 per share.

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

23. SupplementalInformation

The following supplemental information includes: (i) condensed consolidating balance sheet as of December 31, 2002; (ii) condensed consolidating statement of operations for the year ended December 31, 2002 and (iii) condensed consolidating statement of cash flows for the year ended December 31, 2002 of the Company's domestic commercial service operations (including operations of Insignia/ESG, Inc. and unallocated administrative expenses and corporate assets of Insignia), all other operations (comprised of residential service operations, international service operations and real estate investment operations) and the Company on a consolidated basis. Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and intercompany balances and transactions.

Condensed Consolidating Balance Sheet
As of December 31, 2002

	Domestic Commercial Service Operations	Other Operations	Eliminations	Consolidated Total
		(In thousands)		
Assets				
Cash and cash equivalents	$ 72,245	$ 39,268	$ —	$ 111,513
Receivables, net of allowance	103,780	51,541	—	155,321
Restricted cash	17,277	4,241	—	21,518
Intercompany receivables	44,196	—	(44,196)	—
Investment in consolidated subsidiaries	246,184	—	(246,184)	—
Property and equipment, net	36,271	19,343	—	55,614
Real estate investments, net	—	134,135	—	134,135
Goodwill, net	112,662	176,899	—	289,561
Acquired intangible assets, net	1,345	16,266	—	17,611
Deferred taxes	42,805	4,804	—	47,609
Other assets, net	26,922	13,035	—	39,957
Total assets	$ 703,687	$ 459,532	$ (290,380)	$ 872,839
Liabilities and Stockholders' Equity				
Liabilities:				
Accounts payable	$ 5,510	$ 8,233	$ —	$ 13,743
Commissions payable	63,380	594	—	63,974
Accrued incentives	23,720	28,604	—	52,324
Accrued and sundry	54,560	63,430	—	117,990
Deferred taxes	14,299	1,496	—	15,795
Intercompany payables	—	44,196	(44,196)	—
Notes payable	126,889	—	—	126,889
Real estate mortgage notes	—	66,795	—	66,795
Total liabilities	288,358	213,348	(44,196)	457,510
Total stockholders' equity	415,329	246,184	(246,184)	415,329
Total liabilities and stockholders' equity	$ 703,687	$ 459,532	$ (290,380)	$ 872,839

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Condensed Consolidating Statement of Operations
For the Year Ended December 31, 2002

	Domestic Commercial Service Operations	Other Operations	Eliminations	Consolidated Total
		(In thousands)		
Revenues	$ 392,935	$ 198,079	$ —	$ 591,014
Costs and expenses				
Real estate services	366,904	159,172	—	526,076
Property operations	—	7,264	—	7,264
Administrative	14,344	—	—	14,344
Depreciation and amortization	14,292	4,029	—	18,321
Property depreciation	—	1,920	—	1,920
	395,540	172,385	—	567,925
Operating income (loss)	(2,605)	25,694	—	23,089
Other income and expenses:				
Interest income	1,678	2,258	—	3,936
Interest expense	(8,380)	(474)	—	(8,854)
Property interest expense	—	(2,122)	—	(2,122)
Equity earnings in consolidated subsidiaries	2,438	—	(2,438)	—
Income (loss) from continuing operations before income taxes	(6,869)	25,356	(2,438)	16,049
Income tax (expense) benefit	4,369	(11,381)	—	(7,012)
Income (loss) from continuing operations	(2,500)	13,975	(2,438)	9,037
Discontinued operations, net of applicable tax				
Income from operations	—	4,180	—	4,180
Income on disposal	—	4,918	—	4,918
Income (loss) before cumulative effect of a change in accounting principle	(2,500)	23,073	(2,438)	18,135
Cumulative effect of a change in accounting principle, net of applicable taxes	—	(20,635)	—	(20,635)
Net loss	$ (2,500)	$ 2,438	$ (2,438)	$ (2,500)

INSIGNIA FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2002

	Domestic Commercial Service Operations	Other Operations	Consolidated Total
		(In thousands)	
Cash (used in) provided by operating activities	$ (52,231)	$ 53,913	$ 1,682
Investing activities			
Additions to property and equipment, net	(6,315)	(2,073)	(8,388)
Proceeds from real estate investments	—	44,648	44,648
Proceeds from sale of discontinued operation	—	23,250	23,250
Payments made for acquisition of businesses	(3,650)	(5,268)	(8,918)
Investment in real estate	—	(46,684)	(46,684)
Decrease (increase) in restricted cash	5,496	(1,532)	3,964
Cash (used in) provided by investing activities	(4,469)	12,341	7,872
Financing activities			
Decrease (increase) in intercompany receivables	56,173	(56,173)	—
Proceeds from issuance of common stock	903	—	903
Proceeds from issuance of preferred stock	12,270	—	12,270
Proceeds from exercise of stock options	674	—	674
Preferred stock dividends	(1,829)	—	(1,829)
Payments on notes payable	(59,785)	—	(59,785)
Proceeds from notes payable	15,000	—	15,000
Payments on real estate mortgage notes	—	(28,361)	(28,361)
Proceeds from real estate mortgage notes	—	20,000	20,000
Debt issuance costs	(1,415)	—	(1,415)
Cash provided by (used in) financing activities	21,991	(64,534)	(42,543)
Net cash provided by discontinued operations	—	8,787	8,787
Effect of exchange rate changes in cash	—	3,789	3,789
Net (decrease) increase in cash and cash equivalents	(34,709)	14,296	(20,413)
Cash and cash equivalents at beginning of year	106,954	24,906	131,860
	72,245	39,202	111,447
Cash of discontinued operations	—	66	66
Cash and cash equivalents at end of year	$ 72,245	$ 39,268	$ 111,513
Supplemental Information:			
Cash paid for interest	$ 7,238	$ 1,718	$ 8,956
Cash paid for income taxes	2,784	6,743	9,527

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CB Richard Ellis Services, Inc.

OFFER TO EXCHANGE ALL OUTSTANDING 9 3/4% SENIOR NOTES DUE MAY 15, 2010 FOR 9¾% SENIOR NOTES DUE MAY 15, 2010, WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

UNCONDITIONALLY GUARANTEED ON A SENIOR BASIS BY CBRE HOLDING, INC. AND SOME OF OUR SUBSIDIARIES

PROSPECTUS

, 2003

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. ***Indemnification of Directors and Officers.***

(a) ***CB Richard Ellis Corporate Facilities Management, Inc.; CB Richard Ellis, Inc.; CB Richard Ellis of California, Inc.; CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.); CB Richard Ellis Services, Inc.; CBRE Holding, Inc.; CBRE-Profi Acquisition Corp.; Insignia/ESG Capital Corporation; Insignia Financial Group, Inc.; Koll Capital Markets Group, Inc.; Koll Partnerships I, Inc.; Koll Partnerships II, Inc. (each a Delaware corporation and collectively the "Delaware Corporations").***

Section 102 of the Delaware General Corporation Law, or the DGCL, as amended, allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damage for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL provides, among other things, that the Delaware Corporations may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the Delaware Corporations) by reason of the fact that the person is or was a director, officer, agent or employee of the Delaware Corporations or is or was serving at our request as a director, officer, agent, or employee of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, judgment, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding. The power to indemnify applies (a) if the person is successful on the merits or otherwise in defense of any action, suit or proceeding or (b) if the person acted in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the Delaware Corporations, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the Delaware Corporations as well, but only to the extent of defense expenses (including attorneys' fees but excluding amounts paid in settlement) actually and reasonably incurred and not to any satisfaction of judgment or settlement of the claim itself, and with the further limitation that in these actions no indemnification shall be made in the event of any adjudication of negligence or misconduct in the performance of his duties to the Delaware Corporations, unless the court believes that in light of all the circumstances indemnification should apply.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for these actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to these actions to be entered in the books containing the minutes of the meetings of the board of directors at the time the action occurred or immediately after the absent director receives notice of the unlawful acts.

The Delaware Corporations' certificates of incorporation include a provision that limits the personal liability of their directors for monetary damages for breach of fiduciary duty as a director, except to the extent such limitation is not permitted under the Delaware General Corporation Law.

The Delaware Corporations' certificates of incorporation and/or bylaws provide that each Delaware corporation must indemnify its directors and officers to the fullest extent permitted by Delaware law. The certificates of incorporation and/or bylaws of CB Richard Ellis Services, Inc., Insignia/ESG Capital Corporation,

and Insignia Financial Group, Inc. provide that they must additionally indemnify their agents and employees to the fullest extent permitted by Delaware law. The restated certificate of incorporation of CBRE Holding, Inc. provides that it must indemnify its other employees and agents to the same extent that each Delaware corporation indemnified its directors and officers unless otherwise determined by its board of directors. The bylaws of CBRE-Profi Acquisition Corp. provide that such indemnification applies if the indemnified party acted in good faith and in what he reasonably believed to be the best interests of the corporation.

The certificates of incorporation and/or bylaws of CB Richard Ellis Corporate Facilities Management, Inc., CB Richard Ellis, Inc., CB Richard Ellis of California, Inc., CBRE Holding, Inc., CBRE-Profi Acquisition Corp., Insignia Financial Group, Inc., Koll Capital Markets Group, Inc., Koll Partnerships I, Inc. and Koll Partnerships II, Inc. provide that they must advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by Delaware law.

The indemnification provisions contained in the certificates of incorporation and bylaws of CB Richard Ellis Corporate Facilities Management, Inc., CB Richard Ellis of California, Inc.; CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.); CB Richard Ellis Services, Inc.; CBRE-Profi Acquisition Corp.; Insignia Financial Group, Inc.; Inc.; Koll Capital Markets Group, Inc.; Koll Partnerships I, Inc.; and Koll Partnerships II, Inc. are not exclusive of any other rights to which a person may be entitled by law, agreement, vote of stockholders or disinterested directors or otherwise. In addition, the Delaware Corporations maintain insurance on behalf of their directors and executive officers insuring them against any liability asserted against them in their capacities as directors or officers or arising out of this status.

(b) ***CBRE/LJM-Nevada, Inc. ("CBRE/LJM-Nevada")***

CBRE/LJM-Nevada's Articles of Incorporation provide that the personal liability of any director to CBRE/LJM-Nevada or its stockholders for damages for breach of fiduciary duty is eliminated to the fullest extent allowed by the General Corporation Law.

The Nevada Revised Statutes provide that a corporation's articles of incorporation may include a provision eliminating or limiting the personal liability of a director or officer to the corporation or its stockholders for damages for breach of fiduciary duty as a director or officer. However, such a provision may not eliminate or limit the liability of a director or officer for (1) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law or (2) the payment of certain distributions in violation of Chapter 78 of the Nevada Revised Statutes.

The Nevada Revised Statutes also provide that under certain circumstances, a corporation may indemnify any person for amounts incurred in connection with a pending, threatened or completed action, suit or proceeding in which he is, or is threatened to be made, a party by reason of his being a director, officer, employee or agent of the corporation or serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, if such person acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. With respect to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court to be liable to the corporation or for amounts paid in settlement to the corporation, unless the court determines that the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

CBRE/LJM-Nevada has purchased insurance coverage under a policy insuring its directors and officers against certain liabilities which they may incur in their capacity as such.

(c) ***Bonutto-Hoffer Investments; CB Richard Ellis Investors, Inc.; CBRE Consulting, Inc.; CBRE HR, Inc.; Koll Investment Management, Inc.; Vincent F. Martin, Jr., Inc. (each a California corporation and collectively the "California Corporations")***

The California Corporations' Articles of Incorporation (except for those of CBRE HR, Inc. and Vincent F. Martin, Jr., Inc.) limit the personal liability of its directors for monetary damages to the fullest extent permitted by the California General Corporation Law (the "California Law"). Under the California Law, a director's liability to a company or its shareholders may not be limited with respect to the following items: (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) acts or omissions that a director believes to be contrary to the best interests of the company or its shareholders or that involve the absence of good faith on the part of the director, (iii) any transaction from which a director derived an improper personal benefit, (iv) acts or omissions that show a reckless disregard for the director's duty to the company or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of a serious injury to the company or its shareholders, (v) acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the company or its shareholders, (vi) contracts or transactions between the company and a director within the scope of Section 310 of the California Law or (vii) improper dividends, loans and guarantees under Section 316 of the California Law. The limitation of liability does not affect the availability of injunctions and other equitable remedies available to the California Corporations' shareholders for any violation by a director of the director's fiduciary duty to the California Corporations or their shareholders.

The California Corporations' Bylaws also include an authorization for the California Corporations to indemnify their "agents" (as defined in Section 317 of the California Law) through bylaw provisions, by agreement or otherwise, to the fullest extent permitted by law. Pursuant to this provision, the California Corporations' Bylaws provide for indemnification of the California Corporations' agents (provided that they were acting in good faith and in a manner they reasonably believed to be in the best interests of the corporation), to advance expenses to them as they are incurred, provided that they undertake to repay the amount advanced if it is ultimately determined by a court that they are not entitled to indemnification, and to obtain directors' and officers' insurance if available on reasonable terms. Section 317 of the California Law and the California Corporations' Bylaws make provision for the indemnification of officers, directors and other corporation agents in terms sufficiently broad to indemnify such persons, under certain circumstances, for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

(d) ***CB Richard Ellis Investors, L.L.C.; CBRE/LJM Mortgage Company, L.L.C.; CBREI Funding, L.L.C.; CBREI Manager, L.L.C.; Global Innovation Advisor, LLC; I/ESG Octane Holdings, LLC; IIII-BSI Holdings, LLC; IIII-SSI Holdings, LLC; Insignia ML Properties, LLC; LJMGP, LLC (each a Delaware limited liability company and collectively, the "LLCs")***

The LLCs are each empowered by Section 18-108 of the Delaware Limited Liability Company Act to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

CBRE/LJM Mortgage Company, L.L.C. must indemnify and hold harmless the Member and its affiliates from and against any and all losses, claims, damages, liability, expenses, judgments, fines, settlements and other amounts (including attorneys' fees and costs) and all claims, costs, demands, actions, suits or proceedings arising from the indemnified party's involvement with the company.

CBREI Funding, L.L.C. and CBREI Manager, L.L.C. must indemnify and hold harmless the Member, each of its affiliates, and any officer or employee of any of them, from and against any and all losses, claims, damages, liability, expenses, judgments, fines, settlements and other amounts (including attorneys' fees and costs) and all claims, costs, demands, actions, suits or proceedings arising from the indemnified party's involvement with the company, if the indemnified party acted in good faith and in a manner reasonably believed to be in the best interests of the company.

Global Innovation Advisor, LLC must indemnify the Member, the Managers and each officer to the fullest extent permitted by law from and against any and all losses, claims, damages, liability, expenses, judgments, fines, settlements and other amounts (including attorneys' fees and costs) and all claims, costs, demands, actions, suits or proceedings arising from the indemnified party's involvement with the company, provided that any the indemnified party did not engage in willful misconduct. The indemnification will not apply

- in a criminal proceeding unless the indemnified party had no reasonable cause to believe his or her conduct was unlawful;
- if the actions by the indemnified party constitute a breach of his or her duty of loyalty;
- if the actions by the indemnified party were in bad faith; and
- if the actions by the indemnified party were in connection with a transaction resulting in an improper personal benefit in favor of such indemnified party.

I/ESG Octane Holdings, LLC, IIII-BSI Holdings, LLC, IIII-SSI Holdings, LLC and Insignia ML Properties, LLC must indemnify their managers to the fullest extent permitted under Delaware law from and against any and all losses, claims, damages, liability, expenses, judgments, fines, settlements and other amounts arising from any and all claims, costs, demands, actions, suits or proceedings, in which the manager may be involved, or threatened to be involved, as a party or otherwise by reason of its status as a manager.

(e) ***L.J. Melody & Company and Baker Commercial Realty, Inc. (the "Texas Corporations")***

Article 2.02A(16) and Article 2.02-1 of the Texas Business Corporation Act (the "TBCA") and the Texas Corporations' Bylaws provide them with broad powers and authority to indemnify their directors and officers and to purchase and maintain insurance for such purposes. Article 2.02A(16) of the TBCA empowers a corporation to indemnify directors, officers, employees and agents of the corporation and to purchase and maintain liability insurance for those persons. Article 2.02-1 of the TBCA permits a corporation to indemnify a person who was, is or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a director only if it is determined that the person conducted himself in good faith.

Under Article 2.02-1 of the TBCA, a corporation shall indemnify a director or officer against reasonable expense incurred by such director in connection with a proceeding in which such director is a named defendant or respondent because they are or were a director or officer if they have been wholly successful, on the merits or otherwise, in the defense of the proceeding, and, in addition, such indemnification may be ordered in a proper case by a court of law. In addition, a corporation may indemnify and advance expenses to persons who are not or were not officers, employees or agents of the corporation but who are or were serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise to the same extent that it may indemnify and advance expenses to directors under this article. The statute provides that a corporation may purchase and maintain insurance on behalf of a director, officer, employee or agent of the corporation or a person who is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another enterprise, against any liability asserted against him in such capacity or arising out of such status, whether or not the corporation would have the power to indemnify him against the liability under this article.

L.J. Melody & Company must indemnify its officers and directors against expense and costs (including attorneys' fees) actually and necessarily incurred by him or her in connection with any claim asserted by reason of his or her having been an officer or director of the company, unless he or she has been adjudged in a court proceeding as guilty of negligence or misconduct in respect of the matter for which indemnity is sought. This right of indemnity is not exclusive of other rights to which he or she may be entitled by law.

Baker Commercial Realty, Inc. must indemnify its directors, officers, employees and agents to the fullest extent permissible under Article 2.02-1 of the Texas Business Corporation Act.

Pursuant to such statutory and Bylaw provisions, the Texas Corporations have purchased insurance against certain costs of indemnification that may be incurred by them and their officers and directors.

(f) ***Westmark Real Estate Acquisition Partnership, L.P. ("Westmark")***

Westmark is empowered by Section 17-108 of the Delaware Revised Uniform Limited Partnership Act, subject to the procedures and limitations stated therein, to indemnify and hold harmless any person against all liabilities and expenses (including amounts paid in satisfaction of judgments, in compromise, as fines and penalties, and as counsel fees) reasonably incurred by him in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be involved or with which he or it may be threatened, in which such person is made a party by reason of his being or having been a director, officer, employee or agent of Westmark unless such person has acted in such a manner that constitutes willful misconduct, bad faith, gross negligence or reckless disregard of the duties of his office, criminal intent or a material breach of Westmark's partnership agreement. Westmark must advance to such person reasonable attorney's fees and other costs and expenses incurred in connection with the defense of such action or proceeding.

(g) ***LJ Melody & Company of Texas, LP***

LJ Melody & Company of Texas, LP's partnership agreement provides that, to the fullest extent permitted by law, the general partner shall be indemnified and held harmless by the partnership from and against any and all losses, claims, damages, liabilities, joint or several expenses (including, without limitation, legal fees and expenses), judgments, fines, penalties, interest and other amounts arising from any and all claims, demands, actions, suits, or proceedings, whether civil, criminal, administrative or investigative, in which the general partner may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as a general partner of the partnership, provided, that in each case the general partner acted in good faith and in a manner which the general partner reasonably believed to be in the best interests of the partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. To the fullest extent permitted by law, expenses (including, without limitation, legal fees) incurred by the general partner in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the partnership prior to the final disposition thereof upon receipt by the partnership of an undertaking by or on behalf of the general partner to repay such amount if it shall be determined that the general partner is not entitled to be indemnified as authorized.

(h) ***Holdpar A and Holdpar B (each a Delaware General Partnership and collectively the "Partnerships").***

The Partnerships' partnership agreements provide that, to the extent permitted by law, the partners shall each be indemnified and held harmless by the Partnerships from and against any and all losses, claims, damages, liability, expenses, judgments, fines, settlements and other amounts arising from any and all claims, costs, demands, actions, suits or proceedings, in which the partner may be involved, or threatened to be involved as a party or otherwise by reason of their status as a partner, whether or not such party continues to be a partner at the time such liability or expense is paid or incurred, if the party acted in good faith and in a manner it reasonably believed to be in the best interests of the Partnerships.

The Partnerships may purchase and maintain insurance on behalf of the partners and against any liability which may be asserted against or expense which may be incurred by such party in connection with the Partnerships' activities, whether or not the Partnerships would have the power to indemnify such party against such liability under the provisions of the partnership agreements.

(i) ***Edward S. Gordon Management Corporation***

Section 722(a) of the New York Business Corporation Law provides that a corporation may indemnify any officer or director, made or threatened to be made, a party to an action or proceeding other than one by or in the right of any other corporation served in any capacity at the request of the corporation, because he or she was a director or officer of the corporation, or served such other corporation or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he or she reasonably believed to be in, or in the case of service for any other corporation or other enterprise, not opposed to, the best interests of the corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful.

Section 722(c) of the New York Business Corporation Law provides that a corporation may indemnify any officer or director made, or threatened to be made, a party to an action by or in the right of the corporation by reason of the fact that he or she is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of any other corporation of any type or kind, or other enterprise, against amounts paid in settlement and reasonable expenses, including attorney's fees actually and necessarily incurred by him or her in connection with the defense or settlement of such action, or in connection with an appeal therein, if such director or officer acted, in good faith, for a purpose which he or she reasonably believed to be in, or, to, the best interests of the corporation. The corporation may not, however, indemnify any officer or director pursuant to Section 722(c) in respect of (1) a threatened action, or a pending action which is settled or otherwise disposed of, or (2) any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action was brought or, if no action was brought, any court of competent jurisdiction, determines upon application, that the person is fairly and reasonably entitled to indemnity for such portion of the settlement and expenses as the court deems proper.

Section 723 of the New York Business Corporation Law provides that an officer or director who has been successful on the merits or otherwise in the defense of a civil or criminal action of the character set forth in Section 722 is entitled to indemnification as permitted in such section. Section 724 of the New York Business Corporation Law permits a court to award the indemnification required by Section 722.

(j) ***Securityholders' Agreement, dated as of July 20, 2001, among CB Richard Ellis Services, Inc., CBRE Holding, Inc., RCBA Strategic Partners, L.P., Blum Strategic Partners II, L.P., FS Equity Partners III, L.P., FS Equity Partners International, L.P. (the "FS Entities"), DLJ Investment Funding, Inc., Credit Suisse First Boston Corporation, California Public Employees' Retirement System, The Koll Holding Company, Frederic V. Malek, Ray Wirta and Brett White.***

CBRE Holding must indemnify and hold harmless (1) each holder of CBRE Holding's common stock and the warrants to acquire CBRE Holding's common stock (and the shares of common stock received upon exercise of the warrants) acquired by the FS Entities, and each of their respective affiliates and any controlling person of any of such holders and (2) each of such holder's respective directors, officers, employees and agents from and against any and all damages, claims, losses, expenses, costs, obligations and liabilities (including all reasonable attorneys' fees and expenses), but excluding special or consequential damages, arising from, relating to or otherwise in respect of, any governmental or other third party claim against such indemnified person that arises from, relates to or is otherwise in respect of (i) the business, operations, liabilities or obligations of CBRE Holding or its subsidiaries or (ii) the ownership by such holder or any of their respective affiliates of any equity securities of CBRE Holding (except to the extent such losses and expenses (x) arise from any claim that such indemnified person's investment decision relating to the purchase or sale of such securities violated a duty or other obligation of the indemnified person to the claimant or (y) are finally determined in a judicial action by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such holder or its affiliates). The indemnification provided by CBRE Holding is separate from and in addition to any other indemnification by CBRE Holding to which the indemnified person may be entitled.

(k) ***Registration Rights Agreement (the "Agreement") dated May 8, 2003, among CB Richard Ellis Services, Inc., CBRE Holding, Inc., and certain of their subsidiaries who are guarantors under the Agreement (collectively the "Companies"), CBRE Escrow, Inc., Credit Suisse First Boston LLC, Credit Lyonnais Securities (USA) Inc. and HSBC Securities (USA) Inc.***

The Companies have agreed to indemnify and hold harmless each holder of its 9¾% Senior Notes due 2010 (the "Notes") and each person, if any, who controls such holder (the "Indemnified Parties") from and against any losses, claims, damages or liabilities, or any actions in respect thereof (including, but not limited to, any losses, claims, damages, liabilities or actions relating to purchases and sales of the Notes) to which each Indemnified Party may become subject insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a registration statement or prospectus or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse, as incurred, the Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action in respect thereof (unless such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in a registration statement or prospectus in reliance upon and in conformity with written information pertaining to such holder and furnished to the Companies by or on behalf of such holder specifically for inclusion therein).

Item 21. ***Exhibits and Financial Statement Schedules.***

Exhibit	Description
2.1	Amended and Restated Agreement and Plan of Merger, dated as of May 31, 2001, by and among CB Richard Ellis Services, Inc. ("Services"), CBRE Holding, Inc. ("Holding") and BLUM CB Corp.(1)
2.2	Amended and Restated Agreement and Plan of Merger, dated as of May 28, 2003, by and among Insignia Financial Group, Inc., Holding, Services and Apple Acquisition Corp.*
2.3	Purchase Agreement, dated as of May 28, 2003, by and among Insignia Financial Group, Inc., Holding, Services, Apple Acquisition Corp. and Island Fund I LLC*
3.1(a)	Restated Certificate of Incorporation of Services(5)
3.1(b)	Sixth Amended and Restated Bylaws of Services*
3.2(a)	Restated Certificate of Incorporation of Holding(4)
3.2(b)	Restated Bylaws of Holding(4)
3.3(a)	Articles of Incorporation of Baker Commercial Realty, Inc.*
3.3(b)	Bylaws of Baker Commercial Realty, Inc.*
3.4(a)	Articles of Incorporation of Bonutto-Hofer Investments(5)
3.4(b)	Amended and Restated Bylaws of Bonutto-Hofer Investments(5)
3.5(a)	Certificate of Incorporation of CB Richard Ellis Corporate Facilities Management, Inc.(5)
3.5(b)	Bylaws of CB Richard Ellis Corporate Facilities Management, Inc.(5)
3.6(a)	Second Restated Certificate of Incorporation of CB Richard Ellis, Inc.(5)
3.6(b)	Fourth Amended and Restated Bylaws of CB Richard Ellis, Inc.(5)
3.7(a)	Amended and Restated Articles of Incorporation of CB Richard Ellis Investors, Inc.*

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Exhibit	Description
3.7(b)	Amended and Restated Bylaws of CB Richard Ellis Investors, Inc (formerly known as D.A. Management, Inc.)*
3.8(a)	Certificate of Formation of CB Richard Ellis Investors, L.L.C.(5)
3.8(b)	Amended and Restated Limited Liability Company Agreement of CB Richard Ellis Investors, L.L.C. (formerly known as Westmark Realty Advisors, L.L.C.)(5)
3.9(a)	Certificate of Incorporation of CB Richard Ellis of California, Inc.*
3.9(b)	Bylaws of CB Richard Ellis of California, Inc. (formerly known as Koll Asia Holdings, Inc.)*
3.10(a)	Certificate of Amendment of Certificate of Incorporation of CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)*
3.10(b)	Certificate of Incorporation of CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)*
3.10(c)	Amended and Restated Bylaws of CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)*
3.11(a)	Articles of Incorporation of CBRE Consulting, Inc.*
3.11(b)	Bylaws of CBRE Consulting, Inc. (formerly known as Sedway Group)*
3.12(a)	Articles of Incorporation of CBRE HR, Inc.*
3.12(b)	Bylaws of CBRE HR, Inc. (formerly known as Total Employee Relations Services, Inc.)*
3.13(a)	Certificate of Formation of CBRE/LJM Mortgage Company, L.L.C.(5)
3.13(b)	Operating Agreement of CBRE/LJM Mortgage Company, L.L.C.(5)
3.14(a)	Articles of Incorporation of CBRE/LJM-Nevada, Inc.(5)
3.14(b)	Bylaws of CBRE/LJM-Nevada, Inc.(5)
3.15(a)	Certificate of Formation of CBREI Funding, L.L.C.*
3.15(b)	Limited Liability Company Agreement of CBREI Funding, L.L.C.*
3.16(a)	Certificate of Formation of CBREI Manager, L.L.C.*
3.16(b)	Amended and Restated Limited Liability Company Agreement of CBREI Manager, L.L.C.*
3.17(a)	Certificate of Incorporation of CBRE-Profi Acquisition Corp.*
3.17(b)	Bylaws of CBRE-Profi Acquisition Corp.*
3.18(a)	Certificate of Incorporation of Edward S. Gordon Management Corporation*
3.18(b)	By-Laws of Edward S. Gordon Management Corporation*
3.19(a)	Certificate of Formation of Global Innovation Advisor, LLC(5)
3.19(b)	Limited Liability Company Agreement of Global Innovation Advisor, LLC(5)
3.20(a)	Amended and Restated Partnership Agreement of Holdpar A(5)
3.21(a)	Partnership Agreement of Holdpar B(5)
3.22(a)	Certificate of Formation of I/ESG Octane Holdings, LLC*
3.22(b)	Operating Agreement of I/ESG Octane Holdings, LLC*

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Exhibit	Description
3.23(a)	Certificate of Formation of IIII-BSI Holdings, LLC*
3.23(b)	Operating Agreement of IIII-BSI Holdings, LLC*
3.24(a)	Certificate of Formation of IIII-SSI Holdings, LLC*
3.24(b)	Operating Agreement of IIII-SSI Holdings, LLC*
3.25(a)	Certificate of Incorporation of Insignia/ESG Capital Corporation*
3.25(b)	By-Laws of Insignia/ESG Capital Corporation*
3.26(a)	Certificate of Incorporation of Insignia/ESG Northeast, Inc.*
3.26(b)	By-Laws of Insignia/ESG Northeast, Inc.*
3.27(a)	Restated Certificate of Incorporation of Insignia Financial Group, Inc.*
3.27(b)	Amended and Restated By-Laws of Insignia Financial Group, Inc. (formerly known as Insignia/ESG Holdings, Inc.)*
3.28(a)	Certificate of Formation of Insignia ML Properties, LLC*
3.28(b)	Operating Agreement of Insignia ML Properties, LLC*
3.29(a)	Certificate of Incorporation of Koll Capital Markets Group, Inc.(5)
3.29(b)	Bylaws of Koll Capital Markets Group, Inc.(5)
3.30(a)	Articles of Incorporation of Koll Investment Management, Inc.(5)
3.30(b)	Bylaws of Koll Investment Management, Inc. (formerly known as Koll Realty Advisors)(5)
3.31(a)	Certificate of Incorporation of Koll Partnerships I, Inc.(5)
3.31(b)	Bylaws of Koll Partnerships I, Inc.(5)
3.32(a)	Certificate of Incorporation of Koll Partnerships II, Inc.(5)
3.32(b)	Bylaws of Koll Partnerships II, Inc.(5)
3.33(a)	Articles of Incorporation of L.J. Melody & Company(5)
3.33(b)	Bylaws of L.J. Melody & Company(5)
3.34(a)	Certificate of Limited Partnership of L.J. Melody & Company of Texas, LP(5)
3.34(b)	Limited Partnership Agreement of L.J. Melody & Company of Texas, LP (formerly known as L.J. Melody Mortgage Company, LP)(5)
3.35(a)	Certificate of Formation of LJMGP, LLC*
3.36(a)	Articles of Incorporation of Vincent F. Martin, Jr., Inc.(5)
3.36(b)	Bylaws of Vincent F. Martin, Jr., Inc.(5)
3.37(a)	Certificate of Limited Partnership of Westmark Real Estate Acquisition Partnership, L.P.(5)
3.37(b)	Amended and Restated Agreement of Limited Partnership of Westmark Real Estate Acquisition Partnership, L.P.(5)
4.1	Indenture, dated as of May 22, 2003, among CBRE Escrow, Inc., and U.S. Bank National Association, as Trustee, for 9¾% Senior Notes Due May 15, 2010*
4.2	Registration Rights Agreement, dated as of May 8, 2003, among CBRE Escrow, Inc., Services, Holding, the subsidiary guarantors signatories thereto and Credit Suisse First Boston Corporation*

Exhibit	Description
5	Opinion of Simpson Thacher & Bartlett LLP**
10.1	CBRE Holding, Inc. 2001 Stock Incentive Plan, as amended(4)
10.2	Full-Recourse Note of Ray Wirta dated July 20, 2001(5)
10.3	Full-Recourse Note of Brett White dated July 20, 2001(5)
10.4	Pledge Agreement, dated as of July 20, 2001, between Holding and Ray Wirta(5)
10.5	Pledge Agreement, dated as of July 20, 2001, between Holding and Brett White(5)
10.6	Option Agreement, dated as of July 20, 2001, between Holding and Ray Wirta(5)
10.7	Option Agreement, dated as of July 20, 2001, between Holding and Brett White(5)
10.8	Option Agreement, dated as of June 13, 2002, between Holding and Kenneth J. Kay**
10.9	CB Richard Ellis Amended and Restated Deferred Compensation Plan, as amended(6)
10.10	CB Richard Ellis Amended and Restated 401(k) Plan(6)
10.11	Employment Agreement, dated as of July 20, 2001, between Services and Ray Wirta(5)
10.12	Employment Agreement, dated as of July 20, 2001, between Services and Brett White(5)
10.14	Employment Agreement dated June 13, 2002 between Services and Kenneth J. Kay(7)
10.15	Amended and Restated Credit Agreement, dated as of October 14, 2003, by and among Services, Holding the Lenders named therein and Credit Suisse First Boston as Administrative Agent**
10.16	Indenture, dated as of June 7, 2001, among Services, BLUM CB Corp., Holding, the Subsidiary Guarantors named therein and State Street Bank and Trust Company of California, N.A., as Trustee, for 11 $^{1}/_{4}$% Senior Subordinated Notes due 2011(2)
10.17	Indenture, dated as of July 20, 2001, among Holding and State Street Bank and Trust Company, N.A., as Trustee, for 16% Senior Notes due 2011(2)
12.1	Computation of Ratio of Earnings to Fixed Charges for CB Richard Ellis Services, Inc.*
12.2	Computation of Ratio of Earnings to Fixed Charges for CBRE Holding, Inc.*
21.1	Subsidiaries of Services**
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of KPMG LLP*
23.3	Consent of Ernst & Young LLP*
23.4	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 5)
24	Powers of Attorney (filed herewith under captions titled “Signatures”)
25	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of State Street Bank and Trust Company of California, N.A., as Trustee**
99.1	Form of Letter of Transmittal**
99.2	Form of Notice of Guaranteed Delivery**

* Filed herewith.

** To be filed by amendment.

(1) Incorporated by reference to an exhibit filed in the Amendment to the CB Richard Ellis Services, Inc. Amended General Statement of Beneficial Ownership on Form SC 13D/A, filed June 7, 2001.

(2) Incorporated by reference to an exhibit filed in the Amendment to the CB Richard Ellis Services, Inc. Amended General Statement of Beneficial Ownership on Form SC 13D/A, filed July 30, 2001.

(3) Incorporated by reference to an exhibit filed in the CB Richard Ellis Services, Inc. Annual Report on Form 10-K405, filed March 31, 1999.

(4) Incorporated by reference to an exhibit filed in Amendment No. 2 to the CBRE Holding, Inc. Registration Statement on Form S-1, Registration No. 333-59440 (the "CBRE Holding, Inc. Registration Statement on Form S-1") filed on July 5, 2001.
(5) Incorporated by reference to an exhibit filed in the CBRE Holding, Inc. Registration Statement on Form S-4, Registration No. 333-70980 filed October 4, 2001.
(6) Incorporated by reference to an exhibit filed in Amendment No. 3 to the CBRE Holding, Inc. Registration Statement on Form S-1 filed on July 9, 2001.
(7) Incorporated by reference to an exhibit to Holding's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

Item 22. ***Undertakings***

The undersigned registrants hereby undertake:

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by the director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrants hereby undertake to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrants hereby undertake to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS SERVICES, INC.
Issuer

BY: /S/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis Services, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/S/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/S/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/S/ BRETT WHITE **Brett White**	Director and President
/S/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board
/S/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director

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Signature	Title
/S/ JEFFREY S. PION Jeffrey S. Pion	Director
/S/ BRADFORD M. FREEMAN Bradford M. Freeman	Director
/S/ FREDERIC V. MALEK Frederic V. Malek	Director
/S/ GARY L. WILSON Gary L. Wilson	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

BAKER COMMERCIAL REALTY, INC.
Guarantor

BY: /S/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Baker Commercial Realty, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/S/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/S/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/S/ BRETT WHITE **Brett White**	President and Sole Member of the Board of Directors

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

BONUTTO-HOFER INVESTMENTS
Guarantor

BY: /S/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Bonutto-Hofer Investments (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/S/ RAY WIRTA **Ray Wirta**	Chairman of the Board of Directors
/S/ JOHN A. BONUTTO **John A. Bonutto**	President and Chief Executive Officer (Principal Executive Officer)
/S/ KENNETH J. KAY **Kenneth J. Kay**	Director
/S/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/S/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Executive Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS CORPORATE FACILITIES MANAGEMENT, INC.
Guarantor

BY: /S/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis Corporate Facilities Management, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/S/ JOHN W. DAVIS **John W. Davis**	President (Principal Executive Officer)
/S/ LYNDA MCMILLEN **Lynda McMillen**	Chief Financial Officer (Principal Financial and Accounting Officer)
/S/ KENNETH J. KAY **Kenneth J. Kay**	Director
/S/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Executive Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	Director and President
/s/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board
/s/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director

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Signature	Title
/s/ JEFFREY S. PION **Jeffrey S. Pion**	Director
/s/ BRADFORD M. FREEMAN **Bradford M. Freeman**	Director
/s/ FREDERIC V. MALEK **Frederic V. Malek**	Director
/s/ GARY L. WILSON **Gary L. Wilson**	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS INVESTORS, INC
Guarantor

BY: /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis Investors, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA Ray Wirta	Chairman of the Board of Directors (Principal Executive Officer)
/s/ LAURIE E. ROMANAK Laurie E. Romanak	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ KENNETH J. KAY Kenneth J. Kay	Director
/s/ ELLIS D. REITER, JR. Ellis D. Reiter, Jr.	Executive Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS INVESTORS, L.L.C.
Guarantor

BY: /s/ RAY WIRTA

Name: **Ray Wirta**
Title: **Chairman of the Board of Directors**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis Investors, L.L.C. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ ROBERT H. ZERBST **Robert H. Zerbst**	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ RAYMOND E. WIRTA **Raymond E. Wirta**	Chairman of the Board of Directors
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Vice President/Assistant Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS OF CALIFORNIA, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis of California, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	President and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CB RICHARD ELLIS REAL ESTATE SERVICES, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President, Director and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis Real Estate Services, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President, Director and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBRE CONSULTING, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBRE Consulting, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ LYNN SEDWAY **Lynn Sedway**	President (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ BRETT WHITE **Brett White**	Director
/s/ CARLOS M. CERVANTES **Carlos M. Cervantes**	Director

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Signature	Title
/s/ Ellis D. Reiter, Jr. **Ellis D. Reiter, Jr.**	Senior Vice President and Secretary and Director
/s/ Steven A. Swerdlow **Steven A. Swerdlow**	Director

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBRE HOLDING, INC.
Guarantor

BY:	/s/ KENNETH J. KAY
Name:	**Kenneth J. Kay**
Title:	**Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBRE Holding, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	Director and President
/s/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board
/s/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director

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Signature	Title
/s/ JEFFREY S. PION **Jeffrey S. Pion**	Director
/S/ BRADFORD M. FREEMAN **Bradford M. Freeman**	Director
/S/ FREDERIC V. MALEK **Frederic V. Malek**	Director
/S/ GARY L. WILSON **Gary L. Wilson**	Director

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBRE HR, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBRE HR, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ BRETT WHITE **Brett White**	Executive Vice President and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Assistant Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBRE/LJM MORTGAGE COMPANY, L.L.C.
Guarantor

BY: CBRE/LJM-NEVADA, INC., its member

BY: /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBRE/LJM Mortgage Company, L.L.C. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ BRETT WHITE **Brett White**	President and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBRE/LJM-NEVADA, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBRE/LJM-Nevada, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ BRETT WHITE **Brett White**	President and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBREI FUNDING, L.L.C.
Guarantor

BY: CB RICHARD ELLIS INVESTORS, L.L.C., its sole member

BY: /s/ RAY WIRTA

Name: **Ray Wirta**
Title: **Chairman and Manager**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBREI Funding, L.L.C. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ ROBERT H. ZERBST **Robert H. Zerbst**	President, Chief Executive Officer and Manager (Principal Executive Officer)
/s/ LAURIE E. ROMANAK **Laurie E. Romanak**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ RAY WIRTA **Ray Wirta**	Chairman and Manager
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBREI MANAGER, L.L.C.
Guarantor

BY: CB RICHARD ELLIS INVESTORS, L.L.C.,
its member

BY: /s/ RAY WIRTA

Name: **Ray Wirta**
Title: **Chairman and Manager**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBREI Manager, L.L.C. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ ROBERT H. ZERBST **Robert H. Zerbst**	President, Chief Executive Officer and Manager (Principal Executive Officer)
/s/ LAURIE E. ROMANAK **Laurie E. Romanak**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ RAY WIRTA **Ray Wirta**	Chairman and Manager
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

CBRE-PROFI ACQUISITION CORP.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CBRE-Profi Acquisition Corp. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ BRETT WHITE **Brett White**	President and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

EDWARD S. GORDON MANAGEMENT CORPORATION.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Edward S. Gordon Management Corporation (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Sole Member of the Board of Directors

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

GLOBAL INNOVATION ADVISOR, LLC
Guarantor

BY: CB RICHARD ELLIS INVESTORS, L.L.C., its sole member

BY: /s/ RAY WIRTA

Name: **Ray Wirta**
Title: **Chairman and Manager**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Global Innovation Advisor, LLC (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ ROBERT H. ZERBST **Robert H. Zerbst**	President, Chief Executive Officer and Manager (Principal Executive Officer)
/s/ LAURIE E. ROMANAK **Laurie E. Romanak**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ RAY WIRTA **Ray Wirta**	Chairman and Manager
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20 2003.

HOLDPAR A
Guarantor

BY: WESTMARK REAL ESTATE ACQUISITION PARTNERSHIP, L.P., its partner

BY: CB RICHARD ELLIS, INC., its general partner

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Holdpar A (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	Director and President

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Signature	Title
/s/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board
/s/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director
/s/ JEFFREY S. PION **Jeffrey S. Pion**	Director
/s/ BRADFORD M. FREEMAN **Bradford M. Freeman**	Director
/s/ FREDERIC V. MALEK **Frederic V. Malek**	Director
/s/ GARY L. WILSON **Gary L. Wilson**	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

HOLDPAR B
Guarantor

BY: WESTMARK REAL ESTATE ACQUISITION PARTNERSHIP, L.P., its partner

BY: CB RICHARD ELLIS, INC., its general partner

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Holdpar B (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2001 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/S/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/S/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/S/ BRETT WHITE **Brett White**	Director and President

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Signature	Title
/S/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board
/s/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director
/s/ JEFFREY S. PION **Jeffrey S. Pion**	Director
/s/ BRADFORD M. FREEMAN **Bradford M. Freeman**	Director
/s/ FREDERIC V. MALEK **Frederic V. Malek**	Director
/s/ GARY L. WILSON **Gary L. Wilson**	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

I/ESG OCTANE HOLDINGS, LLC
Guarantor

BY: CB RICHARD ELLIS REAL ESTATE SERVICES, INC.,
its member

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President, Director and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of I/ESG Octane Holdings, LLC (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President, Director and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

IIII-BSI HOLDINGS, LLC
Guarantor

BY: CB RICHARD ELLIS REAL ESTATE SERVICES, INC.,
its managing member

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President, Director and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of IIII-BSI Holdings, LLC (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President, Director and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

IIII-SSI HOLDINGS, LLC
Guarantor

BY: CB RICHARD ELLIS REAL ESTATE SERVICES, INC.,
its managing member

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President, Director and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of IIII-SSI Holdings, LLC (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President, Director and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

INSIGNIA FINANCIAL GROUP, INC.
Guarantor

BY:	/s/ KENNETH J. KAY
Name:	**Kenneth J. Kay**
Title:	**Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Insignia Financial Group, Inc. (the “Registrant”), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the “Act”), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the “Securities”), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	Director and President
/s/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board

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Signature	Title
/s/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director
/s/ JEFFREY S. PION **Jeffrey S. Pion**	Director
/s/ BRADFORD M. FREEMAN **Bradford M. Freeman**	Director
/s/ FREDERIC V. MALEK **Frederic V. Malek**	Director
/s/ GARY L. WILSON **Gary L. Wilson**	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

INSIGNIA ML PROPERTIES, LLC
Guarantor

BY: CB RICHARD ELLIS REAL ESTATE SERVICES, INC., its member

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Insignia ML Properties, LLC (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer and Director (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

INSIGNIA/ESG CAPITAL CORPORATION
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Insignia/ESG Capital Corporation (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Sole Member of the Board of Directors

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

INSIGNIA/ESG NORTHEAST, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Senior Executive Vice President and Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Insignia/ESG Northeast, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Senior Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	President and Sole Member of the Board of Directors

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

KOLL CAPITAL MARKETS GROUP, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Director

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Koll Capital Markets Group, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	President, Director and Chief Executive Officer (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President and Secretary and Director

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

KOLL INVESTMENT MANAGEMENT, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Koll Investment Management, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Director and Chief Executive Officer (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President and Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

KOLL PARTNERSHIPS I, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Koll Partnerships I, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	President, Director and Chief Executive Officer (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President and Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

KOLL PARTNERSHIPS II, INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Koll Partnerships II, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	President, Director and Chief Executive Officer (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

L.J. MELODY & COMPANY
Guarantor

BY: /s/ RAY WIRTA

Name: **Ray Wirta**
Title: **Chairman**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of L.J. Melody & Company (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ LAWRENCE J. MELODY **Lawrence J. Melody**	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ BILL R. FRAZER **Bill R. Frazer**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ RAY WIRTA **Ray Wirta**	Chairman of the Board of Directors
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

L J MELODY & COMPANY OF TEXAS, LP
Guarantor

BY: CBRE/LJM MORTGAGE COMPANY, L.L.C., its general partner

BY: CBRE/LJM-NEVADA, INC., its member

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of L.J. Melody & Company of Texas, LP (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ BRETT WHITE **Brett White**	President and Director (Principal Executive Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

LJMGP, LLC
Guarantor

BY: L.J. MELODY & COMPANY, its member

BY: /s/ RAY WIRTA

Name: **Ray Wirta**
Title: **Chairman**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of LJMGP, LLC (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ LAWRENCE J. MELODY **Lawrence J. Melody**	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ BILL R. FRAZER **Bill R. Frazer**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ RAY WIRTA **Ray Wirta**	Chairman of the Board of Directors
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

VINCENT F. MARTIN, JR., INC.
Guarantor

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Director**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Vincent F. Martin, Jr., Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ BRETT WHITE **Brett White**	President and Director (Principal Financial Officer)
/s/ DEBERA FAN **Debera Fan**	Vice President and Treasurer (Chief Financial and Accounting Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Director
/s/ ELLIS D. REITER, JR. **Ellis D. Reiter, Jr.**	Senior Vice President/Secretary and Director

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October 20, 2003.

WESTMARK REAL ESTATE ACQUISITION PARTNERSHIP, L.P.,
Guarantor

BY: CB RICHARD ELLIS, INC., its general partner

BY: /s/ KENNETH J. KAY

Name: **Kenneth J. Kay**
Title: **Chief Financial Officer**

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of Westmark Real Estate Acquisition Partnership, L.P. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on October 20, 2003 by or behalf of the following persons in the capacities indicated with the registrant.

Signature	Title
/s/ RAY WIRTA **Ray Wirta**	Chief Executive Officer (Principal Executive Officer)
/s/ KENNETH J. KAY **Kenneth J. Kay**	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ BRETT WHITE **Brett White**	Director and President
/s/ RICHARD C. BLUM **Richard C. Blum**	Chairman of the Board

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Signature	Title
/s/ JEFFREY A. COZAD **Jeffrey A. Cozad**	Director
/s/ JEFFREY S. PION **Jeffrey S. Pion**	Director
/s/ BRADFORD M. FREEMAN **Bradford M. Freeman**	Director
/s/ FREDERIC V. MALEK **Frederic V. Malek**	Director
/s/ GARY L. WILSON **Gary L. Wilson**	Director

Exhibit	Description
2.1	Amended and Restated Agreement and Plan of Merger, dated as of May 31, 2001, by and among CB Richard Ellis Services, Inc. (“Services”), CBRE Holding, Inc. (“Holding”) and BLUM CB Corp.(1)
2.2	Amended and Restated Agreement and Plan of Merger, dated as of May 28, 2003, by and among Insignia Financial Group, Inc., Holding, Services and Apple Acquisition Corp.*
2.3	Purchase Agreement, dated as of May 28, 2003, by and among Insignia Financial Group, Inc., Holding, Services, Apple Acquisition Corp. and Island Fund I LLC*
3.1(a)	Restated Certificate of Incorporation of Services(5)
3.1(b)	Sixth Amended and Restated Bylaws of Services*
3.2(a)	Restated Certificate of Incorporation of Holding(4)
3.2(b)	Restated Bylaws of Holding(4)
3.3(a)	Articles of Incorporation of Baker Commercial Realty, Inc.*
3.3(b)	Bylaws of Baker Commercial Realty, Inc.*
3.4(a)	Articles of Incorporation of Bonutto-Hofer Investments(5)
3.4(b)	Amended and Restated Bylaws of Bonutto-Hofer Investments(5)
3.5(a)	Certificate of Incorporation of CB Richard Ellis Corporate Facilities Management, Inc.(5)
3.5(b)	Bylaws of CB Richard Ellis Corporate Facilities Management, Inc.(5)
3.6(a)	Second Restated Certificate of Incorporation of CB Richard Ellis, Inc.(5)
3.6(b)	Fourth Amended and Restated Bylaws of CB Richard Ellis, Inc.(5)
3.7(a)	Amended and Restated Articles of Incorporation of CB Richard Ellis Investors, Inc.*
3.7(b)	Amended and Restated Bylaws of CB Richard Ellis Investors, Inc (formerly known as D.A. Management, Inc.)*
3.8(a)	Certificate of Formation of CB Richard Ellis Investors, L.L.C.(5)
3.8(b)	Amended and Restated Limited Liability Company Agreement of CB Richard Ellis Investors, L.L.C. (formerly known as Westmark Realty Advisors, L.L.C.)(5)
3.9(a)	Certificate of Incorporation of CB Richard Ellis of California, Inc.*
3.9(b)	Bylaws of CB Richard Ellis of California, Inc. (formerly known as Koll Asia Holdings, Inc.)*
3.10(a)	Certificate of Amendment of Certificate of Incorporation of CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)*
3.10(b)	Certificate of Incorporation of CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)*
3.10(c)	Amended and Restated Bylaws of CB Richard Ellis Real Estate Services, Inc. (formerly known as Insignia/ESG, Inc.)*
3.11(a)	Articles of Incorporation of CBRE Consulting, Inc.*
3.11(b)	Bylaws of CBRE Consulting, Inc. (formerly known as Sedway Group)*
3.12(a)	Articles of Incorporation of CBRE HR, Inc.*
3.12(b)	Bylaws of CBRE HR, Inc. (formerly known as Total Employee Relations Services, Inc.)*
3.13(a)	Certificate of Formation of CBRE/LJM Mortgage Company, L.L.C.(5)
3.13(b)	Operating Agreement of CBRE/LJM Mortgage Company, L.L.C.(5)
3.14(a)	Articles of Incorporation of CBRE/LJM-Nevada, Inc.(5)
3.14(b)	Bylaws of CBRE/LJM-Nevada, Inc.(5)

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Exhibit	Description
3.15(a)	Certificate of Formation of CBREI Funding, L.L.C.*
3.15(b)	Limited Liability Company Agreement of CBREI Funding, L.L.C.*
3.16(a)	Certificate of Formation of CBREI Manager, L.L.C.*
3.16(b)	Amended and Restated Limited Liability Company Agreement of CBREI Manager, L.L.C.*
3.17(a)	Certificate of Incorporation of CBRE-Profi Acquisition Corp.*
3.17(b)	Bylaws of CBRE-Profi Acquisition Corp.*
3.18(a)	Certificate of Incorporation of Edward S. Gordon Management Corporation*
3.18(b)	By-Laws of Edward S. Gordon Management Corporation*
3.19(a)	Certificate of Formation of Global Innovation Advisor, LLC(5)
3.19(b)	Limited Liability Company Agreement of Global Innovation Advisor, LLC(5)
3.20(a)	Amended and Restated Partnership Agreement of Holdpar A(5)
3.21(a)	Partnership Agreement of Holdpar B(5)
3.22(a)	Certificate of Formation of I/ESG Octane Holdings, LLC*
3.22(b)	Operating Agreement of I/ESG Octane Holdings, LLC*
3.23(a)	Certificate of Formation of IIII-BSI Holdings, LLC*
3.23(b)	Operating Agreement of IIII-BSI Holdings, LLC*
3.24(a)	Certificate of Formation of IIII-SSI Holdings, LLC*
3.24(b)	Operating Agreement of IIII-SSI Holdings, LLC*
3.25(a)	Certificate of Incorporation of Insignia/ESG Capital Corporation*
3.25(b)	By-Laws of Insignia/ESG Capital Corporation*
3.26(a)	Certificate of Incorporation of Insignia/ESG Northeast, Inc.*
3.26(b)	By-Laws of Insignia/ESG Northeast, Inc.*
3.27(a)	Restated Certificate of Incorporation of Insignia Financial Group, Inc.*
3.27(b)	Amended and Restated By-Laws of Insignia Financial Group, Inc. (formerly known as Insignia/ESG Holdings, Inc.)*
3.28(a)	Certificate of Formation of Insignia ML Properties, LLC*
3.28(b)	Operating Agreement of Insignia ML Properties, LLC*
3.29(a)	Certificate of Incorporation of Koll Capital Markets Group, Inc.(5)
3.29(b)	Bylaws of Koll Capital Markets Group, Inc.(5)
3.30(a)	Articles of Incorporation of Koll Investment Management, Inc.(5)
3.30(b)	Bylaws of Koll Investment Management, Inc. (formerly known as Koll Realty Advisors)(5)
3.31(a)	Certificate of Incorporation of Koll Partnerships I, Inc.(5)
3.31(b)	Bylaws of Koll Partnerships I, Inc.(5)
3.32(a)	Certificate of Incorporation of Koll Partnerships II, Inc.(5)
3.32(b)	Bylaws of Koll Partnerships II, Inc.(5)
3.33(a)	Articles of Incorporation of L.J. Melody & Company(5)
3.33(b)	Bylaws of L.J. Melody & Company(5)
3.34(a)	Certificate of Limited Partnership of L.J. Melody & Company of Texas, LP(5)

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Exhibit	Description
3.34(b)	Limited Partnership Agreement of L.J. Melody & Company of Texas, LP (formerly known as L.J. Melody Mortgage Company, LP)(5)
3.35(a)	Certificate of Formation of LJMGP, LLC*
3.36(a)	Articles of Incorporation of Vincent F. Martin, Jr., Inc.(5)
3.36(b)	Bylaws of Vincent F. Martin, Jr., Inc.(5)
3.37(a)	Certificate of Limited Partnership of Westmark Real Estate Acquisition Partnership, L.P.(5)
3.37(b)	Amended and Restated Agreement of Limited Partnership of Westmark Real Estate Acquisition Partnership, L.P.(5)
4.1	Indenture, dated as of May 22, 2003, among CBRE Escrow, Inc., and U.S. Bank National Association, as Trustee, for 9 3/4% Senior Notes Due May 15, 2010*
4.2	Registration Rights Agreement, dated as of May 8, 2003, among CBRE Escrow, Inc., Services, Holding, the subsidiary guarantors signatories thereto and Credit Suisse First Boston Corporation*
5	Opinion of Simpson Thacher & Bartlett LLP**
10.1	CBRE Holding, Inc. 2001 Stock Incentive Plan, as amended(4)
10.2	Full-Recourse Note of Ray Wirta dated July 20, 2001(5)
10.3	Full-Recourse Note of Brett White dated July 20, 2001(5)
10.4	Pledge Agreement, dated as of July 20, 2001, between Holding and Ray Wirta(5)
10.5	Pledge Agreement, dated as of July 20, 2001, between Holding and Brett White(5)
10.6	Option Agreement, dated as of July 20, 2001, between Holding and Ray Wirta(5)
10.7	Option Agreement, dated as of July 20, 2001, between Holding and Brett White(5)
10.8	Option Agreement, dated as of June 13, 2002, between Holding and Kenneth J. Kay**
10.9	CB Richard Ellis Amended and Restated Deferred Compensation Plan, as amended(6)
10.10	CB Richard Ellis Amended and Restated 401(k) Plan(6)
10.11	Employment Agreement, dated as of July 20, 2001, between Services and Ray Wirta(5)
10.12	Employment Agreement, dated as of July 20, 2001, between Services and Brett White(5)
10.14	Employment Agreement dated June 13, 2002 between Services and Kenneth J. Kay(7)
10.15	Amended and Restated Credit Agreement, dated as of October 14, 2003, by and among Services, Holding the Lenders named therein and Credit Suisse First Boston as Administrative Agent**
10.16	Indenture, dated as of June 7, 2001, among Services, BLUM CB Corp., Holding, the Subsidiary Guarantors named therein and State Street Bank and Trust Company of California, N.A., as Trustee, for 11 1/4% Senior Subordinated Notes due 2011(2)
10.17	Indenture, dated as of July 20, 2001, among Holding and State Street Bank and Trust Company, N.A., as Trustee, for 16% Senior Notes due 2011(2)
12.1	Computation of Ratio of Earnings to Fixed Charges for CB Richard Ellis Services, Inc.*
12.2	Computation of Ratio of Earnings to Fixed Charges for CBRE Holding, Inc.*
21.1	Subsidiaries of Services**
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of KPMG LLP*
23.3	Consent of Ernst & Young LLP*
23.4	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 5)

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Exhibit	Description
24	Powers of Attorney (filed herewith under captions titled “Signatures”)
25	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of State Street Bank and Trust Company of California, N.A., as Trustee**
99.1	Form of Letter of Transmittal**
99.2	Form of Notice of Guaranteed Delivery**

* Filed herewith.
** To be filed by amendment.
(1) Incorporated by reference to an exhibit filed in the Amendment to the CB Richard Ellis Services, Inc. Amended General Statement of Beneficial Ownership on Form SC 13D/A, filed June 7, 2001.
(2) Incorporated by reference to an exhibit filed in the Amendment to the CB Richard Ellis Services, Inc. Amended General Statement of Beneficial Ownership on Form SC 13D/A, filed July 30, 2001.
(3) Incorporated by reference to an exhibit filed in the CB Richard Ellis Services, Inc. Annual Report on Form 10-K405, filed March 31, 1999.
(4) Incorporated by reference to an exhibit filed in Amendment No. 2 to the CBRE Holding, Inc. Registration Statement on Form S-1, Registration No. 333-59440 (the “CBRE Holding, Inc. Registration Statement on Form S-1”) filed on July 5, 2001.
(5) Incorporated by reference to an exhibit filed in the CBRE Holding, Inc. Registration Statement on Form S-4, Registration No. 333-70980 filed October 4, 2001.
(6) Incorporated by reference to an exhibit filed in Amendment No. 3 to the CBRE Holding, Inc. Registration Statement on Form S-1 filed on July 9, 2001.
(7) Incorporated by reference to an exhibit to Holding’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

AMENDED AND RESTATED

AGREEMENT AND PLAN OF MERGER

by and among

INSIGNIA FINANCIAL GROUP, INC.,

CBRE HOLDING, INC.,

CB RICHARD ELLIS SERVICES, INC.

and

APPLE ACQUISITION CORP.

May 28, 2003

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AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

This AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER (the "**Agreement**") is made and entered into as of this 28th day of May, 2003, by and among Insignia Financial Group, Inc., a Delaware corporation (the "**Company**"), CBRE Holding, Inc., a Delaware corporation ("**Holding**"), CB Richard Ellis Services, Inc., a Delaware corporation wholly owned by Holding ("**Parent**"), and Apple Acquisition Corp., a Delaware corporation wholly owned by Parent ("**Acquiror**").

WHEREAS, the parties hereto previously have entered into an Agreement and Plan of Merger, dated as of February 17, 2003 (the "**Original Agreement**");

WHEREAS, pursuant to Section 8.9(a) of the Original Agreement, the Company has the right, but not the obligation, to market for sale to third parties at or prior to the Closing any or all of the Real Estate Investment Assets (as defined herein);

WHEREAS, the Company and the other parties hereto have entered into a Purchase Agreement, dated as of the date hereof (as it may be amended from time to time, the "**Island Purchase Agreement**"), with Island Fund I LLC, a Delaware limited liability company ("**Island**"), pursuant to which, upon the terms and subject to the conditions set forth therein, the Company agreed to sell, assign, transfer and otherwise convey the Designated Interests (as defined in the Island Purchase Agreement) to Island, and Island agreed to purchase and acquire the Designated Interests from the Company immediately prior to the Closing (as defined herein) (the "**Island Purchase**");

WHEREAS, the parties hereto desire to amend and restate the Original Agreement in order to address, among other things, certain matters related to, or arising from, the transactions contemplated by the Island Purchase Agreement;

WHEREAS, a Special Committee (as defined herein) of the Board of Directors of the Company has (i) determined that the Merger (as defined herein) is advisable and in the best interest of the Company's stockholders, and (ii) approved the Merger and recommended approval of the Merger by the Board of Directors of the Company;

WHEREAS, the Board of Directors of the Company has (i) determined that the Merger is advisable and in the best interest of the Company's Stockholders (as defined below), and (ii) approved the Merger;

WHEREAS, the Board of Directors of each of Parent and Acquiror has (i) determined that the Merger is advisable and in the best interest of its stockholders, and (ii) approved the Merger;

WHEREAS, simultaneously with the execution of the Original Agreement, certain Company Stockholders entered into voting agreements with Parent, each of which is in the form attached to the Original Agreement, as amended by amendment agreements dated as of the date hereof (the "**Voting Agreements**"), pursuant to which, among other things, such Company

Stockholders have agreed to vote their Company Shares in favor of adopting and approving this Agreement and the Merger; and

WHEREAS, by resolutions duly adopted, the respective Boards of Directors of the Company, Parent and Acquiror have approved and adopted this Agreement and the transactions and other agreements contemplated hereby (for purposes of this Agreement, the phrase "transactions contemplated hereby" shall not include the Island Purchase).

NOW, THEREFORE, in consideration of the premises and promises contained herein, and intending to be legally bound, the parties hereto agree as set forth below.

ARTICLE 1

DEFINITIONS

1.1. <u>Definitions</u>.

(a) As used herein, the following terms have the meanings set forth below:

"**Acquiror Share**" means one share of common stock of Acquiror, $0.01 par value per share.

"**Acquisition Proposal**" means any offer or proposal (whether or not in writing) from any Third Party regarding any of the following: (a) a transaction pursuant to which a Third Party acquires or would acquire beneficial ownership of more than fifteen percent (15%) of the outstanding shares of any class of Equity Interests of the Company, whether from the Company or pursuant to a tender offer or exchange offer or otherwise, (b) a merger, consolidation, business combination, reorganization, sale of all or substantially all assets, recapitalization, liquidation, dissolution or similar transaction involving the Company, or (c) except for any transaction set forth in Section 6.1 of the Company Disclosure Schedule, any transaction which would result in a Third Party acquiring more than 15% of the fair market value on a consolidated basis of the assets (including, without limitation, the capital stock of Subsidiaries) of the Company and its Subsidiaries immediately prior to such transaction (whether by purchase of assets, acquisition of stock of a Subsidiary or otherwise).

"**Affiliate**" means, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by, or under common control with, such first Person. For purposes of this definition, the term "**control**" (including the correlative terms "**controlling**", "**controlled by**" and "**under common control with**") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Business Day**" means any day, other than a Saturday, Sunday or one on which banks are authorized by Law to be closed in New York, New York or Los Angeles, California.

"**Cash Distribution**" means a cash distribution or payment (without duplication) made on or after the date of this Agreement and prior to the Closing Date by a Real Estate Investment Entity or (without duplication) a Relevant Subsidiary to any holder of a debt obligation of or an

Equity Interest in such Real Estate Investment Entity or Relevant Subsidiary (if, and only if, such payment is not an interest payment or a distribution of net operating earnings), excluding any distribution or payment directly or indirectly made with (x) the proceeds of any indebtedness (including any refinancing) unless such indebtedness is (i) non-recourse to the Company and its Subsidiaries or (ii) non-recourse to the Company and its Subsidiaries with exceptions to such non-recourse provisions that are no less favorable to the Company and its Subsidiaries (and are applicable only to the same Subsidiaries) as the indebtedness of such Real Estate Investment Entity that is being refinanced (but which in no event would generally be characterized as full recourse), or (y) any cash generated by sale of any Real Estate Investment Asset on or prior to December 31, 2002. For the avoidance of doubt, management fees, advisory fees or other similar fees or payments made to a Company Subsidiary will not be deemed to constitute a Cash Distribution.

"**Change in Control Price**" means the higher of (i) the Common Merger Consideration, or (ii) the highest Fair Market Value per Company Share at any time during the sixty (60) day period preceding the Closing.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated thereunder.

"**Company Balance Sheet**" means the Company's consolidated balance sheet included in the Company 10-K relating to its fiscal year ended on December 31, 2001.

"**Company Charter**" means the certificate of incorporation of the Company, including, without limitation, the Certificate of Designation with respect to the Series A Preferred Stock filed with the Secretary of State on June 7, 2002, the Certificate of Designation with respect to the Series B Preferred Stock filed with the Secretary of State on June 7, 2002 and any such other amendments or restatements thereof.

"**Company Disclosure Schedule**" means, collectively, the Company Disclosure Schedule attached to the Original Agreement (including, without limitation, Sections 7.1(c) and 7.6 thereof deemed to be delivered as of the date of the Original Agreement), the Supplemental Company Disclosure Schedule submitted pursuant to Section 6.5 of the Original Agreement and the Company Disclosure Schedule attached hereto.

"**Company Joint Venture**" means a Joint Venture of the Company or any of its Subsidiaries.

"**Company Material Adverse Effect**" means any material adverse effect on (a) the business, assets, liabilities, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement or the other agreements and transactions contemplated hereby to which it is a party; provided, however, that this definition shall exclude any adverse effect arising out of, attributable to or resulting from:

(i) any generally applicable change in Law or GAAP or interpretation of any thereof;

(ii) the termination of any employee's or independent contractor's employment by, or independent contractor relationship with, the Company or any of its Subsidiaries, or any notice thereof, other than (A) as a result of any breach by the Company or any of its Subsidiaries of the terms of this Agreement or (B) as a result of any termination (other than for cause or pursuant to Section 6.6) by the Company or any of its Subsidiaries of any employee or independent consultant in writing;

(iii) the announcement of discussions among the parties hereto regarding the transactions contemplated hereby, the announcement of any other actual or proposed Acquisition Proposal, the announcement of this Agreement or the transactions contemplated hereby, any suit, action or proceeding arising out of or in connection with this Agreement or the transactions contemplated hereby (other than causes of action brought by Holding, Parent or Acquiror for breach of this Agreement) or any actions taken pursuant to Sections 8.1(a) and 8.1(b);

(iv) the disposition of any assets that would not violate the terms of this Agreement or the write down or write off of the value of any such assets for accounting purposes;

(v) actions or inactions specifically permitted by a prior written waiver by Holding, Parent and Acquiror of performance by the Company of any of its obligations under this Agreement;

(vi) the failure of the Company or any of its Subsidiaries to obtain any Third Party consents to the execution and delivery of this Agreement, or the agreements relating to the transactions contemplated hereby to the extent such Third Party consents are set forth in the Company Disclosure Schedule;

(vii) any diminution in value of, or adverse developments after the date of this Agreement relating to, the Real Estate Investment Entities, other than as a result of the Company's breach of this Agreement;

(viii) the cancellation or notice of cancellation of third-party management, tenant representation and/or brokerage contracts to which the Company or any of its Subsidiaries is or may become a party;

(ix) conditions generally affecting the business or industry in which the Company or any of its Subsidiaries operate;

(x) U.S., U.K., French or global general economic or political conditions or financial markets; and

(xi) any outbreak or escalation of hostilities (including, without limitation, any declaration of war by the U.S. Congress) or acts of terrorism.

"**Company Option**" means any option to purchase Company Shares, whether granted pursuant to the Company Option Plans or otherwise.

"**Company Option Plans**" means the Company's 1998 Stock Incentive Plan, Richard Ellis Group Limited 1997 Unapproved Share Option Scheme, St. Quintin Holdings Limited 1999 Unapproved Share Option Scheme and Brooke International (China) Limited Share Option Scheme, each as amended, supplemented or otherwise modified.

"**Company Preferred Share**" means one share of Series A Preferred Stock or one share of Series B Preferred Stock.

"**Company Series A Preferred Share**" means one share of the Series A Preferred Stock.

"**Company Series B Preferred Share**" means one share of the Series B Preferred Stock.

"**Company Share**" means one share of common stock of the Company, par value $0.01 per share.

"**Company SEC Documents**" means (a) the annual reports on Form 10-K of the Company for the years ended December 31, 1999, 2000 and 2001 (the "**Company 10-K**"), (b) the quarterly reports on Form 10-Q of the Company for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002, (c) the Company's proxy and information statements relating to meetings of, or actions taken without a meeting by, the Company Stockholders, since January 1, 2002, and (d) all other reports, filings, registration statements and other documents filed by the Company with the SEC since January 1, 1999; in each case including all exhibits, appendices and attachments thereto, whether filed therewith or incorporated by reference therein.

"**Company Stockholders**" or "**Stockholders**" means the stockholders of the Company.

"**Company Subsidiary**" means a Subsidiary of the Company or any of its Subsidiaries.

"**Company Warrant**" means any warrant to purchase Company Shares, other than the TOPR Warrants.

"**Covered Entities**" shall have the meaning set forth in Section 7.6(b).

"**Covered Participant**" shall have the meaning set forth in Section 7.6(b).

"**Damages**" means all losses, liabilities, claims, damages, payments, Taxes, Liens, costs and expenses (including costs and expenses of actions, amounts paid in connection with any assessments, judgments or settlements relating thereto, interest and penalties recovered by a third party with respect thereto and out-of-pocket expenses and reasonable attorneys' fees and expenses reasonably incurred in defending against any such actions).

"**Environmental Laws**" shall mean all Laws relating to the protection of the indoor or outdoor environment (including, without limitation, the quality of the ambient air, soil, surface water or groundwater, natural resources or human health or safety).

"**Environmental Permits**" shall mean all permits, licenses, registrations, and other authorizations required under applicable Environmental Laws.

“**Equity Interest**” means with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, such Person’s capital stock or other equity interests (including, without limitation, partnership or membership interests in a partnership or limited liability company or any other interest or participation that confers on a Person the right to receive a share of the profits and losses, or distributions of assets, of the issuing Person) whether outstanding on the date hereof or issued after the date hereof; provided, however that “Equity Interests” shall not include any right to receive cash payments under bonus plans of the Company or its Subsidiaries.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Fair Market Value**” means, as of any date, the last sales price for a Company Share on the applicable date as reported on the New York Stock Exchange.

“**GAAP**” means United States generally accepted accounting principles, applied on a consistent basis.

“**Governmental Entity**” means any federal, state, local, international or foreign governmental authority, any transgovernmental authority or any court, administrative or regulatory agency or commission or other governmental authority, agency or body.

“**Holding, Parent and Acquiror Disclosure Schedule**” means the Holding, Parent and Acquiror Disclosure Schedule attached to the Original Agreement.

“**Joint Venture**” means, with respect to any Person, any corporation or other entity (including a division or line of business of such corporation or other entity) (A) of which such Person and/or any of its Subsidiaries beneficially owns a portion of the Equity Interests that is insufficient to make such corporation or other entity a Subsidiary of such Person, and (B) that is engaged in the same business as such Person or its Subsidiaries or in a related or complementary business.

“**Knowledge**” means, with respect to the matter in question, if any of the following officers of the Company has actual knowledge of the matter: Andrew Farkas, Jim Aston, Frank Garrison, Adam Gilbert, Ronald Uretta and Alan Froggatt.

“**Law**” means any federal, state, local, international or foreign law (including common law), rule, regulation, judgment, code, ruling, statute, order, directives, decree, injunction or ordinance or other legal requirement.

“**Lien**” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of an asset.

“**Materials of Environmental Concern**” shall mean any hazardous, acutely hazardous, or toxic substance or waste or any other words of similar import defined and regulated as such under Environmental Laws (including, without limitation, the federal Comprehensive Environmental Response, Compensation and Liability Act, as amended, and the federal Resource Conservation and Recovery Act, as amended) and any other material or organism that would be

reasonably expected to result in liability under any Environmental Law (including, without limitation, oil, petroleum products, asbestos, polychlorinated biphenyls and mold).

“**Net Proceeds**” means the aggregate cash proceeds Deemed Received by the Company (as defined below) on or after the date of the Original Agreement and prior to or simultaneously with the Closing from or as a result of (i) all Real Estate Asset Sales completed prior to or simultaneously with the Closing and (ii) all Cash Distributions. The amount of cash proceeds “**Deemed Received by the Company**” shall be the amount of cash proceeds that would ultimately be distributable to the Company (i.e., Insignia Financial Group, Inc.) by its direct Subsidiaries, assuming repayment in full of all indebtedness of all Company Subsidiaries in the chain of ownership at or above the level at which the sale occurred (other than indebtedness other under the Senior Credit Agreement and the Senior Subordinated Credit Agreement), and net of: (a) any Taxes (other than income Taxes) that are payable by the Company or any of it Subsidiaries as a result of the transaction or event giving rise to such receipt of cash proceeds, (b) any liabilities or obligations retained by the Company or any of its Subsidiaries relating to any Real Estate Investment Asset directly or indirectly sold pursuant to any Real Estate Asset Sale (including, without limitation, any liabilities or obligations relating to the underlying Real Estate Investment Asset that was directly or indirectly sold in such Real Estate Asset Sale), (c) fees, costs and expenses payable to third parties and incurred in connection with the transaction or event giving rise to such receipt of cash proceeds (including, without limitation, any incentive or other bonuses paid to management of the Company or any Subsidiary), (d) any payments required to be made by the Company or any of its Subsidiaries in respect of any Participation Interests in connection with the transaction or event giving rise to such receipt of cash proceeds, (e) any cash generated by any sale of a Real Estate Investment Asset on or prior to December 31, 2002 (provided that such cash proceeds were in the possession at such time of the applicable Real Estate Investment Entity that owns the Equity Interest in the asset in question, or would have been in such entity’s possession at such time but for an escrow, hold-back or similar arrangement), and (f) the amount of any Termination Fee (as defined in the Island Purchase Agreement) paid or payable by the Company pursuant to Section 12.9(b) of the Island Purchase Agreement (unless paid or payable in connection with a termination of the Island Purchase Agreement under Section 12.4 thereof resulting solely from a CB Party’s (as defined in the Island Purchase Agreement) breach of or failure to perform in any material respect any representation, warranty, covenant or agreement set forth therein). If the buyer in a Real Estate Asset Sale is willing to assume a retention/severance agreement for which the Company or its Subsidiaries would otherwise be liable and if the Parent consents to such assumption, then the amount of such obligations assumed by the buyer will be considered cash proceeds of the transaction. Net Proceeds will be determined in good faith by mutual written agreement of Parent and the Company and certified in writing by Parent and the Company at or prior to Closing. For the avoidance of doubt, cash proceeds can only be Deemed Received by the Company if they were actually received prior to or simultaneously with the Closing by a Subsidiary or a Joint Venture that remains a Subsidiary or a Joint Venture, respectively, of the Company immediately following Closing (i.e., such Subsidiary or Joint Venture is not sold in a Real Estate Asset Sale).

“**Non-U.S. Competition Laws**” means all (a) non-U.S. Laws intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade,

(b) antitrust Laws by antitrust authorities outside of the United States and (c) takeover Laws of jurisdictions outside of the United States.

"**No-Raid Agreement**" means the No-Raid Agreement, dated January 19, 2003, by and between Holding and the Company.

"**Parent Balance Sheet**" means Holding's consolidated balance sheet included in the Parent 10-K relating to its fiscal year ended on December 31, 2001.

"**Parent Credit Agreement**" means the Credit Agreement, dated as of July 20, 2001, among Parent, Holding, the lenders party thereto and Credit Suisse First Boston.

"**Parent Material Adverse Effect**" means any change or effect that would prevent or materially impair the ability of Holding, Parent or Acquiror to consummate the Merger and the other transactions contemplated by this Agreement.

"**Parent SEC Documents**" means (a) the annual report on Form 10-K of Holding for the year ended December 31, 2001 (the "**Parent 10-K**"), (b) the quarterly reports on Form 10-Q of Holding for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002 and (c) all other reports, filings, registration statements and other documents filed by Holding or Parent with the SEC since July 20, 2001; in each case including all exhibits, appendices and attachments thereto, whether filed therewith or incorporated by reference therein.

"**Participation Interests**" shall have the meaning set forth in Section 7.6(b).

"**Permitted Liens**" means (a) liens for utilities and current Taxes not yet due and payable, (b) mechanics', carriers', workers', repairers', materialmen's, warehousemen's and other similar liens arising or incurred in the ordinary course of business, (c) liens for Taxes being contested in good faith for which appropriate reserves have been included on the balance sheet of the applicable Person, (d) easements, restrictions, covenants or rights of way currently of record against any of the Owned Real Property which do not interfere with, or increase the cost of operation of, the business of the Company and its Subsidiaries in any material respect, (e) minor irregularities of title which do not interfere with, or increase the cost of the business of the Company and its Subsidiaries in any material respect, and (f) liens under the Senior Credit Agreement.

"**Person**" means an individual, corporation, limited liability company, partnership, association, trust or any other entity or organization, including any Governmental Entity.

"**Proxy Statement**" means the proxy statement to be mailed to the Company Stockholders in connection with the Company Stockholder Approval, together with any amendments or supplements thereto.

"**Real Estate Asset Sale**" means the sale or assignment of any Real Estate Investment Asset, provided that with respect to a sale of a Real Estate Investment Contract, (x) the Company's and its Subsidiaries' entire direct and indirect interests in the applicable Real Estate Investment Entity are also sold, (y) such Real Estate Investment Contract has not been materially amended after the date of this Agreement and (z) Net Proceeds Deemed Received by the

Company in connection with the sale or assignment of such Real Estate Investment Contract will be reduced by any accrued and unpaid fees and similar payments due under such contract on the date of sale or assignment. Notwithstanding the foregoing, in order for a sale or other transaction to qualify as a Real Estate Asset Sale, (A) the entire direct or indirect interest of the Company and its Subsidiaries in the relevant Real Estate Investment Asset must be sold as part of such transaction, (B) all Participation Interests relating to such Real Estate Investment Asset must either be assumed entirely by the purchaser or assignee or satisfied in full so that the Company and its Subsidiaries have no further liability or obligation relating to such Participation Interests, or the transaction must have been otherwise structured in such a manner that neither the Company nor any of its Subsidiaries has any liability or obligation relating to such Participation Interests after the consummation of the transaction, (C) to the extent that the Company or any of its Subsidiaries has given any financial, performance or other guarantees with respect to such Real Estate Investment Asset or an applicable Relevant Subsidiary or any indebtedness relating thereto, or has any reimbursement or other obligations relating to any letter of credit, bond or other similar instrument relating to such Real Estate Investment Asset or Relevant Subsidiary or any indebtedness relating thereto, either (1) the Company and its Subsidiaries are fully and unconditionally released from such obligations and liabilities or (2) the Company and its Subsidiaries are fully indemnified against all such obligations and liabilities and such indemnity is fully secured by cash, a letter of credit or other collateral reasonably satisfactory to Parent, and (D) such sale is on commercially reasonable terms that would not reasonably be expected to result in the Company or any of its Subsidiaries incurring any future indemnification or other obligations in respect of such Real Estate Asset Sale or the assets applicable Real Estate Investment Asset sold or assigned.

"**Real Estate Investment Asset**" means any: (i) asset owned by a Real Estate Investment Entity; (ii) direct Equity Interest in or debt obligation of any Real Estate Investment Entity; (iii) direct Equity Interest in a Company Subsidiary (a "**Relevant Subsidiary**") that directly or indirectly owns an Equity Interest in a Real Estate Investment Entity, provided that the only assets of such Relevant Subsidiary consist of (x) direct or indirect (through one or more Relevant Subsidiaries) Equity Interests in one or more Real Estate Investment Entities, (y) debt obligations of one or more Real Estate Investment Entities or Relevant Subsidiaries and/or (z) cash or cash equivalents that were included in the net book value of the Real Estate Investment Assets represented to Parent or represent the proceeds from transactions closing after December 31, 2002 that had they occurred between the date of this Agreement and the Closing would have been a Real Estate Asset Sale or Cash Distribution; or (iv) Real Estate Investment Contract.

"**Real Estate Investment Contract**" means any asset management, development, construction, investment management, financial advisory, proceeds, profit participation or similar agreement or contract relating solely to a Real Estate Investment Entity and/or the assets of a Real Estate Investment Entity, but excluding any sale, lease or property management agreements.

"**Real Estate Investment Entity**" means the Company Subsidiaries and Company Joint Ventures set forth in Section 1.1(A) of the Company Disclosure Schedule.

"**SEC**" means the Securities and Exchange Commission.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Senior Credit Agreement**” means the Senior Credit Agreement, dated as of May 4, 2001, among the Company, First Union National Bank, Lehman Commercial Paper Inc., Bank of America, N.A. and the other lenders party thereto, as amended through the date hereof.

“**Series A Preferred Certificate of Designation**” means the Certificate of Designation of the Company that was filed with the Secretary of State on June 7, 2002 with respect to the Series A Preferred Stock, as amended, supplemented or otherwise modified.

“**Series A Preferred Stock**” means the Series A Convertible Preferred Stock, par value $0.01 per share, the voting powers, designation, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof were created by resolution of the Company’s Board of Directors adopted on April 25, 2002.

“**Series B Preferred Certificate of Designation**” means the Certificate of Designation of the Company that was filed with the Secretary of State on June 7, 2002 with respect to the Series B Preferred Stock, as amended, supplemented or otherwise modified.

“**Series B Preferred Stock**” means the Series B Convertible Preferred Stock, par value $0.01 per share, the voting powers, designation, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof were created by resolution of the Company’s Board of Directors adopted on April 25, 2002.

“**Significant Subsidiary**” means a Subsidiary of any Person which generated at least $15 million in consolidated revenues, determined on an annualized basis for the year ended December 31, 2002, or had at least $5 million in consolidated tangible assets, net of associated non-recourse debt, on December 31, 2002.

“**Special Committee**” means the Special Committee of the Company’s Board of Directors appointed by resolution of the Company’s Board of Directors adopted on October 14, 2002.

“**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership or other entity (including joint ventures) of which such Person, directly or indirectly, (a) has the right or ability to elect, designate or appoint a majority of the board of directors or other Persons performing similar functions for such entity, whether as a result of the beneficial ownership of Equity Interests, contractual rights or otherwise or (b) beneficially owns a majority of the voting Equity Interests (including, without limitation, general partner Equity Interests).

“**Summary of Grants**” means the summary table of Participation Interests set forth in Section 1.1(B) of the Company Disclosure Schedule.

“**Superior Proposal**” means any Acquisition Proposal (with all of the percentages included in the definition of Acquisition Proposal increased to 50% for purposes of this definition) that a majority of the disinterested members of the Company’s Board of Directors or

the Special Committee determines in good faith, after considering the advice of outside legal counsel and financial advisors, would result in a transaction, if consummated, that would be more favorable to the Company Stockholders (taking into account all facts and circumstances, including all legal, financial, regulatory and other aspects of the proposal and the identity of the offeror) than the transactions contemplated hereby and is reasonably capable of being consummated (including, without limitation, the availability of committed financing, to the extent needed to complete the transaction).

"**Taxes**" means all United States federal, state, local or foreign income, profits, estimated gross receipts, windfall profits, environmental (including taxes under Section 59A of the Code), severance, property, intangible property, occupation, production, sales, use, license, excise, emergency excise, franchise, capital gains, capital stock, employment, withholding, social security (or similar), disability, transfer, registration, stamp, payroll, goods and services, value added, alternative or add-on minimum tax, estimated, or any other tax, custom, duty or governmental fee, or other like assessment or charge of any kind whatsoever, together with any interest, penalties, fines, related liabilities or additions to tax that may become payable in respect therefor imposed by any Governmental Entity, whether disputed or not.

"**Third Party**" means a Person (or group of Persons) other than Parent, Acquiror or any of their Affiliates (excluding the Company and its controlled Affiliates).

"**Threshold Amount**" means the sum of (i) $45 million and (ii) the aggregate amount of all cash, property or other assets directly or indirectly contributed, loaned (including any draws under a letter of credit or a guarantee) or otherwise transferred by the Company or any of its Subsidiaries to any Real Estate Investment Entity or Relevant Subsidiary (but only if and to the extent that all or a portion of the Company's and its Subsidiaries' direct or indirect interest in such Relevant Subsidiary is sold or otherwise assigned in a Real Estate Asset Sale) between the date hereof and the Effective Time.

"**TOPR Warrant Agreement**" means the Warrant Agreement, dated as of September 30, 1998, between Insignia/ESG Holdings, Inc. and First Union National Bank, as amended.

"**TOPR Warrants**" means the 1,196,000 warrants to purchase Company Shares issued pursuant to the TOPR Warrant Agreement.

"**U.K. Overdraft Facility**" means the £5,000,000 Overdraft Credit Facility between Insignia Richard Ellis Group Limited and Barclays Bank PLC, as amended through the date hereof.

ARTICLE 2

THE MERGER

2.1. The Merger.

(a) At the Effective Time, Acquiror shall be merged with and into the Company (the "**Merger**") in accordance with the terms and conditions of this Agreement and the Delaware General Corporation Law (as amended, the "**DGCL**"), at which time the separate

corporate existence of Acquiror shall cease and the Company shall continue its existence. In its capacity as the corporation surviving the Merger, this Agreement sometimes refers to the Company as the "**Surviving Corporation.**"

(b) On the Closing Date, the Company and Acquiror will file a certificate of merger or other appropriate documents (the "**Certificate of Merger**") with the Delaware Secretary of State (the "**Secretary of State**") and make all other filings or recordings required by the DGCL in connection with the Merger. The Merger shall become effective at the time when the Certificate of Merger is duly filed with and accepted by the Secretary of State, or at such later time as is agreed upon by the parties and specified in the Certificate of Merger (such time as the Merger becomes effective is referred to herein as the "**Effective Time**").

(c) From and after the Effective Time, the Merger shall have the effects set forth in the DGCL.

(d) The closing of the Merger (the "**Closing**") shall be held at the offices of Simpson Thacher & Bartlett, 3330 Hillview Avenue, Palo Alto, California 94304 (or such other place as agreed by the parties) on the day on which all of the conditions set forth in Article 9 are satisfied or waived, unless the parties hereto agree to another date. The date upon which the Closing occurs is hereinafter referred to as the "**Closing Date**".

2.2. Organizational Documents. The Certificate of Merger shall provide that at the Effective Time (a) the Company's certificate of incorporation in effect immediately prior to the Effective Time shall be the Surviving Corporation's certificate of incorporation and (b) the Acquiror's by-laws in effect immediately prior to the Effective Time shall be the Surviving Corporation's by-laws, in each case until amended in accordance with applicable Law.

2.3. Directors and Officers. From and after the Effective Time (until such time as their successors are duly elected or appointed and qualified), (A) Acquiror's directors at the Effective Time shall be the Surviving Corporation's directors and (B) the Company's officers immediately prior to the Effective Time shall be the Surviving Corporation's officers.

ARTICLE 3

CONVERSION OF SECURITIES AND RELATED MATTERS

3.1. Capital Stock of Acquiror. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any Company Share or Acquiror Share, each Acquiror Share issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock, par value $0.01 per share, of the Surviving Corporation.

3.2. Cancellation of Treasury Stock and Acquiror-Owned Shares. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any Company Share, Company Preferred Share or Acquiror Share, each Company Share and Preferred Share held by the Company as treasury stock or owned by Holding, Parent or Acquiror or either of their respective Subsidiaries immediately prior to the Effective Time shall be canceled and retired, and no payment shall be made or consideration delivered in respect thereof.

3.3. **Conversion of Company Shares**. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any Company Share, Company Preferred Share or Acquiror Share, each Company Share issued and outstanding immediately prior to the Effective Time (other than (a) shares to be cancelled in accordance with Section 3.2, (b) Dissenting Shares and (c) shares held by any wholly-owned Company Subsidiary, which shall remain outstanding) shall be converted into the right to receive in cash from Acquiror, without interest, an amount equal to the following (the "**Common Merger Consideration**"): (i) $11.00, subject to adjustment as contemplated by Sections 7.4(c) and 8.10 hereof, if the Island Purchase is not consummated in accordance with the terms and conditions of the Island Purchase Agreement or the conditions set forth in Section 9.4(b) hereof have not been satisfied at or prior to the Closing, or (ii) $11.156, subject to adjustment as contemplated by Section 7.4(c) hereof, if the Island Purchase is consummated in accordance with the terms and conditions of the Island Purchase Agreement and the conditions set forth in Section 9.4(b) hereof have been satisfied at or prior to the Closing.

3.4. **Conversion of Company Series A Preferred Shares**. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any Company Share, Company Preferred Share or Acquiror Share, each Company Series A Preferred Share issued and outstanding immediately prior to the Effective Time (other than (a) shares to be cancelled in accordance with Section 3.2 and (b) shares held by any wholly-owned Company Subsidiary, which shall remain outstanding) shall be converted into the right to receive, without interest, the amount set forth in Paragraph (e)(1) of the Series A Certificate of Designation (the "**Series A Preferred Merger Consideration**").

3.5. **Conversion of Company Series B Preferred Shares**. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any Company Share, Company Preferred Share or Acquiror Share, each Company Series B Preferred Share issued and outstanding immediately prior to the Effective Time (other than (a) shares to be cancelled in accordance with Section 3.2 and (b) shares held by any wholly-owned Company Subsidiary, which shall remain outstanding) shall be converted into the right to receive, without interest, the amount set forth in Paragraph (e)(1) of the Series B Certificate of Designation (the "**Series B Preferred Merger Consideration,**" and together with the Common Merger Consideration and the Series A Preferred Merger Consideration, the "**Merger Consideration**").

3.6. **Exchange of Certificates.**

(a) Promptly after the date hereof, Acquiror shall appoint a bank or trust company reasonably acceptable to the Company as an agent (the "**Exchange Agent**") for the benefit of holders of Company Shares, Company Series A Preferred Shares and Company Series B Preferred Shares for the purpose of exchanging, pursuant to this Article 3, certificates representing the Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares (the "**Certificates**"). At the Effective Time, Holding will, and will cause Parent and Acquiror to, make available to and deposit with the Exchange Agent the Merger Consideration to be paid in respect of Company Shares, Company Series A Preferred Shares and Company Series B Preferred Shares pursuant to this Article 3 (the "**Exchange Fund**"), and except as contemplated by Section 3.6(f) or Section 3.6(g) hereof, the Exchange Fund shall not be used for any other purpose. The Exchange Agent shall invest the Merger Consideration as

directed by the Acquiror or the Surviving Corporation, as the case may be, on a daily basis. Any interest and other income resulting from such investments shall be paid to the Surviving Corporation. Any net loss resulting from such investments shall be borne by Holding, Parent and Acquiror and Holding will, or will cause Parent and Acquiror to, deposit additional funds with the Exchange Agent in an amount equal to such net loss before the funds are paid by the Exchange Agent to the Company Stockholders.

(b) As promptly as practicable after the Effective Time, the Surviving Corporation shall send, or shall cause the Exchange Agent to send, to each record holder of Certificates a letter of transmittal and instructions (which shall be in customary form and specify that delivery shall be effected, and risk of loss and title shall pass, only upon delivery of the Certificates to the Exchange Agent), for use in the exchange contemplated by this Section 3.6. Upon surrender of a Certificate to the Exchange Agent, together with a duly executed letter of transmittal, the holder shall be entitled to receive, in exchange therefore, the Common Merger Consideration as provided in this Article 3 in respect of the Company Shares represented by the Certificate, the Series A Preferred Merger Consideration as provided in this Article 3 in respect of the Series A Preferred Shares represented by the Certificate or the Series B Preferred Merger Consideration as provided in this Article 3 in respect of the Series B Preferred Shares represented by the Certificate, in each of the foregoing cases, after giving effect to any required withholding Tax. Until surrendered as contemplated by this Section 3.6, each Certificate shall be deemed after the Effective Time to represent only the right to receive the Common Merger Consideration, the Series A Preferred Merger Consideration or the Series B Preferred Merger Consideration, as the case may be.

(c) All cash paid upon surrender of Certificates in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares represented thereby. From and after the Effective Time, the holders of Certificates shall cease to have any rights with respect to Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares, except as otherwise provided herein or by Law. As of the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers on the Company's stock transfer books of any Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares, other than transfers that occurred before the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Section 3.6.

(d) If payment of the Merger Consideration in respect of Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares is to be made to a Person other than the Person in whose name a surrendered Certificate is registered, it shall be a condition to such payment that the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the Person requesting such payment shall have paid any transfer and other Taxes required by reason of such payment in a name other than that of the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation or the Exchange Agent that such Taxes either have been paid or are not payable.

(e) Upon the request of the Surviving Corporation, the Exchange Agent shall deliver to the Surviving Corporation any portion of the Merger Consideration made available to the Exchange Agent pursuant to this Section 3.6 that remains undistributed to holders of Company Shares, Company Series A Preferred Shares and Company Series B Preferred Shares six (6) months after the Effective Time. Holders of Certificates who have not complied with this Section 3.6 prior to the demand by the Surviving Corporation shall thereafter look only to the Surviving Corporation for payment of any claim to the Merger Consideration.

(f) None of Parent, the Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares (or dividends or distributions with respect thereto) for any amounts paid to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) Each of the Surviving Corporation and Acquiror shall be entitled to deduct and withhold from the Merger Consideration otherwise payable hereunder to any Person any amounts that it is required to deduct and withhold with respect to payment under any provision of federal, state, local or foreign income tax Law and shall make any required filings with tax authorities with respect to such withholding. To the extent that the Surviving Corporation or Acquiror withholds those amounts, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Company Shares, Company Series A Preferred Shares or Company Series B Preferred Shares in respect of which deduction and withholding was made by the Surviving Corporation or Acquiror, as the case may be.

(h) If any Certificate has been or is claimed to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming that a Certificate has been lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to that Certificate, the Exchange Agent will deliver to such Person in exchange for such lost, stolen or destroyed Certificate, the proper amount of the Merger Consideration.

3.7. <u>Company Stock Options and Restricted Shares</u>.

(a) Subject to Section 3.7(d), the Company shall terminate each outstanding Company Option, effective as of the Effective Date and in accordance with the provisions of Section 4.2(d) of the Company's 1998 Stock Incentive Plan ("**1998 Plan**"), whether or not such Company Option was granted under the 1998 Plan, by delivering notice of termination to each holder at least thirty (30) days prior to the Effective Date, in which case during the period from the date on which such notice of termination is delivered to the Effective Date, each such holder shall have the right to exercise in full all of his or her Company Options.

(b) Subject to Section 3.7(d), the Company shall amend each Company Option to provide that to the extent that each Company Option is not exercised prior to the Effective Time, the Surviving Company shall purchase each Company Option, whether vested or unvested, at the Effective Time, and the per share purchase price shall be in the form of a lump sum cash amount equal to the excess, if any, of (i) the Common Merger Consideration over

(ii) the exercise price per Company Share subject to such purchased Company Option. Such purchase price will be paid promptly after the Effective Time.

(c) Notwithstanding any other provision in this Section 3.7, to the extent applicable, at the Effective Time, the Surviving Company shall purchase Company Options issued under the 1998 Plan for a lump sum cash amount equal to (i) the product of the Change in Control Price multiplied by the number of Company Shares subject the such Company Option less (ii) the aggregate exercise price for such Company Option. Such purchase price will be paid promptly after the Effective Time.

(d) Prior to the Effective Time, the Company shall use its commercially reasonable efforts to (i) obtain all necessary consents, without payment therefor, from the holders of Company Options and (ii) take such other actions (including, without limitation, terminating or amending the terms of any Company Option or Company Option Plan and any such other stock option or compensation plans or arrangements applicable to Company Options), necessary to give effect to the transactions contemplated by Sections 3.7(a)-(c), inclusive.

(e) The Company shall take all requisite action so that, as of the Effective Time, the Company's 1998 Employee Stock Purchase Plan (the "**Company Purchase Plan**") and the Company Option Plans shall be terminated. The Parent shall receive from the Company evidence that the Company Purchase Plan and the Company Option Plans have been terminated pursuant to a resolution of the Company's Board of Directors (the form and substance of such resolution shall be subject to review and approval of the Parent, which approval shall not be unreasonably withheld). The rights of participants in the Company Purchase Plan with respect to any offering period then underway under the Company Purchase Plan, which commences prior to the Effective Time, shall be determined by treating the last Business Day prior to the Effective Time as the last day of such offering period and by making such other pro-rata adjustments as may be necessary to reflect the shortened offering period but otherwise treating such shortened offering period as a fully effective and completed offering period for all purchases under the Company Purchase Plan. Prior to the Effective Time, the Company shall take all actions (including, if appropriate, amending the terms of the Company Purchase Plan and the terms of any offering period commencing prior to the Effective Time) that are necessary to give effect to the transactions contemplated by this Section 3.7(e).

(f) At the Effective Time, each outstanding restricted stock award for Company Shares ("**Restricted Stock Award**") shall be canceled and in consideration of such cancellation, the Surviving Corporation shall pay to each holder of a canceled Restricted Stock Award, as soon as practicable following the Effective Time, an amount per Company Share subject to such canceled Restricted Stock Award equal to the Common Merger Consideration.

3.8. Warrants.

(a) At the Effective Time, each outstanding Company Warrant, whether or not vested, shall be canceled and in consideration of such cancellation, the Surviving Corporation shall pay to each holder of a canceled Company Warrant, as soon as practicable following the Effective Time, an amount per Company Share subject to such canceled Company Warrant equal

to the excess, if any, of (i) the Common Merger Consideration over (ii) the exercise price per Company Share subject to such canceled Company Warrant.

(b) At the Effective Time, each outstanding TOPR Warrant, whether or not vested, shall remain outstanding pursuant to the terms of the TOPR Warrant Agreement; provided, however that each such TOPR Warrant shall thereafter be entitled, pursuant to Section 10.1 of the TOPR Warrant Agreement, to receive the Common Merger Consideration, in lieu of Company Shares, in the manner and upon the terms set forth in the TOPR Warrant Agreement.

3.9. Supplemental Stock Purchase and Loan Plan. The Company agrees to deliver, or cause the custodian designated by the Company with respect to the Supplemental Stock Purchase and Loan Program (the "**SSPLP**") to deliver, the Certificates held by the Company or such custodian to the Exchange Agent promptly after receipt of a letter of transmittal and instructions from the owners of the Common Shares represented by the Certificates and promptly after receipt of the Common Merger Consideration with respect to the Common Shares represented by such Certificates deliver such Common Merger Consideration to the participants in the SSPLP, net of the outstanding principal and accrued and unpaid interest with respect to the promissory notes for which such Certificates were pledged under the SSPLP.

3.10. Dissenting Shares.

(a) Notwithstanding any provision of this Agreement to the contrary, Company Shares that are outstanding immediately prior to the Effective Time and which are held by Persons who shall have properly demanded in writing appraisal for such shares in accordance with Section 262 (or any successor provision) of the DGCL (the "**Dissenting Shares**") shall not be converted into or represent the right to receive the Common Merger Consideration as provided hereunder and shall only be entitled to such rights and consideration as are granted by Section 262 (or any successor provision) of the DGCL. Such Persons shall be entitled to receive payment of the appraised value of such Company Shares in accordance with the provisions of Section 262 (or any successor provision) of the DGCL, except that all Dissenting Shares held by Persons who shall have failed to perfect or who effectively shall have withdrawn or lost their right to appraisal of such shares under Section 262 (or any successor provision) of the DGCL shall thereupon be deemed to have been converted into the Common Merger Consideration pursuant to Section 3.3 hereto as of the Effective Time or the occurrence of such failure, withdrawal or loss, whichever occurs later.

(b) The Company shall give Acquiror (i) prompt notice of any demands for appraisal received by the Company, withdrawals of such demands and any other instruments served pursuant to the DGCL and received by the Company and (ii) the opportunity to participate in all negotiations and proceedings with respect to demands for appraisal or the payment of the fair cash value of any such shares under the DGCL. Other than pursuant to a court order, the Company shall not, except with the prior written consent of Acquiror, make any payment with respect to any demands for appraisal or the payment of the fair cash value of any such shares or offer to settle or settle any such demands.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Company Disclosure Schedule, the Company represents and warrants to Acquiror as set forth below.

4.1. Corporate Existence and Power. The Company is a corporation, duly incorporated, validly existing and in good standing under the Laws of the State of Delaware, and has all corporate powers and authority required to own, lease and operate its properties and assets and to carry on its business as now conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property and assets owned, leased or operated by it or the nature of its activities makes qualification necessary, except where the failure to be so qualified would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.2. Corporate Authorization. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated hereby are within the Company's corporate powers and, except for the Company Stockholder Approval, have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby (other than the Company Stockholder Approval and the filing and recordation of the Certificate of Merger in accordance with the DGCL). The Board of Directors of the Company unanimously has approved this Agreement and has resolved to recommend that the Company Stockholders vote their shares in favor of the adoption of this Agreement and the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company, and assuming that this Agreement constitutes the valid and binding obligation of Holding, Parent and Acquiror, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

4.3. Governmental Authorization. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby will not require any consent, approval, action, order, authorization, or permit of, or registration, declaration or filing with, any Governmental Entity, other than (a) the filing of (i) the Certificate of Merger in accordance with the DGCL and (ii) the appropriate documents with respect to the Company's qualification to do business with the relevant authorities of other states or jurisdictions in which the Company is qualified to do business; (b) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "**HSR Act**") and any Non-U.S. Competition Laws; (c) compliance with any applicable requirements of the Securities Act and the Exchange Act; (d) such as may be required under any applicable state securities or blue sky Laws; and (e) other consents, approvals, actions, orders, authorizations, permits, registrations, declarations and filings which, if not obtained or made, would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. The consummation of the Merger and the other transactions contemplated hereby will not result in the lapse of any Permit of the Company or its Subsidiaries or the breach of any authorization or right to use any Permit of the Company

or its Subsidiaries or other right that the Company or any of its Subsidiaries has from a Third Party, except where such lapses or breaches would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.4. Non-Contravention. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated hereby do not and will not (a) contravene or conflict with the Company Charter or the certificate or articles of incorporation or by-laws (or any equivalent governing or organizational document) of any Company Subsidiary, (b) assuming compliance with the matters referred to in Section 4.3, contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to the Company or its Subsidiaries by which any of their respective properties or assets is bound or affected, (c) constitute a breach of or default under (or an event that with notice or lapse of time or both could reasonably be expected to become a breach or default) or give rise (with or without notice or lapse of time or both) to a right of termination, amendment, cancellation or acceleration under any agreement, contract, note, bond, mortgage, indenture, lease, concession, franchise, Permit or other similar authorization or joint venture, limited liability or partnership agreement or other instrument binding upon the Company, any Company Subsidiary or any of their respective properties or assets, or (d) result in the creation or imposition of any Lien (except as contemplated by the Commitment Letter) on any asset of the Company or any of its Subsidiaries, other than, in the case of clauses (b), (c) and (d) taken together, any items that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.5. Capitalization.

(a) The authorized capital stock of the Company consists of 80,000,000 Company Shares and 20,000,000 shares of preferred stock, par value $0.01 per share, of which 296,422 shares have been designated Series A Preferred Stock and 177,280 shares have been designated Series B Preferred Stock. As of May 16, 2003, (i) 25,573,093 Company Shares were issued and outstanding (including 1,502,600 Company Shares held in treasury), all of which have been duly authorized and validly issued and are fully paid and nonassessable and were issued free of preemptive or similar rights, including 118,659 Company Shares that were collateral for then outstanding notes receivables delivered to the Company by employees of the Company, whether pursuant to the Company's Supplemental Stock Purchase and Loan Program or otherwise (the "**Loan Shares**"), (ii) no Company Shares were held by Company Subsidiaries, (iii) 80,528 Company Shares were subject to restricted stock awards then outstanding, of which none were vested (the "**Restricted Shares**"), (iv) 7,081,074 Company Shares were reserved for issuance under Company Option Plans and 3,692,074 Company Shares were subject to Company Options then outstanding, (v) 1,785,714 Company Shares were reserved for issuance upon conversion of the Series A Preferred Stock, (vi) 811,688 Company Shares were reserved for issuance upon conversion of the Series B Preferred Stock, (vii) 1,492,500 Company Shares were issuable upon the exercise of Company Warrants then outstanding, (viii) 1,196,000 Company Shares were issuable upon the exercise of TOPR Warrants then outstanding, (ix) there was outstanding $15,000,000 aggregate principal amount of indebtedness (the "**Exchangeable Indebtedness**") under the Senior Subordinated Credit Agreement, dated as of June 7, 2002 (the '**Senior Subordinated Credit Agreement**"), between the Company and Madeleine L.L.C., as lender and administrative agent, which upon the terms, and subject to the conditions, set forth in

the Senior Subordinated Credit Agreement and the Exchange Agreement, dated as of June 18, 2002 (the "**Exchange Agreement**"), between the Company and Madeleine L.L.C. may be exchanged together with the Series A Preferred Stock and the Series B Preferred Stock, at the option of the Company, for the Exchange Securities (as defined in the Exchange Agreement), (x) 250,000 shares of Series A Preferred Stock were issued and outstanding, each with a Conversion Price (as defined in the Series A Certificate of Designation) of $14.00 per share, and (xi) 125,000 shares of Series B Preferred Stock were issued and outstanding, each with a Conversion Price (as defined in the Series B Certificate of Designation) of $15.40 per share. The Company has provided to Parent true and complete copies of all documentation governing the Company Warrants, the TOPR Warrants, the Loan Shares, the Exchangeable Indebtedness, the Series A Preferred Stock and the Series B Preferred Stock. From September 30, 2002 until the date of this Agreement, the Company has not declared or paid any dividend or distribution in respect of any of its Equity Interests and has not repurchased or redeemed any shares of its Equity Interests, and its Board of Directors has not resolved to do any of the foregoing.

(b) Except (i) as set forth in this Section 4.5 and (ii) for changes since February 11, 2003, resulting from the exercise of Company Options, Company Warrants and TOPR Warrants or the conversion of, or the payments of dividends on, Series A Preferred Stock and Series B Preferred Stock, in each case outstanding on that date, neither the Company nor any Company Subsidiary has issued, or reserved for issuance, any (x) Equity Interests of the Company, (y) securities of the Company or any Company Subsidiary convertible into or exchangeable for Equity Interests of the Company or (z) options, warrants or other rights to acquire from the Company or any Company Subsidiary, or obligations of the Company or any Company Subsidiary to issue, any Equity Interests of the Company or securities convertible into or exchangeable for Equity Interests of the Company (the items in clauses (x), (y) and (z) being referred to collectively as the "**Company Securities**"). There are no outstanding agreements or other obligations of the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any Company Securities.

(c) Section 4.5(c) of the Company Disclosure Schedule sets forth a complete and accurate list of all outstanding Company Options, Company Warrants, TOPR Warrants, the Restricted Shares and Loan Shares as of May 16, 2003, which list sets forth the name of the holders thereof (which, for purposes of the TOPR Warrants, shall only need to be the record holder or holders thereof as of October 12, 2001) and, to the extent applicable, the exercise price or purchase price thereof, the number of Company Shares subject thereto, the schedule of vesting (including any acceleration of vesting that may result from this Agreement or the transactions contemplated hereby), the governing Company Employee Plan (as defined below) with respect thereto and the expiration date thereof.

(d) The Company has provided to Acquiror true and complete copies of each of the documents entered into with respect to each of the following and there are no other agreements or arrangements (whether written or verbal) between the Company and the other party to each such document with respect to the following: (i) the consent, as amended, of each holder of a Company Series A Preferred Share to the treatment of such Company Series A Preferred Share set forth in Article 3 hereto, without payment of any additional consideration thereon, (ii) the consent, as amended, of each holder of Series B Preferred Stock to the treatment of the Series B Preferred Stock set forth in Article 3 hereto, without payment of any additional

consideration thereon, and (iii) the consent of each of the holders of a Company Warrant set forth on Section 4.5(d) of the Company Disclosure Schedule to the treatment of such Company Warrant set forth in Section 3.8 hereto, without payment of any additional consideration thereon, unless the consent of such holder of a Company Warrant with respect to such treatment is not required by the terms of such Company Warrant.

4.6. Subsidiaries.

(a) Each Significant Subsidiary of the Company (i) is a corporation duly incorporated or an entity duly organized, and is validly existing and in good standing (except in jurisdictions where such concept does not exist) under the Laws of its jurisdiction of incorporation or organization, and has all powers and authority required to own, lease or operate its properties and assets and to carry on its business as now conducted, and (ii) has all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and is duly qualified to do business as a foreign corporation or entity and is in good standing in each jurisdiction where the character of the property and assets owned, leased or operated by it or the nature of its activities makes such qualification necessary, in each case in this clause (ii) with exceptions which would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Section 4.6 of the Company Disclosure Schedule sets forth the name of all Subsidiaries and Joint Ventures of the Company and, to the extent applicable, the total number of authorized, issued and outstanding Equity Interests of each such Subsidiary and Joint Venture as of the date of the Original Agreement. All of the outstanding Equity Interests in each Subsidiary of the Company have been duly authorized and validly issued and are fully paid and nonassessable and free of preemptive or similar rights. All of the Equity Interests in each Subsidiary of the Company are beneficially owned, directly or indirectly, by the Company. Such Equity Interests (i) are owned free and clear of any Lien (except for liens under the Senior Credit Agreement) and free of any other limitation or restriction (including any limitation or restriction on the right to vote, sell or otherwise dispose of the Equity Interests) and (ii) were issued in compliance with all applicable federal, state and foreign securities laws, in each case in this clause (ii) without any exception other than those which would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. There are no outstanding (x) securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for Equity Interests in any Company Subsidiary, (y) options, warrants or other rights to acquire from the Company or any Company Subsidiary, or obligations of the Company or any Company Subsidiary to issue, any Equity Interests in, or any securities convertible into or exchangeable or exercisable for any Equity Interests in, any Company Subsidiary or (z) agreements, obligations or arrangements of the Company or any Company Subsidiary to issue, sell, repurchase, redeem or otherwise acquire any Equity Interests in any Company Subsidiary. The Covered Entities do not own any assets other than Equity Interests in Real Estate Investment Entities.

(c) None of the Company, any of its Subsidiaries or, to the Knowledge of the Company, any Company Joint Venture is in violation of any provision of its articles or certificate of incorporation or bylaws or equivalent organizational and governing documents, other than violations which would not be reasonably likely to have, individually or in the aggregate, a

Company Material Adverse Effect. The Company has made available to the Acquiror true and correct copies of the articles or certificate of incorporation or bylaws or equivalent organizational and governing documents of each Company Subsidiary and Company Joint Venture.

4.7. Company SEC Documents; Financial Statements; Undisclosed Liabilities.

(a) The Company has filed all forms, reports, filings, registration statements and other documents required to be filed by it with the SEC since January 1, 1999. No Company Subsidiary is required to file any form, report, registration statement or prospectus or other document with the SEC.

(b) As of its filing date, each Company SEC Document complied as to form in all material respects with the applicable requirements of the Securities Act and/or the Exchange Act, as the case may be.

(c) No Company SEC Document filed since January 1, 1999 pursuant to the Exchange Act contained, as of its filing date, any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No Company SEC Document, as amended or supplemented, if applicable, filed since January 1, 1999 pursuant to the Securities Act contained, as of the date on which the document or amendment became effective, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) Each of the audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the Company SEC Documents were prepared in conformity with GAAP (except as may be indicated in the notes thereto) throughout the periods involved, and each fairly presents, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and changes in financial position for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements).

(e) Section 4.7 of the Company Disclosure Schedule sets forth the unaudited consolidated balance sheet and statement of operations of the Company and its Subsidiaries as of and for the 3-month period ended December 31, 2002 (the "**Most Recent Company Financial Statements**"). The financial information included in the Most Recent Company Financial Statements has been prepared in accordance with GAAP.

(f) There are no liabilities of the Company or any Company Subsidiary, of any kind whatsoever, whether accrued, contingent, absolute or otherwise, other than: (i) liabilities (A) disclosed or provided for in the Company Balance Sheet or disclosed in the notes thereto or in the Company's consolidated balance sheet or disclosed in the notes thereto included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2002 or (B) not required by GAAP to be disclosed or provided for in a consolidated balance sheet of the Company which would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (ii) liabilities incurred after September 30, 2002

(A) in the ordinary course of business consistent with past practice and (B) outside the ordinary course of business consistent with past practice that would not reasonably be likely to have, individually or in the aggregate, a Company Material Adverse Effect and (iii) liabilities under this Agreement or incurred in connection with the transactions contemplated hereby.

4.8. **Real Estate Investment Assets; Island Purchase**.

(a) Section 4.8(a) of the Company Disclosure Schedule contains a true and complete list as of the date of this Agreement of all outstanding letters of credit and Designated Real Estate Asset Guarantees (as such term is defined in the letter agreement, dated as of May 8, 2003 (the "**Letter Agreement**"), by and among the parties hereto), entered into by the Company and its Subsidiaries with respect to Real Estate Investment Assets.

(b) Except as set forth in Section 4.8(b) of the Company Disclosure Schedule, each Covered Interest (as defined in the Island Purchase Agreement) is a Real Estate Investment Asset.

(c) Section 4.8(c) of the Company Disclosure Schedule sets forth, as to each Real Estate Investment Entity that, as of March 31, 2003, had accrued and unpaid fees payable to the Company pursuant to Real Estate Investment Contracts, the name of such Real Estate Investment Entity and the amount of such accrued and unpaid fees as of such date.

(d) Section 4.8(d) of the Company Disclosure Schedule lists each of the Company Subsidiaries that (i) is a general partner of a Real Estate Investment Entity that is a limited partnership, (ii) is a partner of a Real Estate Investment Entity that is a general partnership or (iii) directly or indirectly has similar liability as a holder of Equity Interests of any other Real Estate Investment Entity (whether as managing member or otherwise) by virtue of provisions providing for the same in the organizational documents of such Real Estate Investment Entity or other written contract pursuant to which such liability exists.

4.9. **Absence of Certain Changes**. Since September 30, 2002, except as otherwise expressly contemplated by this Agreement and the Company Disclosure Schedule, the Company and each of its Significant Subsidiaries has conducted its business in the ordinary course consistent with past practice and there has not been (a) any damage, destruction or other casualty losses (whether or not covered by insurance) affecting the business, properties or assets of the Company or any of its Subsidiaries that has had or would be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (b) any amendment or change in the Company Charter, the Company's by-laws or the certificate or articles of incorporation or by-laws (or equivalent organizational and governing documents) of any Significant Subsidiary of the Company; (c) any change by the Company in its accounting methods, principles or practices (other than changes required by GAAP after September 30, 2002); (d) other than (i) in the ordinary course of business consistent with past practices, (ii) pursuant to the Island Purchase Agreement, and/or (iii) the sale of Insignia Residential Group, Inc., any sale of a material amount of assets of the Company and its Significant Subsidiaries; (e) any material Tax election, any change in method of accounting with respect to Taxes or any compromise or settlement of any proceeding with respect to any material Tax liability by the Company or any of its Subsidiaries; or (f) any action, event, occurrence, development or state of

circumstances or facts that has had or would be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.10. Litigation. There is no litigation, action, suit, claim, investigation, arbitration or proceeding or inquiry, whether civil, criminal or administrative (each, a "**Claim**"), pending, or to the Knowledge of the Company threatened, against the Company, any of its Subsidiaries or any of their respective assets, properties or employees before any arbitrator or Governmental Entity that would be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. Set forth on Section 4.10 of the Company Disclosure Schedule is a list of all Claims pending, or to the Knowledge of the Company, threatened, as of the date of the Original Agreement, against the Company or any of its Subsidiaries or any of their respective assets, properties or employees (if such Claim is related to, or arising from, an employee's actions or omissions on behalf of the Company or any of its Subsidiaries) before any arbitrator or Governmental Entity in an amount of $100,000 or more or which are criminal in nature. Neither the Company nor any of its Subsidiaries nor any of their respective properties, assets or, to the Knowledge of the Company, employees is or are subject to any order, writ, judgment, injunction, decree, settlement, determination or award having, or which would be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.11. Taxes.

(a) All Tax returns, statements, reports and forms (collectively, the "**Company Returns**") required to be filed with any taxing authority by, or with respect to, the Company and each of its Subsidiaries have been filed in accordance with all applicable Laws, except when a failure to do so would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (b) the Company and each of its Subsidiaries has timely paid all Taxes due and payable whether or not shown as being due on any Company Return (other than Taxes which are being contested in good faith and for which adequate reserves are reflected on the Company Balance Sheet), except when a failure to make such payments would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect, and, as of the time of filing, the Company Returns were true, correct and complete in all material respects; (c) the Company and each of its Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party, except when a failure to make such payments would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (d) there is no action, suit, proceeding, audit or claim now proposed or pending against the Company or any of its Subsidiaries in respect of any Taxes, except for such action, suit, proceeding, audit or claim that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (e) neither the Company nor any of its Subsidiaries is party to, bound by or has any obligation under, any material tax sharing agreement or similar material contract or arrangement or any material agreement that obligates them to make any payment computed by reference to the Taxes, taxable income or taxable losses of any other Person; (f) there are no Liens (other than Permitted Liens) with respect to Taxes on any of the assets or properties of the Company or any of its Subsidiaries other than with respect to Taxes not due and payable, except for such Liens that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (g) neither the Company nor any of its Subsidiaries has waived any statute of limitations nor

agreed to any extension of time to assess any U.S. federal income tax or any foreign, state or local income tax in any jurisdiction in which the Company or its Subsidiaries has paid for the year or years involved an amount of tax which is material to the Company and its Subsidiaries, taken as a whole; (h) neither the Company nor any of its Subsidiaries (i) is, or has been, a member of an affiliated, consolidated, combined or unitary group, other than one of which the Company was the common parent and (ii) has any liability for the Taxes of any Person (other than the Company and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), or as a transferee or successor, by contract or otherwise, except, in each case of clauses (h)(i) and (h)(ii) above, as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect; (i) no consent under Section 341(f) of the Code has been filed with respect to the Company or any of its Subsidiaries; (j) neither the Company nor any of its Subsidiaries has ever entered into a closing agreement pursuant to Section 7121 of the Code that could affect the Company or a Subsidiary of the Company in a Tax period or portion thereof beginning after the Effective Time; and (k) neither the Company nor any of its Subsidiaries has agreed to make or is required to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise, except for such adjustments that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.12. Employee Benefits.

(a) Section 4.12(a) of the Company Disclosure Schedule contains a true and complete list of each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), including, without limitation, multiemployer plans within the meaning of Section 3(37) of ERISA), and all stock purchase, stock option, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation, employee loan and all other material employee benefit plans, agreements, programs or policies, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the transaction contemplated by this Agreement or otherwise) under which any current or former employee, director or consultant of the Company or its Subsidiaries (the "**Company Employees**") has any present or future right to benefits and which are contributed to, sponsored by or maintained by the Company or any of its Subsidiaries; provided, however, that any employment agreement providing for total compensation and benefits with a pre-tax value that has not in the past exceeded and cannot reasonably be expected in the next two years to exceed $200,000 per annum need not be listed on Section 4.12(a) of the Company Disclosure Schedule. All such plans, agreements, programs, policies and arrangements shall be collectively referred to as the "**Company Plans**."

(b) With respect to each Company Plan (other than any multiemployer plan within the meaning of Section 3(37) of ERISA related to the Company's property management business), the Company has provided or made available to the Parent a current, accurate and complete copy thereof and, to the extent applicable: (i) any related trust agreement or other funding instrument; (ii) the most recent determination letter, if applicable; (iii) any summary plan description and other material written communications by the Company or its Subsidiaries to the Company Employees concerning the extent of the benefits provided; (iv) a summary of any proposed amendments or changes considered prior to the date hereof by the Company's Board of

Directors or any committee thereof and anticipated to be made to the Company Plans at any time within the twelve months immediately following the date hereof, except for such proposed amendments or changes that are required by applicable Law; and (v) for the three most recent completed years, if applicable, (A) the Form 5500 and attached schedules, (B) audited financial statements, and (C) actuarial valuation reports.

(c) Except with respect to any Foreign Benefit Plan (defined below), or as would not individually or in the aggregate, when combined with other items of adverse effect under this Section 4.12, be reasonably likely to have a Company Material Adverse Effect, or as set forth in Section 4.12(c) of the Company Disclosure Schedule, (i) each Company Plan (other than a multiemployer plan within the meaning of Section 3(37) of ERISA) has been established and administered in accordance with its terms, and in compliance with the applicable provisions of ERISA, the Code and other applicable laws, rules and regulations; (ii) each Company Plan (other than a multiemployer plan within the meaning of Section 3(37) of ERISA) which is intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter as to its qualification, and nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such qualification; (iii) no event has occurred and no condition exists that could reasonably be expected to subject the Company or its Subsidiaries, either directly or by reason of their affiliation with any member of their "Controlled Group" (defined as any organization which is a member of a controlled group of organizations within the meaning of Sections 414(b), (c), (m) or (o) of the Code), to any tax, fine, lien, penalty or other liability imposed by ERISA, the Code or other applicable laws, rules and regulations; (iv) no "reportable event" (as such term is defined in Section 4043 of the Code) that could reasonably be expected to result in liability to the Company or its Subsidiaries, no "prohibited transaction" (as such term is defined in Section 406 of ERISA and Section 4975 of the Code) that could reasonably be expected to result in liability to the Company or any of its Subsidiaries or "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA and Section 412 of the Code (whether or not waived)) has occurred with respect to any Company Plan; (v) there is no written proposal to the Company's Board of Directors that any Company Plan be materially amended, suspended or terminated, or otherwise modified to alter benefits (or the levels thereof); (vi) no Company Plan is a collateral assignment split-dollar life insurance program which covers, or otherwise provides for "personal loans" to, executive officers (within the meaning of Section 402 of The Sarbanes-Oxley Act of 2002); and (vii) except as disclosed in the proxy statements for annual meetings prior to the date hereof, all awards, grants or bonuses made pursuant to any Company Plan have been, or will be, fully deductible to the Company or its Subsidiaries notwithstanding Section 162 of the Code. Except as set forth in Section 4.12(c) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has incurred any current or projected liability in respect of post-employment or post-retirement health, medical or life insurance benefits for current, former or retired employees of Company or any of its Subsidiaries, except as required to avoid an excise tax under Section 4980B of the Code or otherwise except as may be required pursuant to any other applicable Law.

(d) With respect to each of the Company Plans that is not a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA but is subject to Title IV of ERISA, as of the Closing Date, the assets of each such Company Plan are at least equal in value to the present value of the accrued benefits (vested and unvested) of the participants in such Company

Plan on a termination and projected benefit obligation basis, based on the actuarial methods (as applicable) and assumptions indicated in the most recent applicable actuarial valuation reports.

(e) Except as set forth in Section 4.12(e) of the Company Disclosure Schedule, with respect to any multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) to which the Company, its Subsidiaries or any member of their Controlled Group has any liability or contributes (or has at any time contributed or had an obligation to contribute): (i) none of the Company, its Subsidiaries or any member of their Controlled Group has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied or would be subject to such liability if, as of the Closing Date, the Company, its Subsidiaries or any member of their Controlled Group were to engage in a complete withdrawal (as defined in Section 4203 of ERISA) or partial withdrawal (as defined in Section 4205 of ERISA) from any such multiemployer plan; and (ii) to the Knowledge of the Company, no such multiemployer plan is in reorganization or insolvent (as those terms are defined in Sections 4241 and 4245 of ERISA, respectively), except, in each case of clauses (i) and (ii) above, any items that would not be reasonably likely to have, individually or in the aggregate, when combined with other items of adverse effect under this Section 4.12, a Company Material Adverse Effect.

(f) Except as set forth in Section 4.12(f) of the Company Disclosure Schedule, with respect to any Company Plan, (i) no actions, suits or claims (other than routine claims for benefits in the ordinary course or otherwise reserved on the Company Balance Sheet) are pending or threatened, (ii) to the Knowledge of the Company, no facts or circumstances exist that could reasonably be expected to give rise to any such actions, suits or claims, (iii) no written or oral communication has been received from the Pension Benefit Guaranty Corporation (the "**PBGC**") in respect of any Company Plan subject to Title IV of ERISA concerning the funded status of any such plan or any transfer of assets and liabilities from any such plan in connection with the transactions contemplated herein, and (iv) no administrative investigation, audit or other administrative proceeding by the Department of Labor, the PBGC, the Internal Revenue Service or other governmental agencies are pending, threatened or in progress (including, without limitation, any routine requests for information from the PBGC), except, in each case of clauses (i) and (iv) above, any items that would not be reasonably likely to have individually or in the aggregate, when combined with other items of adverse effect under this Section 4.12, a Company Material Adverse Effect.

(g) Except as set forth in Section 4.12(g) of the Company Disclosure Schedule, no Company Plan exists that, as a result of the execution of this Agreement or the transactions contemplated by this Agreement (whether alone or in connection with any subsequent event(s), including but not limited to the termination of a Company Employee's employment), could reasonably be expected to result in (i) the payment to any Company Employee of any money or other property, (ii) the provision of any benefits or other rights to any Company Employee or (iii) the increase, acceleration or provision of any payments, benefits or other rights to any Company Employee. Except as set forth in Section 4.12(g) of the Company Disclosure Schedule, the Company's ability to deduct the payments, rights or benefits set forth in Section 4.12(g) of the Company Disclosure Schedule is not limited by Section 280G of the Code.

(h) There has been no amendment to, written interpretation of or announcement (whether or not written) by Company or any of its Subsidiaries relating to, or any

change in employee participation or coverage under, any Company Plan that materially would increase the expense of maintaining such Company Plan above the level of the expense provided for in the 2003 Budget.

(i) Except as set forth in Section 4.12(i) of the Company Disclosure Schedule, no Company Plan is maintained outside the jurisdiction of the United States, or covers any employee residing or working outside the United States (any such Company Plan set forth in Section 4.12(i) of the Company Disclosure Schedule, "**Foreign Benefit Plans**").

(j) Except as would not individually or in the aggregate, when combined with other items of adverse effect under this Section 4.12, be reasonably likely to have a Company Material Adverse Effect, all Foreign Benefit Plans have been established, maintained and administered in compliance with their terms and all applicable statutes, laws, ordinances, rules, orders, decrees, judgments, writs, and regulations of any controlling governmental authority or instrumentality. No material liability or obligation of the Company or its Subsidiaries exists with respect to any Foreign Benefit Plan, except as set forth in the Most Recent Company Financial Statements. Except as set forth in Section 4.12(j) of the Company Disclosure Schedule, the assets of each Foreign Benefit Plan that is required to be funded under applicable Law are at least equal in value to the present value of the accrued benefits (vested and unvested) of the participants in such Foreign Benefit Plan on a termination and projected benefit obligation basis, based on the actuarial methods (as applicable) and assumptions indicated in the most recent applicable actuarial valuation reports.

4.13. Compliance with Laws; Licenses, Permits and Registrations.

(a) Neither the Company nor any of its Subsidiaries is in violation of, or has violated, any applicable provisions of any Laws, except for violations which would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, neither the Company nor any of its Subsidiaries is in material violation of, or has violated in any material respects, the Foreign Corrupt Practices Act of 1977, as amended.

(b) The Company and each of its Subsidiaries has all permits, licenses, easements, variances, exemptions, consents, certificates, approvals, authorizations of and registrations (collectively, "**Permits**") with and under all Laws, and from all Governmental Entities required by the Company and each Company Subsidiary to carry on their respective businesses as currently conducted, except where the failure to have the Permits would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.14. Title to Assets. The Company and each of its Subsidiaries has good title to, or valid leasehold interests in, all their respective assets, except for those which are no longer used or useful in the conduct of their businesses or where the absence thereof would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. All of these assets, other than assets in which the Company or any of its Subsidiaries has leasehold interests, are free and clear of all Liens, except for (a) Permitted Liens and (b) Liens that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.15. **Intellectual Property**. Except as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and each of its Subsidiaries owns or has a valid license or other right to use each trademark, service mark, trade name, domain name, invention, patent, trade secret, copyright, know-how (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right necessary to carry on the business of the Company and each of its Subsidiaries, taken as a whole, as currently conducted (collectively, the "**Company Intellectual Property**"). To the Knowledge of the Company, neither the Company nor any of its Subsidiaries has received any written notice of infringement of or challenge to, and there are no claims pending with respect to the rights of others to the use of, any Company Intellectual Property that would be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.16. **Transaction Fees; Opinions of Financial Advisor**.

(a) Except for (i) Bear, Stearns & Co. Inc. ('**Bear Stearns**") and (ii) non-Affiliates of the Company in connection with Real Estate Asset Sales, if any, there is no investment banker, financial advisor, broker, finder or other intermediary which has been retained by, or is authorized to act on behalf of, the Company or any Company Subsidiary which might be entitled to any fee or commission from the Company, Parent, Acquiror or any of their respective Affiliates upon consummation of the Merger or the other transactions contemplated by this Agreement. The fees and expenses of Bear Stearns and third parties in connection with Real Estate Asset Sales, if any, will be borne by the Company. The Company has heretofore furnished to the Acquiror complete and correct copies of all agreements between the Company or its Subsidiaries and Bear Stearns pursuant to which such firm would be entitled to any payment relating to the Merger and the other transactions contemplated by this Agreement.

(b) The Board of Directors of the Company and the Special Committee have received the opinion of Bear Stearns, dated as of February 17, 2003, to the effect that, as of such date, and subject to the qualifications stated therein, the Merger Consideration is fair to the holders of Company Shares from a financial point of view.

4.17. **Labor Matters**.

(a) Except as set forth in Section 4.17(a) of the Company Disclosure Schedule or as otherwise required by Law, each current Company Employee is an "at will" employee (whose employment may be terminated at any time by the Company or such employee can be terminated for less than $100,000). Except as otherwise required by Law, each of the real estate brokers of the Company and its Subsidiaries ("**Company Independent Contractors**") may be terminated on no more than 30 days' notice or can be terminated for less than $100,000. The Company and its Subsidiaries are and have always been in compliance with all applicable Laws respecting labor, employment, immigration, fair employment practices, terms and conditions of employment, workers' compensation, occupational safety, plant closings, wages and hours, and any other Law applicable to any of the Company Employees, Company Independent Contractors, or other persons providing services to the Company or any of its Subsidiaries, except such failures to comply that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. Each of the Company and its Subsidiaries has withheld all

amounts required by applicable Law or by agreement to be withheld from the wages, salaries and other payments to Company Employees, and none of the Company and its Subsidiaries is or has been liable for any arrears of wages or any taxes or any penalty for failure to comply with any of the foregoing in any material respect, except for such failures that would not be reasonably likely to have, a Company Material Adverse Effect. None of the Company and its Subsidiaries is or has been liable for any payment to any trust or other fund or to any Governmental Entity with respect to unemployment compensation benefits, social security, or other benefits or obligations for Company Employees (other than routine payments to be made in the ordinary course of business and consistent with past practice), except such liabilities that would not be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) There are no pending claims against the Company or any of its Subsidiaries under any Company Plan or under workers' compensation plan or policy or for long-term disability (other than regular claims for benefits in accordance with the terms of such Company Plans and policies) except such claims that would not be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) The Company and its Subsidiaries are in compliance with all Laws concerning the classification of employees and independent contractors and have properly classified all such persons for purposes of participation in the Company Plans, except in the case that non-compliance would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) To the Company's Knowledge, the Company and its Subsidiaries have provided or made available to Parent copies of all written employment, consulting, change of control, severance agreements or arrangements which have been entered into between the Company and any of its Subsidiaries, on the one hand, and any current Company Employee or current Company Independent Contractor on the other hand, including any amendments thereto; provided, however, that any such arrangement providing for compensation and benefits with a pre-tax value that has not in the past exceeded and cannot reasonably be expected in the next two years to exceed $200,000 per annum has not been provided or made available to Parent. To the Company's Knowledge, the Company and its Subsidiaries have provided or made available to Parent copies of any agreements or arrangements (including any amendments thereto) with former Company Employees or former Company Independent Contractors if such agreements or arrangements result in any obligation (absolute or contingent) of the Company or any of its Subsidiaries to make any payment as a result of the transactions contemplated hereby; provided, however, that any such arrangement providing for compensation and benefits with a pre-tax value that has not in the past exceeded and cannot reasonably be expected in the next two years to exceed $200,000 per annum has not been provided or made available to Parent. Other than as expressly set forth in the documents provided to Parent pursuant to the preceding two sentences or as otherwise provided for in the 2003 Budget, there have been no changes to the remuneration or benefits of any kind payable or due to any such Company Employee or such Company Independent Contractor.

(e) Except as set forth in Section 4.17(e) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, contract, or other agreement or understanding with a labor union that is applicable to

Persons employed by the Company or its Subsidiaries. Other than as a result of the public announcement of discussions regarding the transactions contemplated by this Agreement, there are no strikes, slowdowns, work stoppages, lockouts or other material labor controversies pending or, to the Knowledge of the Company, threatened by or between the Company or any of its Subsidiaries and any of their respective Company Employees.

4.18. Material Contracts.

(a) Section 4.18(a) of the Company Disclosure Schedule sets forth the following contracts, undertakings, commitments, licenses or agreements, written or verbal, to which the Company or any of its Subsidiaries is a party or which are applicable to any of their respective assets or properties, in each case as of the date of the Original Agreement (true and complete copies (or written summaries, if verbal) of which have been made available to Parent prior to such date) (each a "**Material Contract**"):

(i) contracts requiring annual expenditures by or liabilities of any party thereto in excess of $100,000 which have a remaining term in excess of ninety (90) days and are not cancelable (without material penalty, cost or other liability) within ninety (90) days;

(ii) contracts containing covenants limiting the ability of the Company or any of its Subsidiaries or other Affiliates of the Company (including Parent and its Affiliates after the Effective Time) to engage in any line of business or compete with any person, in any market or line of business, or operate at any geographic location or solicit the employment of any Person or hire any Person in any market or line of business or in any geographic location;

(iii) promissory notes, loans, agreements, indentures, evidences of indebtedness or other instruments and contracts providing for the borrowing or lending of money, whether as borrower, lender or guarantor, and any agreements or instruments pursuant to which any cash of the Company or any of its Subsidiaries is held in escrow or its use by the Company and its Subsidiaries is otherwise restricted;

(iv) all contracts pursuant to which any material property or assets of the Company or any of its Subsidiaries is, or may become subject to, a Lien (other than Permitted Liens);

(v) joint venture, alliance, affiliation or partnership agreements or joint development or similar agreements pursuant to which any third party is entitled to develop or market any products or services on behalf of, or together with, the Company or any of its Significant Subsidiaries or receive referrals of business from, or provide referrals of business to, the Company or any of its Significant Subsidiaries;

(vi) contracts for the acquisition or sale, directly or indirectly (by merger or otherwise) of material assets (whether tangible or intangible) or the capital stock of another Person, including, without limitation, contracts for any such completed acquisitions or sales pursuant to which an "earn out" or similar form of obligation (whether absolute or contingent) is pending or for which there are any continuing

indemnification or similar obligations, in each case excluding any such contract entered into prior to January 1, 2000 and with respect to which there are no remaining obligations on the party of any party (including, without limitation, any indemnification obligations);

(vii) contracts under which the Company or any of its Subsidiaries has granted any exclusive rights;

(viii) any interest rate or currency swaps, caps, floors or option agreements or any other interest rate or currency risk management arrangement or foreign exchange contracts;

(ix) all licenses, sublicenses, consent, royalty or other agreements with any Third Party concerning the trademarks and trade names of the Company and its Subsidiaries;

(x) contracts with, or commitments to, Affiliates of the Company that are set forth in Section 4.22 of the Company Disclosure Schedule; and

(xi) contracts with "change of control" or similar provisions which would be triggered by the Merger or the other transactions contemplated hereunder.

(b) Neither the Company nor any of its Subsidiaries is, or has received any notice that any other party is, in breach, default or violation or is unable to perform in any respect (each a "**Default**") under any Material Contract (and no event has occurred or not occurred through the Company's or any of its Subsidiaries' action or inaction or, to the Knowledge of the Company, through the action or inaction of any third parties, which with notice or the lapse of time or both would constitute or give rise to a Default), except for those Defaults which would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received written notice of the termination of, or intention to terminate, any Material Contract, except for such notices or terminations that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. Except as set forth on Section 4.18(b) of the Company Disclosure Schedule, no Claims for indemnification under any purchase or sale agreement has been made by or against the Company or any of its Subsidiaries since January 1, 2000 and there are no such Claims outstanding or, to the Knowledge of the Company, threatened, except for any Claims first asserted after the date of the Original Agreement that would not reasonably be likely to have, individually or in the aggregate, a Company Material Adverse Effect.

4.19. Real Estate.

(a) Section 4.19(a) of the Company Disclosure Schedule contains a true and complete list of all of the leases, licenses, tenancies, subleases and all other occupancy agreements in which the Company, any of its Significant Subsidiaries or, if party to or otherwise bound by such an agreement that requires payment of at least $100,000 per year, any of its other Subsidiaries, is a tenant, subtenant, landlord or sublandlord (the leased and subleased space or parcel of real property thereunder being, collectively, the "**Leased Property**"), together with all amendments and modifications thereto (the "**Leases**"). The Leased Property is the only real property and interests in real property leased by the Company or any of such Subsidiaries that is

used primarily in their businesses. Except as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company (or its applicable Subsidiary) has good and valid title to the leasehold estate in all the Leased Property, free and clear of any Liens (other than Permitted Liens), (ii) the Leases are in full force and effect, (iii) neither the Company (or its applicable Subsidiary), nor to the Knowledge of the Company, any other party to any Lease, is in default under the Leases, and no event has occurred which, with notice or lapse of time, would constitute a breach or default by the Company (or such Subsidiary) under the Leases, (iv) the Company (or its applicable Subsidiary) has not assigned, transferred, conveyed, mortgaged, or encumbered any interest in any Leased Property, and (v) the Company (or its applicable Subsidiary) enjoys peaceful and undisturbed possession under the Leases.

(b) Section 4.19(b) of the Company Disclosure Schedule contains a true and complete list of all real property owned by the Company or any of its Significant Subsidiaries (other than the Real Estate Investment Entities) (the "**Owned Real Property**") as of the date of the Original Agreement, including the address, and a description suitable to identify the property. The Owned Real Property is the only real property and interests in real property owned by the Company or any of its Significant Subsidiaries that is used primarily in their businesses. Except as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect: (i) there are no proceedings in eminent domain, condemnation or other similar proceedings pending or, to the Knowledge of the Company, threatened, relating to or affecting any portion of the Owned Real Property, (ii) the current use of the Owned Real Property does not violate any instrument of record or agreement affecting such Real Property, (iii) there are no violations of any covenants, conditions, restrictions, easements, agreements or orders of any Governmental Entity having jurisdiction over any of the Owned Real Property that affect such Owned Real Property or the use or occupancy thereof, (iv) there are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the Owned Real Property, (v) there are no outstanding options or rights of first refusal to purchase or lease the Owned Real Property, or any portion thereof or interest therein, (vi) except under a lease or agreement, there are no parties (other than the Company or any of its Significant Subsidiary) in possession of any Owned Real Property and (vii) the Company (or its applicable Significant Subsidiary) has not assigned, transferred, conveyed, mortgaged, or encumbered any interest in any Owned Real Property. The Leased Property and the Owned Real Property constitute all real property necessary to operate the businesses of the Company and its Significant Subsidiaries as presently conducted.

4.20. Environmental. Except as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and each of its Subsidiaries complies, and complied at all prior times, with all applicable Environmental Laws, and possess and comply with, and possessed and complied with at all prior times, all applicable Environmental Permits required under such Environmental Laws; (ii) there are no Materials of Environmental Concern or conditions in violation of Environmental Laws at or relating to any Leased Property or Owned Real Property or other facility currently or previously owned, leased, managed or operated by the Company or any of its Subsidiaries that would reasonably be expected to result in liability of the Company or any of its Subsidiaries under any applicable Environmental Law; (iii) neither the Company nor any of its Subsidiaries has received a Claim or, to the Knowledge of the Company, is there any threatened Claim or any written

notification alleging that it is liable under any Environmental Law, or any request for information pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, or similar Environmental Law concerning any release or threatened release of Materials of Environmental Concern at any location; and (iv) none of the Company and its Subsidiaries has assumed any liability under any Environmental Law by contract or, to the Knowledge of the Company, by operation of Law.

4.21. Insurance. The Company maintains insurance coverage in such amounts and covering such risks as is generally in accordance with normal industry practice for companies engaged in businesses similar to those of the Company and its Subsidiaries, and has made available to Acquiror true and correct copies of all insurance policies involving general errors and omissions, directors and officers coverage or environmental liabilities of the Company or any of its Subsidiaries in effect on the date hereof. There is no material claim by the Company or any of its Subsidiaries pending under any of such insurance as to which coverage has been questioned, denied or disputed by the underwriters of such insurance. All premiums payable prior to the date of this Agreement under all such insurance have been paid and the Company and each of its Subsidiaries is in all material respects in compliance with the terms of such insurance.

4.22. Affiliate Transactions. Except (i) as expressly disclosed in the Company SEC Documents, (ii) for any expense reimbursements and advances in the ordinary course of business consistent with past practice, (iii) for any Participation Interests identified in the Summary of Grants, (iv) for any employment or consulting agreement identified in the Company Disclosure Schedule, (v) for any benefits pursuant to a Company Plan, (vi) for transactions with any non-employee member of the Company’s Board of Directors or his or her Affiliates in the ordinary course of business consistent with past practice, (vii) for the Island Purchase Agreement and the transactions contemplated thereby, or (viii) for any other contract, commitment, agreement, arrangement or other transaction identified in the Company Disclosure Schedule, there are no contracts, commitments, agreements, arrangements or other transactions with more than $100,000 of obligations, commitments or payments remaining as of the date hereof between the Company or any Company Subsidiary, on the one hand, and any (x) officer or director of the Company or any Company Subsidiary or any of their immediate family members (including their spouses), (y) record or beneficial owner of five percent or more of any class or series of voting securities of the Company or (z) Affiliate of any such officer, director, family member or beneficial owner, on the other hand.

4.23. Required Vote; Board Approval; State Takeover Statutes.

(a) The only vote required of the holders of any class or series of the Company’s Equity Interests necessary to adopt this Agreement and to approve the Merger and the other transactions contemplated hereby is the approval of a majority of the outstanding Company Shares (the “**Company Stockholder Approval**”). For the avoidance of doubt and without limiting the generality of the foregoing, no vote of the holders of any other class or series of the Company’s Equity Interests is required under Article EIGHTH of the Company Charter to adopt this Agreement and to approve the Merger and the other transactions contemplated hereby.

(b) On or prior to the date hereof, the Company's Board of Directors and the Special Committee have (i) determined that this Agreement, the Voting Agreements and the transactions contemplated hereby and thereby, including the Merger, are in the best interests of the Company and the Company Stockholders, (ii) approved this Agreement, the Voting Agreements and the transactions contemplated hereby and thereby, including the Merger, and (iii) resolved to recommend to the Company Stockholders that they vote in favor of adopting and approving this Agreement and the Merger in accordance with the terms hereof. Such approvals by the Company's Board of Directors and the Special Committee are sufficient to render inapplicable to this Agreement, the Voting Agreements, the Merger and any of such other transactions contemplated hereby or thereby, the restrictions on "business combinations" set forth in Section 203 of the DGCL. To the Knowledge of the Company, no other state takeover statute or similar statute or regulation applies or purports to apply to the Merger, this Agreement, the Voting Agreements or any of the transactions contemplated hereby or thereby and no provision of the Company Charter or the Company's by-laws or similar governing or organizational instruments of any Company Subsidiary would, directly or indirectly, restrict or impair the ability of Parent to vote, or otherwise to exercise the rights of a stockholder with respect to, shares of the Company and any Company Subsidiary that may be acquired or controlled by Parent, as a result of the Merger or otherwise.

4.24. Information to Be Supplied. The Proxy Statement will not contain, at the time of the mailing thereof and at the time of the Company Stockholder Meeting, any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. The Proxy Statement will comply as to form in all material respects with the provisions of the Exchange Act. Notwithstanding the foregoing, the Company makes no representation or warranty with respect to any statements made or incorporated by reference in the Proxy Statement based on information supplied by Holding or its Affiliates in writing specifically for inclusion or incorporation by reference therein.

4.25. No Knowledge of Breach. The Company has no Knowledge as of the date hereof (and without giving effect to Section 6.5) of any breaches of the representations or warranties contained in Article 5 hereof such that the condition in Section 9.2(a)(ii) would not be satisfied.

4.26. Disclaimer of Other Representations and Warranties. The Company does not make, and has not made, any representations or warranties in connection with the Merger and the transactions contemplated hereby other than those expressly set forth herein. Except as expressly set forth herein, no Person has been authorized by the Company to make any representation or warranty relating to the Company or any Company Subsidiary or their respective businesses, or otherwise in connection with the Merger and the transactions contemplated hereby and, if made, such representation or warranty may not be relied upon as having been authorized by the Company.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF HOLDING, PARENT AND ACQUIROR

Except as disclosed in the Holding, Parent and Acquiror Disclosure Schedule, Holding, Parent and Acquiror, jointly and severally, represent and warrant to the Company that:

5.1. Corporate Existence and Power. Each of Holding, Parent and Acquiror is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all corporate powers and authority required to own, lease and operate its properties and assets and carry on its business as now conducted. Each of Holding, Parent and Acquiror is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned, leased or operated by it or the nature of its activities makes qualification necessary, except where the failure to be qualified would not be reasonably likely to have, individually or in the aggregate, a Parent Material Adverse Effect.

5.2. Corporate Authorization. The execution, delivery and performance by each of Holding, Parent and Acquiror of this Agreement and the consummation by each of Holding, Parent and Acquiror of the Merger and the other transactions contemplated hereby are within the corporate powers of each of Holding, Parent and Acquiror and have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Holding, Parent or Acquiror are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of Holding, Parent and Acquiror and assuming that this Agreement constitutes the valid and binding obligation of the Company, this Agreement constitutes a valid and binding agreement of each of Holding, Parent and Acquiror, enforceable in accordance with its terms.

5.3. Governmental Authorization. The execution, delivery and performance by each of Holding, Parent and Acquiror of this Agreement and the consummation by Holding, Parent and Acquiror of the transactions contemplated hereby will not require any consent, approval, action, order, authorization, or permit of, or registration, declaration or filing with, any Governmental Entity by Holding, Parent or Acquiror other than (a) those set forth in clauses (a) through (d) of Section 4.3 and (b) other consents, approvals, actions, orders, authorizations, permits, registrations, declarations and filings which, if not obtained or made, would not prevent or materially impair the ability of Holding, Parent or Acquiror to consummate the Merger or the other transactions contemplated by this Agreement.

5.4. Non-Contravention. The execution, delivery and performance by Holding, Parent and Acquiror of this Agreement and the consummation by Holding, Parent and Acquiror of the Merger and the other transactions contemplated hereby do not and will not (a) contravene or conflict with the certificate of incorporation or by-laws of any of Holding, Parent or Acquiror, (b) assuming compliance with the matters referred to in Section 5.3, contravene or conflict with, or constitute a violation of, any provision of Law, binding upon or applicable to any of Holding, Parent and Acquiror or by which any of their respective properties or assets is bound or affected, (c) constitute a breach or default under (or an event that with notice or lapse of time or both

could reasonably become a breach or default) or give rise (with or without notice or lapse of time or both) to a right of termination, amendment, cancellation or acceleration under any agreement, contract, note, bond, mortgage, indenture, lease, license, concession, franchise, joint venture, limited liability or partnership agreement or other instrument binding upon, any of Holding, Parent or Acquiror or their respective properties or assets, or (d) result in the creation or imposition of any Lien (except as contemplated by the Commitment Letter) on any asset of any of Holding, Parent or Acquiror other than, in the case of clauses (b), (c) and (d) taken together, any such items that would not be reasonably likely to have, individually or in the aggregate, a Parent Material Adverse Effect.

5.5. Parent SEC Documents.

(a) Parent and Holding have filed all forms, reports, filings, registration statements and other documents required to be filed by it with the SEC since July 20, 2001.

(b) As of its filing date, each Parent SEC Document complied as to form in all material respects with the applicable requirements of the Securities Act and/or the Exchange Act, as the case may be.

(c) No Parent SEC Document filed since July 20, 2001 pursuant to the Exchange Act contained, as of its filing date, any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No Parent SEC Document, as amended or supplemented, if applicable, filed since July 20, 2001 pursuant to the Securities Act contained, as of the date on which the document or amendment became effective, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) Each of the audited consolidated financial statements and unaudited consolidated interim financial statements of Parent and Holding included in the Parent SEC Documents were prepared in conformity with GAAP (except as may be indicated in the notes thereto) throughout the periods involved, and each fairly presents, in all material respects, the consolidated financial position of Holding, Parent and their consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and changes in financial position for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements).

(e) Section 5.5 of the Holding, Parent and Acquiror Disclosure Schedule sets forth the unaudited consolidated balance sheet and statement of operations of Holding and its Subsidiaries as of and for the 3-month period ended December 31, 2002 (the "**Most Recent Holding Financial Statements**"). The financial information included in the Most Recent Holding Financial Statements has been prepared in accordance with GAAP.

5.6. [Reserved].

5.7. Financing.

(a) Holding and Parent have entered into an Amendment Agreement, dated as of May 22, 2003 (the "**Credit Agreement Amendment**"), with respect to the Parent Credit Agreement, pursuant to which, upon the terms and subject to the conditions set forth therein, among other things, the Parent Credit Agreement will be amended and restated (the "**Amended and Restated Credit Agreement**") and Parent will be permitted to incur at least $75,000,000 of additional borrowings under the Amended and Restated Credit Agreement (the "**Credit Agreement Financing**"). Holding, Parent and CBRE Escrow, Inc. ("**Escrow Sub**") have entered into a purchase agreement, dated as of May 8, 2003 (the "**Senior Notes Purchase Agreement**") with a group of initial purchasers, pursuant to which Escrow Sub issued and sold, and such initial purchasers purchased, $200,000,000 aggregate principal amount of 9 3/4% Senior Notes due May 15, 2010 of Escrow Sub (the "**Senior Notes**"), subject to the terms and conditions set forth in the Senior Notes Purchase Agreement (the "**Senior Notes Financing**," and together with the Credit Agreement Financing, the "**Financing**"). The proceeds of the sale have been placed in escrow pursuant to the terms of an Escrow Agreement, dated as of May 22, 2003 (the "**Escrow Agreement**"), among Escrow Sub, Parent and U.S. Bank National Association, as escrow agent. A true and complete copy of each of the Credit Agreement Amendment, the Senior Notes Purchase Agreement and the Escrow Agreement has been previously provided to the Company. Holding, Parent and Escrow Sub, as applicable, have fully paid any and all commitment fees or other fees required by the Credit Agreement Amendment and the Senior Notes Purchase Agreement to be paid as of the date hereof (and will duly pay any such fees that become due after the date hereof). Each of the Credit Agreement Amendment, the Purchase Agreement and the Escrow Agreement is valid and in full force and effect, does not contain any material misrepresentation by Holding, Parent or Escrow Sub, as applicable (other than those resulting from inaccurate information provided by the Company), and no event has occurred which (with or without notice, lapse of time or both) would constitute a breach thereunder on the part of Holding, Parent or Escrow Sub. It is the good faith belief of Holding, Parent and Acquiror that the Financing will be obtained.

(b) Parent has entered into a subscription agreement dated as of February 17, 2003 (the "**Original Subscription Agreement**") and an amendment to the Original Subscription Agreement dated as of the date hereof (collectively with the Original Subscription Agreement, the "**Amended Subscription Agreement**") and a commitment letter dated as of the date hereof (the "**Blum Strategic Commitment Letter**"), which replaces a commitment letter previously entered into by such parties as of February 17, 2003 (the "**Old Blum Strategic Commitment Letter**"), in each case with certain existing stockholders of Parent named therein (including Affiliates of Blum Capital Partners, L.P.), pursuant to which such stockholders (or their assignees or designees) have committed, subject to the terms and conditions set forth therein, to provide to Parent not less than $100 million and up to $145 million of financing to complete the transactions contemplated hereby and satisfy the financing conditions set forth in clauses (a) and (d) of the section of Exhibit A of the Amended Commitment Letter titled "Acquisition" (collectively, the "**Additional Financing**"). A true and complete copy of each of the Amended Subscription Agreement and the Blum Strategic Commitment Letter has been previously provided to the Company. Each of the Amended Subscription Agreement and the Blum Strategic Commitment Letter is valid and in full force and effect and no event has occurred which (with or without notice, lapse of time or both) would constitute a breach thereunder on the

part of Holding, Parent or Acquiror. It is the good faith belief of Holding, Parent and Acquiror that the Additional Financing will be obtained.

(c) As of the date of the Original Agreement, there were no outstanding Revolving Loans (as defined in the Parent Credit Agreement) and approximately $1.3 million of L/C Exposure (as defined in the Parent Credit Agreement) under the Parent Credit Agreement.

(d) Assuming that the information provided by the Company to Parent in writing (including in electronic format) with respect to the Company's and its Subsidiaries' historical costs is true and correct in all respects material to this representation and warranty and was derived from the books and records of the Company and its Subsidiaries, the aggregate annualized cost savings relating to ongoing operations of the Company and its Subsidiaries and Parent and its Subsidiaries after giving effect to the Merger (as such amount is calculated for purposes of the definition of "Consolidated EBITDA" in the Amended and Restated Credit Agreement) would equal at least the amount set forth in Section 5.7 of the Holding, Parent and Acquiror Disclosure Schedule.

5.8. Information to Be Supplied. The information supplied or to be supplied by Holding, Parent and Acquiror in writing specifically for inclusion or incorporation by reference in the Proxy Statement will, at the time of the mailing thereof and at the time of the Company Stockholder Meeting (if any), not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, neither Holding, Parent nor Acquiror makes any representation or warranty with respect to any statements made or incorporated by reference in the Proxy Statement based on information supplied by the Company for inclusion or incorporation by reference therein.

5.9. Disclaimer of Other Representations and Warranties. Holding, Parent and Acquiror do not make, and have not made, any representations or warranties in connection with the Merger and the transactions contemplated hereby other than those expressly set forth herein. Except as expressly set forth herein, no Person has been authorized by Holding, Parent or Acquiror to make any representation or warranty relating to Holding, Parent or Acquiror or their respective businesses, or otherwise in connection with the Merger and the transactions contemplated hereby and, if made, such representation or warranty may not be relied upon as having been authorized by Holding, Parent or Acquiror.

5.10. No Knowledge of Breach. Each of the Persons set forth on Section 5.10 of the Parent Disclosure Schedule has reviewed Article 4 of this Agreement and the Company Disclosure Schedules (as delivered on the date hereof and without giving effect to Section 6.5) and, based on such review, has no actual knowledge as of the date hereof of any breaches of the representations or warranties contained therein such that the condition in Section 9.3(a)(ii) would not be satisfied.

ARTICLE 6

COVENANTS OF THE COMPANY

The Company agrees as set forth below.

6.1. <u>Company Interim Operations</u>. Except as set forth in the Company Disclosure Schedule, as expressly contemplated by the Island Purchase Agreement or as otherwise expressly contemplated hereby, without the prior written consent of Acquiror, from the date hereof until the Effective Time, the Company shall, and shall cause each Company Subsidiary to, conduct its business in all material respects in the ordinary course consistent with past practice, and shall, subject to the other limitations set forth in this Section 6.1, use commercially reasonable efforts to (i) preserve intact its present business organization, (ii) maintain in effect all material Permits that are required for the Company or such Company Subsidiary to carry on its business, (iii) keep available the services of its present key officers, employees and independent contractors, and (iv) preserve existing relationships with its material customers, lenders, suppliers and other Persons having material business relationships with it. Without limiting the generality of the foregoing, except as set forth in the Company Disclosure Schedule or as otherwise expressly contemplated by this Agreement, from the date hereof until the Effective Time, without the prior written consent of Acquiror (such consent not to be unreasonably withheld with respect to the immediately following clauses (e), (g), (i), (k) and (n)), the Company shall not, nor shall it permit any Company Subsidiary, directly or indirectly, to:

(a) amend the Company Charter, the Company's by-laws or any Company Subsidiary's certificate of incorporation or by-laws (or equivalent organizational or governing documents);

(b) (i) split, combine or reclassify any of its Equity Interests or amend the terms of any rights, warrants or options to acquire its securities, (ii) except for ordinary course dividends by a Company Subsidiary or by the Company to holders of Company Preferred Shares, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its Equity Interests or otherwise make any payments to holders of such Equity Interests in their capacities as such, or (iii) except with respect to any repurchases entirely for cash of the Company Series A Preferred Shares and Company Series B Preferred Shares for an amount per share that is less than or equal to the Series A Preferred Merger Consideration or the Series B Preferred Merger Consideration, respectively, redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any of its securities or any rights, warrants or options to acquire its securities;

(c) issue, deliver, sell, exchange, grant, pledge, encumber or transfer or authorize the issuance, delivery, sale, grant, pledge, encumbrance or transfer of, any Equity Interests in the Company or any Company Subsidiary or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any Equity Interests in the Company or any Company Subsidiary, other than the issuance of Company Shares or, in the case of clause (iv) only, Equity Interests in any Company Subsidiary pursuant to (i) the exercise of Company Options granted prior to the date hereof, (ii) the exercise of Company Warrants and TOPR Warrants issued prior to the date hereof, (iii) the conversion of, or as a dividend on (if the

payment of a dividend in cash would breach or violate the provisions of the Senior Credit Agreement), Company Preferred Shares issued prior to the date hereof (but not the exchange of such Company Preferred Shares pursuant to the Exchange Agreement), (iv) issuance of Company Shares in connection with the vesting of Restricted Shares and (v) issuance of Company Shares under the Company Purchase Plan;

(d) acquire, directly or indirectly (whether pursuant to merger, stock or asset purchase, joint venture or otherwise), in one transaction or series of related transactions (i) any Person, any Equity Interests or other securities in any Person, any division or business of any Person or all or substantially all of the assets of any Person or (ii) any interest or investment in real property (except to the extent (A) otherwise obligated pursuant to any binding agreement as of the date hereof, a copy of which has previously been made available to Parent or (B) solely among or between the Company and its Subsidiaries);

(e) sell, lease, encumber or otherwise dispose of any assets, other than (i) sales in the ordinary course of business consistent with past practice, (ii) obsolete equipment and property no longer used in the operation of the Company's business, and (iii) assets which do not have a value of more than $100,000 individually or $500,000 in the aggregate;

(f) (i) (A) incur any indebtedness for borrowed money, except borrowings under the terms of the Senior Credit Agreement, the U.K. Overdraft Facility or, solely to the extent borrowings are then not available under the Senior Credit Agreement, the Senior Subordinated Credit Agreement, in each case to fund working capital in the ordinary course consistent with past practice (provided that no such indebtedness may be incurred with respect to the matters identified as "Prohibited Borrowings" in Section 6.1(f) of the Company Disclosure Schedule), (B) issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any Company Subsidiary, (C) make any loans, advances or capital contributions to, or investments in, any other Person, other than to the Company or any Company Subsidiary and other than advancements to brokers and other commission based Company Employees or Company Independent Contractors in the ordinary course of business consistent with past practice, (D) assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person (other than obligations of the Company or any Company Subsidiary and the endorsements of negotiable instruments for collection in the ordinary course of business consistent with past practice), or (E) except as set forth in Section 6.1(f)(i)(E) of the Company Disclosure Schedule, enter into any new recourse commitments with respect to the financing of any of the Real Estate Investment Assets, or (ii) enter into or materially amend any contract, agreement, commitment or arrangement to effect any of the transactions prohibited by this Section 6.1(f);

(g) except with the prior written consent of Parent (which will not be unreasonably withheld or delayed) or with respect to Material Contracts that relate solely to capital expenditures that are permitted by Section 6.1(i) hereto, (i) enter into any contract, agreement or arrangement that if entered into prior to the date hereof would be a Material Contract (except for all revenue producing contracts that would otherwise be included within clause (i) of the definition of Material Contracts and would not otherwise fall within any of clauses (ii) through (xi) of the definition of Material Contracts), (ii) amend or modify in any material respect or terminate any Material Contract (except for all revenue producing contracts

that would otherwise be included within clause (i) of the definition of Material Contracts and would not otherwise fall within any of clauses (ii) through (xi) of the definition of Material Contracts) or (iii) otherwise waive, release or assign any material rights, claims or benefits of the Company or any Company Subsidiary under any Material Contract;

(h) except as required by applicable Law or the terms of any employment agreement or Company Plan existing as of the date of this Agreement, (i) unless provided for in the 2003 Budget, increase the compensation (including, without limitation, commission rates) or benefits of any present or former director, officer or employee of the Company or any Company Subsidiaries, (ii) pay a bonus, whether accrued or unaccrued, to any present or former director, officer or employee of the Company or any Company Subsidiaries, (iii) grant, or alter the terms of, any severance or termination pay or benefits to any present or former director, officer or employee of the Company or its Subsidiaries, (iv) loan or advance any money or other property to any present or former director, officer or employee of the Company or any Company Subsidiaries, other than advancements to brokers and other commission based Company Employees or Company Independent Contractors in the ordinary course of business consistent with past practice, (v) establish, adopt, enter into, amend or terminate any Company Plan or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Company Plan if it were in existence as of the date of this Agreement, (vi) grant any equity or equity-based awards, other than in the ordinary course consistent with past practice, (vii) enter into any employment, consulting, independent contractor or similar agreement, or amend, supplement or modify the terms of any such existing agreements, (viii) hire, or offer to hire, any new employee or enter into any new independent contractor relationship, or agree to enter into any new independent contractor relationship (except (A) to replace employees or independent contractors departing after the date hereof or that have departed prior to the date hereof but have not yet been replaced, provided that the compensation and benefits offered to such replacement do not materially exceed that of the replaced employee or independent contractor, (B) for new employees who have aggregate pre-tax compensation (including bonuses and commissions of no greater than $200,000 per year, (C) with respect to offers of employment that are outstanding as of the date hereof, (D) for ordinary course hiring of brokers consistent with past practice in connection with the residential brokerage business of the Company and its Subsidiaries or (E) employees assigned to properties managed by the Company or any of its Subsidiaries for which the compensation and benefits of such employees are fully reimbursed to the Company and its Subsidiaries) or (ix) terminate any employee or independent contractor of the Company or its Subsidiaries other than in writing;

(i) except (x) as set forth on the 2003 Budget set forth in Section 6.1(i) of the Company Disclosure Schedule (the "**2003 Budget**") and (y) for authorization of ordinary course capital expenditures by Real Estate Investment Entities (other than with respect to the matters identified as "Prohibited Expenditures" in Section 6.1(f) of the Company Disclosure Schedule), authorize or make any single capital expenditure in excess of $50,000 or aggregate capital expenditures of the Company and the Company Subsidiaries, taken together, in excess of $250,000;

(j) change the Company's methods of accounting in effect at December 31, 2001, except as required by changes in GAAP or by Regulation S-X of the Exchange Act or as

otherwise specifically disclosed in the Company SEC Documents filed prior to the date hereof, as concurred in by its independent public accountants;

(k) (i) except for the payment of any deductible under an existing insurance policy (or a commercially reasonable substitute for a company engaged in businesses similar to those of the Company and its Subsidiaries) with respect to a Claim that is being settled by such insurance company, settle, pay, compromise or discharge any Claim that is in excess of $250,000 or is otherwise material to the business, financial condition or results of operations of the Company and the Company Subsidiaries, taken as a whole or (ii) settle, pay, compromise or discharge any Claim against the Company or any Company Subsidiary with respect to or arising out of the transactions contemplated by this Agreement, the Asset Agreements, the Voting Agreements, the Confidentiality Agreement and the No-Raid Agreement;

(l) other than in the ordinary course of business consistent with past practice, (i) make any material Tax election or take any position on any Company Return filed on or after the date of this Agreement or adopt any method therein that is materially inconsistent with elections made, positions taken or methods used in preparing or filing similar returns in prior periods, (ii) enter into any settlement or compromise of any material Tax liability, (iii) file any amended Company Return with respect to any material Tax, (iv) change any annual Tax accounting period, (v) enter into any closing agreement relating to any material Tax or (vi) surrender any right to claim a material Tax refund;

(m) open any office in a new geographical territory, create any new business division or otherwise enter into any new line of business;

(n) fail to continuously maintain in full force and effect its current insurance or a commercially reasonable substitute for a company engaged in businesses similar to those of the Company and its Subsidiaries;

(o) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any Company Subsidiary (other than the Merger);

(p) willfully take any action that would result in a material breach of any provision of this Agreement or the inability of the Company to satisfy the conditions precedent set forth in Section 9.3(a) hereto;

(q) except for (i) expense reimbursements and advances in the ordinary course of business consistent with past practice, (ii) revenue producing agreements entered into with Real Estate Investment Entities in the ordinary course of business consistent with past practice having terms consistent with past practice and (iii) transactions with any non-employee member of the Company's Board of Directors or his or her Affiliates in the ordinary course of business consistent with past practice, enter into any contract, commitment or agreement with any Affiliate of the Company or its Subsidiaries or any of their immediate family members (including their spouses);

(r) except as specifically contemplated by this Agreement and the Company Disclosure Schedules (without giving effect to Section 6.5), enter into any agreement not in

existence as of the date hereof that would provide for the making of any payment or result in any adverse change in rights or obligations of the Company and its Subsidiaries as a result of the Merger, the Financing or the Additional Financing; and

(s) authorize, agree or commit, verbally or in writing, to do any of the foregoing.

provided, however that the conduct of business by each of Insignia Opportunity Trust and Insignia Opportunity Partners (collectively, "**IOP**") and Insignia Opportunity Partners II, L.P. ("**IOP II**") shall not be subject to the foregoing clauses (a) through (s) to the extent such conduct is in the ordinary course of business consistent with past practice; provided, further that the conduct of business of Octane Ventures, LLC shall not be subject to the foregoing clauses (a) through (s).

6.2. Stockholder Meeting. Subject to Section 6.3 hereto, the Company shall cause a meeting of its Stockholders (the "**Company Stockholder Meeting**") to be duly called and held as promptly as reasonably practicable after the date hereof for the purpose of obtaining the Company Stockholder Approval. Subject to Section 6.3 hereto, the Company's Board of Directors and the Special Committee shall recommend approval and adoption by the Company Stockholders of this Agreement and the transactions contemplated hereby, including the Merger (the "**Company Recommendation**"), and the Company shall take all other reasonable lawful action to solicit and secure the Company Stockholder Approval. Subject to Section 6.3 hereto, the Company Recommendation, together with a copy of the opinion referred to in Section 4.16(b), shall be included in the Proxy Statement. Parent and Acquiror or their agents shall have the right to solicit from the Company Stockholders proxies in favor of adoption of this Agreement and the transactions contemplated hereby.

6.3. Acquisition Proposals; Board Recommendation.

(a) The Company agrees that it shall not, nor shall it permit any Company Subsidiary to, nor shall it authorize or knowingly permit any officer, director, employee, investment banker, attorney, accountant, agent or other advisor or representative of the Company or any Company Subsidiary, directly or indirectly, to (i) solicit, initiate or otherwise knowingly encourage the submission of any Acquisition Proposal, (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or take any other action knowingly to facilitate any inquiries or the making of any proposal that constitutes, or that would reasonably be expected to lead to, any Acquisition Proposal, (iii) grant any waiver or release under any standstill or similar agreement with respect to any class or series of the Company's equity securities to the extent such waiver or release would permit the other party or parties to such agreement to actually acquire such securities or approve any matter for purposes of Section 203 of the DGCL with respect to any Third Party (for the avoidance of doubt, a waiver or release under such agreement that solely permits a proposal or offer, including, without limitation, an Acquisition Proposal, would not violate this clause (iii)) or (iv) enter into any agreement with respect to any Acquisition Proposal; provided, however, that if the Company receives an unsolicited Acquisition Proposal from a Third Party that the Company's Board of Directors or the Special Committee determines in good faith is or could reasonably be expected to lead to the delivery of a Superior Proposal from that Third Party, the Company may, subject to

compliance with all the other provisions of this Section 6.3, furnish information to and engage in discussions and negotiations with such Third Party with respect to its Acquisition Proposal (“**Permitted Actions**”) if and only to the extent that, the Board of Directors or the Special Committee, by majority vote, concludes in good faith, after consultation with outside financial advisors and legal advisors, that, as a result of such Acquisition Proposal, such Permitted Action is necessary for the Board of Directors or the Special Committee to act in a manner consistent with their respective fiduciary duties under applicable Law. The Board of Directors of the Company or the Special Committee shall provide Acquiror with prompt notice (but in no event later than the next day) of its engaging in any Permitted Actions.

(b) Except as permitted by this Section 6.3(b), neither the Board of Directors of the Company nor the Special Committee or any other committee thereof shall amend, withdraw, modify, change, condition or qualify in any manner adverse to Acquiror, the Company Recommendation (it being understood and agreed that a communication by the Board of Directors of the Company to the Company Stockholders pursuant to Rule 14d-9(f) of the Exchange Act, or any similar communication to the Company Stockholders in connection with the making or amendment of a tender offer or exchange offer by any Person other than the Company or any Company Subsidiary, shall not be deemed to constitute a withdrawal, modification, amendment, condition or qualification of the Company Recommendation for purposes of this Section 6.3). Notwithstanding the foregoing, the Board of Directors of the Company or the Special Committee may withdraw or modify the Company Recommendation in a manner adverse to Acquiror if (i) the Company has complied in all material respects with this Section 6.3, (ii) the Company shall have notified Parent at least two Business Days in advance of its intention to effect such withdrawal or modification of the Company Recommendation and (iii) the Board of Directors or the Special Committee, by majority vote, concludes in good faith, after consultation with outside financial advisors and legal advisors, that such withdrawal or modification is necessary for the Board of Directors or the Special Committee to act in a manner consistent with their respective fiduciary duties under applicable Law.

(c) Unless the Company’s Board of Directors or the Special Committee has previously withdrawn, or is concurrently therewith withdrawing, the Company Recommendation in accordance with this Section 6.3, neither the Company’s Board of Directors nor the Special Committee or any other committee thereof shall recommend any Acquisition Proposal to the Company Stockholders. Nothing contained in this Section 6.3 or elsewhere in this Agreement shall (i) prevent the Company’s Board of Directors or the Special Committee from complying with Rule 14e-2 under the Exchange Act with respect to any Acquisition Proposal or making any disclosure required by applicable Law or (ii) prohibit accurate disclosure of factual information regarding the business, financial condition or results of operations of the Company, or the fact that an Acquisition Proposal has been made, the identity of the party making such Acquisition Proposal or the material terms of such Acquisition Proposal to the extent such information, facts, identity or terms are required to be disclosed under applicable Law.

(d) Notwithstanding anything in this Section 6.3 to the contrary, at any time prior to obtaining the Company Stockholder Approval, the Board of Directors of the Company or the Special Committee may, in response to a Superior Proposal that was unsolicited and that did not otherwise result from a breach of this Section 6.3, cause the Company to terminate this Agreement pursuant to Section 10.1(c)(ii) and concurrently enter into an agreement regarding

such Superior Proposal; provided, however, that the Company shall not terminate this Agreement pursuant to Section 10.1(c)(ii), and any purported termination pursuant to Section 10.1(c)(ii) shall be void and of no force or effect (and the Company may not enter into such agreement regarding such Superior Proposal), unless the Company shall have complied in all material respects with all the provisions of this Section 6.3, including the notification provisions in this Section 6.3, and with all applicable requirements of Sections 10.2(b) (including the payment of the Termination Fee (as defined in Section 10.2(b)) prior to or concurrently with such termination) in connection with such Superior Proposal; and provided further, however, that the Company shall not exercise its right to terminate this Agreement pursuant to Section 10.1(c)(ii) until after the second Business Day following Parent's receipt of written notice (a "**Notice of Superior Proposal**") from the Company advising Parent that the Board of Directors of the Company or the Special Committee has received a Superior Proposal, specifying the material terms and conditions of the Superior Proposal, identifying the person making such Superior Proposal and stating that the Board of Directors of the Company or the Special Committee intends to exercise its right to terminate this Agreement pursuant to Section 10.1(c)(ii) (it being understood and agreed that, prior to any such termination taking effect, any amendment to the price or any other material term of a Superior Proposal (such amended Superior Proposal, a "**Modified Superior Proposal**") shall require a new Notice of Superior Proposal and a new two Business Day period with respect to such Modified Superior Proposal).

(e) The Company shall notify Acquiror promptly (but in no event later than the next Business Day) after receipt by the Company of any Acquisition Proposal or any request for information relating to the Company or any Company Subsidiary in connection with an Acquisition Proposal or for access to the properties, books or records of the Company or any Company Subsidiary or any request for a waiver or release under any standstill or similar agreement by any Person that has made, or informs the Board of Directors or the Special Committee of the Company or such Company Subsidiary that it is considering making, an Acquisition Proposal; provided, however, that prior to participating in any discussions or negotiations or furnishing any such information, the Company shall receive from such Person an executed confidentiality agreement on terms that are not materially less favorable to the Company than the Confidentiality Agreement, dated as of October 14, 2002 (the "**Confidentiality Agreement**"), between Holding and the Company. The notice shall indicate the material terms and conditions of the proposal or request and the identity of the Person making it, and the Company will promptly notify Acquiror of any material modification of or material amendment to any Acquisition Proposal (and the terms of such modification or amendment); provided, however, that, without limiting what changes may be material, any change in the form, amount, timing or other aspects of the consideration to be paid with respect to the Acquisition Proposal shall be deemed to be a material modification or a material amendment. The Company shall keep Acquiror informed, on a reasonably current basis, of the status of any negotiations, discussions and documents with respect to such Acquisition Proposal or request.

(f) The Company shall immediately cease, and shall cause any Person acting on its behalf to cease, and cause to be terminated any existing discussions or negotiations with any Third Party conducted heretofore with respect to any of the foregoing and shall request any such parties in possession of confidential information about the Company or any Company Subsidiary that was furnished by or on behalf of the Company or any such Subsidiary to return

or destroy all such information in the possession of any such party or the agent or advisor of any such party.

(g) For the avoidance of doubt, the Company's rights and obligations under this Section 6.3 shall not be affected by the provisions of the Island Purchase Agreement.

6.4. French Warrants. The Company shall, or shall cause its Subsidiaries to, exercise any call rights or other rights the Company or such Subsidiaries have to purchase or acquire the outstanding Warrants (solely for purposes of this Section 6.4, as defined in the Share Purchase Agreement, dated November 30, 2001, among the Company, Insignia France SARL, Jean Claude Bourdais and the other parties thereto) for cash or, solely to the extent payment in cash would breach or violate the provisions of the Senior Credit Agreement, Company Shares.

6.5. Supplemental Company Disclosure Schedule. Subject to the provisions of the following sentence, the Company shall have the right to make additions (each such addition, a "**Supplemental Exception**") to the Company Disclosure Schedule by delivering a single supplement thereto (the "**Supplemental Disclosure Schedule**"), which Supplemental Disclosure Schedule must be delivered to Parent no later than eleven (11) Business Days after the date of the Original Agreement and may contain Supplemental Exceptions solely with respect to the following provisions of Article 4 (it being understood that any disclosure provided in the Supplemental Disclosure Schedule will be deemed to apply solely to the following Sections of Article 4 (and not any other Sections of Article 4) notwithstanding anything to the contrary in the Company Disclosure Schedule or the Supplemental Disclosure Schedule): the second sentence of Section 4.1, Section 4.4(b), Section 4.4(c), Section 4.6(a), Section 4.6(c), Section 4.7(f), Section 4.9, Section 4.11, Section 4.12 (excluding the last sentence of Section 4.12(g)), Section 4.13, Section 4.14, Section 4.15, Section 4.17, Section 4.18 (excluding the last sentence of Section 4.18 (b)), Section 4.19, Section 4.20, Section 4.21 and Section 4.22. With respect to the Supplemental Disclosure Schedule, (i) each Supplemental Exception included in the Supplemental Disclosure Schedule must be a fact, event, circumstance or other matter that existed as of the date hereof, and the Supplemental Disclosure Schedule cannot include any facts, events, circumstances or other matters arising only after the date of this Agreement, (ii) each Supplemental Exception can refer only to specific facts, events, circumstances or other matters (e.g. identification of a contract by date and names of the parties thereto), and the Supplemental Disclosure Schedule cannot include general statements or exceptions (e.g. references to general categories of contracts), (iii) the Supplemental Disclosure Schedule cannot include any agreement, contract or transaction to which any Person named in the definition of "Knowledge" is a party and (iv) each Supplemental Disclosure must contain only such information as the Company in good faith believes is required to be included on the Company Disclosure Schedule. Copies of all documents referred to in any Supplemental Disclosure Schedule must be made available to Parent on or prior to the date of delivery of such Supplemental Disclosure Schedule. In addition, the Company agrees to deliver promptly (but in no event later than two Business Days after a request by Parent) to Parent all information reasonably requested by Parent relating to any Supplemental Exceptions disclosed in the Supplemental Disclosure Schedule. In the event the Supplemental Exceptions included in the Supplemental Disclosure Schedule could reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, then Parent shall have the right to terminate this Agreement no later than five (5) Business Days after receipt of the Supplemental Disclosure Schedule, or, if later, two (2)

Business Days after receipt by Parent of the documents and information referred to in the two immediately preceding sentences but in no event later than ten (10) Business Days after delivery of the Supplemental Disclosure Schedule. All Supplemental Exceptions included in the Supplemental Disclosure Schedule in accordance with this Section 6.5 will be deemed to have been included in the Company Disclosure Schedule from and after the date of this Agreement.

6.6. Pre-Closing Terminations. No later than 30 days prior to the Closing Date Parent will deliver to the Company a list of all employees and independent contractors that Parent wishes to have terminated prior to the Closing (the "**Section 6.6 List**"). After the satisfaction or waiver of all conditions precedent set forth in Article 9 but prior to the Closing, subject to compliance with applicable Law, the Company shall, and shall cause all of its Subsidiaries to, terminate (effective prior to the Closing) the employment or independent contractor relations, as applicable, of all employees and independent contractors listed on the Section 6.6 List.

ARTICLE 7

COVENANTS OF HOLDING, PARENT AND ACQUIROR

Each of Holding, Parent and Acquiror agrees as set forth below.

7.1. Director and Officer Liability.

(a) Holding, Parent, Acquiror and the Surviving Corporation agree that the Surviving Corporation shall adopt on or prior to the Effective Time, in its certificate of incorporation and by-laws, the same indemnification, limitation of or exculpation from liability and expense advancement provisions as those set forth in the Company's certificate of incorporation and by-laws, in each case as of the date of this Agreement, and that such provisions shall not be amended, repealed, revoked or otherwise modified for a period of six (6) years and one (1) month after the Effective Time in any manner that would adversely affect the rights thereunder of the individuals who on or prior to the Effective Time were directors, officers, employees or agents of the Company or any Company Subsidiary or are otherwise entitled to the benefit of such provisions, unless such modification is required after the Effective Time by applicable Law.

(b) To the fullest extent permitted under applicable Law, commencing at the Effective Time and continuing for six (6) years (or for such longer period provided for in any applicable statute of limitations) and one (1) month thereafter, Parent or the Surviving Corporation shall, and if Parent and the Surviving Corporation do not promptly do so, Holding shall, indemnify, defend and hold harmless, each present and former director, officer or employee of the Company and each Company Subsidiary and their respective estates, heirs, personal representatives, successors and assigns (collectively, the "**Indemnified Parties**") against all costs and expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages, liabilities and settlement amounts paid in connection with any Claim (whether asserted prior to, at or after, the Effective Time) arising out of or pertaining to any action or omission in their capacity as director or officer of the Company or any Company Subsidiary or their serving at the request of the Company or any Company Subsidiary as director, officer, trustee, partner or fiduciary of another Person, pension or other employee benefit plan or

enterprise in each case occurring on or before the Effective Time (including the transactions contemplated by this Agreement); provided, however, that in the event any Claim or Claims for indemnification are made within such six-year (or within such longer period provided for in any applicable statute of limitations) and one-month period, all rights to indemnification in respect of any such Claim or Claims shall continue until the final disposition of any and all such Claims. Without limiting the foregoing, in the event of any Claim, (i) Parent or the Surviving Corporation shall, and if Parent and the Surviving Corporation do not promptly do so, Holding shall (x) periodically advance reasonable fees and expenses (including attorneys fees) with respect to the foregoing and pay the reasonable fees and expenses of counsel selected by each Indemnified Party, promptly after statements therefor are received, provided that the Indemnified Party to whom fees and expenses are advanced or for which fees and expenses of counsel are paid provides an undertaking to repay such advances and payments if it is ultimately determined that such Indemnified Party is not entitled to indemnification, and (y) vigorously assist each Indemnified Party in such defense, and (ii) subject to the terms of this Section 7.1, Holding, Parent and the Surviving Corporation shall cooperate in the defense of any matter. If any Claim is commenced as to which an Indemnified Party desires to receive indemnification, such Indemnified Party shall notify the Surviving Corporation with reasonable promptness; provided, however, that failure to give reasonably prompt notice to the Surviving Corporation shall not affect the indemnification obligations of Holding, Parent or the Surviving Corporation hereunder except to the extent that the failure to so notify has prejudiced the Surviving Corporation in such Claim. The Indemnified Party shall have the right to retain counsel of such Indemnified Party's own choice to represent such person; and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with Holding, Parent and the Surviving Corporation and any counsel designated by any of Holding, Parent or the Surviving Corporation. Holding, Parent and the Surviving Corporation shall be liable only for any settlement of any Claim against an Indemnified Party made with Parent or the Surviving Corporation written consent. Holding, Parent and the Surviving Corporation shall not, without the prior written consent of an Indemnified Party, settle or compromise any Claim, or permit a default or consent to the entry of any judgment in respect thereof, unless such settlement, compromise or consent includes, as an unconditional term thereof, the giving by the claimant to such Indemnified Party of an unconditional release from all liability in respect of such claim.

(c) For six (6) years and one (1) month from the Effective Time, the Surviving Corporation shall, and Holding and Parent shall cause the Surviving Corporation to, provide to the present and former directors and officers of the Company and each Company Subsidiary liability and fiduciary liability insurance protection with the same coverage and in the same amount, and on terms no less favorable to the directors and officers than that provided by the Company's directors' and officers' liability insurance policies in effect on the date hereof and listed on Section 7.1(c) of the Company Disclosure Schedule; provided, however, that the Surviving Corporation shall not be obligated to make premium payments for such insurance to the extent such annual premiums exceed 300% of the annual premiums paid as of the date hereof by the Company for such insurance; and provided, further, that if the premiums with respect to such insurance exceed 300% of the annual premiums paid as of the date hereof by the Company for such insurance, the Surviving Corporation shall be obligated to obtain such insurance with the maximum coverage as can be obtained at an annual premium equal to 300% of the annual premiums paid by the Company as of the date hereof.

(d) All rights to indemnification and/or advancement of expenses contained in any agreement with any Indemnified Parties as in effect on the date hereof with respect to matters occurring on or prior to the Effective Time (including the transactions contemplated hereby) shall survive the Merger and continue in full force and effect.

(e) This Section 7.1 shall survive the consummation of the Merger and is intended to be for the benefit of, and shall be enforceable by, the Indemnified Parties referred to herein, their heirs and personal representatives and shall be binding on Holding, Parent and the Surviving Corporation and their respective successors and assigns and the covenants and agreements contained herein shall not be deemed exclusive of any other rights to which an Indemnified Party is entitled, whether pursuant to Law, contract or otherwise.

(f) If Holding, Parent or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each case, to the extent necessary, proper provision shall be made so that the successors and assigns of Holding, Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 7.1.

(g) Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to the Company or any of its officers, directors or employees, it being understood and agreed that the indemnification provided for in this Section 7.1 is not prior to or in substitution for any such claims under such policies.

7.2. Employee Benefits.

(a) The Surviving Corporation shall, and Holding and Parent shall cause the Surviving Corporation to, provide to individuals who are employees of the Company and each Company Subsidiary immediately prior to the Effective Time and who subsequently become employees of the Surviving Corporation (the "**Continuing Employees**"), with employee benefits that, in the aggregate, are substantially equivalent to the employee benefits provided by Parent or its Subsidiaries to their own similarly situated current employees.

(b) For purposes of determining eligibility to participate and the vesting of benefits under plans maintained or contributed to by Holding, Parent or its Subsidiaries for the benefit of the Continuing Employees and for each of the Persons set forth in Section 7.2 of the Company Disclosure Schedule (the "**Purchaser Plans**"), including, but not limited to, any pension, severance, 401(k), vacation and sick pay plan, and for purposes of calculating benefits under any severance, sick leave or vacation plans, Holding, Parent or its Subsidiaries shall give credit for years of service with the Company, as if they were years of service with Holding, Parent or its Subsidiaries. Holding, Parent and its Subsidiaries shall recognize such service for purposes of satisfying any waiting period, evidence of insurability requirements or the application of any preexisting condition limitation. Holding, Parent and its Subsidiaries shall also give the Continuing Employees and such Persons set forth in Section 7.2 of the Company Disclosure Schedule credit for amounts paid under a corresponding Company Plan during the

same period for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the benefit plan sponsored or maintained by Holding, Parent or any of its Subsidiaries.

(c) Effective as of the day immediately preceding the Effective Date, the Company shall terminate the Insignia Financial Group, Inc. 401(k) Retirement Savings Plan and any other 401(k) plan(s) that Company or its Affiliates sponsor for the benefit of Company Employees (the "**Company 401(k) Plans**"), subject to and conditioned upon the occurrence of the Effective Time, unless Parent provides notice to the Company at least 15 days prior to the Effective Time that the Company 401(k) Plans shall not be terminated. The Parent shall receive from the Company evidence that the Company 401(k) Plans have been terminated pursuant to a resolution of the Company's Board of Directors (the form and substance of such resolution shall be subject to review and approval of the Parent, which approval shall not be unreasonably withheld). Notwithstanding anything herein to the contrary, as promptly as possible following the Effective Time, the Parent shall permit Continuing Employees to participate in a tax-qualified defined contribution plan established or maintained by the Parent or its Affiliate (the "**Parent 401(k) Plan**") and, to the extent permitted by the Parent 401(k) Plan, to rollover (whether by direct or indirect rollover, as selected by such participant) his or her "eligible rollover distribution" (as defined under Section 402(c)(4) of the Code) from the Company 401(k) Plans. No loan shall be placed into default or declared in default, and the Parent shall consider, in good faith, permitting participants in the Company 401(k) Plans to transfer his or her account balance under the Company 401(k) Plans, together with the promissory note evidencing the plan loan and the applicable loan documentation, to the Parent 401(k) Plan through a direct rollover. In such case, the loan shall be assumed and continued by the Parent 401(k) Plan in a manner substantially similar to the Company 401(k) Plans.

7.3. Conduct of Holding, Parent and Acquiror. Holding and Parent each will, and will take all action necessary to cause Acquiror to, perform its obligations under this Agreement to consummate the Merger on the terms and subject to conditions set forth in this Agreement.

7.4. Transfer Taxes and Other Tax Matters.

(a) The parties shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding all state, local and foreign real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees or similar Taxes ("**Transfer Taxes**") which become payable in connection with the transactions contemplated by this Agreement that are required to be filed on or before the Effective Time. All Transfer Taxes (including any interest or penalties with respect thereto) attributable to the Merger shall be timely paid by Holding, Parent, Acquiror or the Surviving Corporation.

(b) Any liability arising out of New York State or New York City Real Property Transfer Taxes with respect to interests in real property owned, directly or indirectly, by the Company or any of its Subsidiaries immediately prior to the Effective Time, if applicable and due in connection with the Merger, shall be borne by Holding, Parent or the Surviving Corporation and expressly shall not be a liability of the Company Stockholders.

(c) If legislation is enacted prior to the Effective Time that the Company and Parent in good faith mutually agree reduces or eliminates the federal income tax on dividend income that would be payable by U.S. individuals as a result of a cash dividend on the Common Shares, then the Company shall have the right to declare a cash dividend on the Common Shares prior to the Effective Time if the distribution of such dividend would result in tax savings to holders of the Common Shares. If such a dividend is declared, the Common Merger Consideration shall be reduced by the amount of such dividend per share. Notwithstanding the foregoing, no dividend shall be declared under this Section 7.4(c) if, in the good faith judgment of Parent, the payment of the dividend and the related reduction of the Common Merger Consideration increases the aggregate cost of the transactions contemplated by this Agreement to Acquiror or otherwise adversely affects Acquiror or its direct or indirect stockholders.

7.5. Financing Arrangements. Holding and Parent each hereby agree to use commercially reasonable efforts to obtain the Financing on the terms set forth in the Credit Agreement Amendment, the Purchase Agreement and the Escrow Agreement and the Additional Financing on the terms set forth in the Amended Subscription Agreement and the Blum Strategic Commitment Letter. Holding and Parent will keep the Company informed on a reasonably current basis in reasonable detail on the status of their efforts to obtain the Financing and the Additional Financing and shall not permit any amendment or modification that is adverse to the Company to be made to, or any waiver that is adverse to the Company of any provision or remedy under, the Credit Agreement Amendment, the Purchase Agreement, the Escrow Agreement, the Amended Subscription Agreement or the Blum Strategic Commitment Letter without the prior written consent of the Company. The Company hereby consents to each of the following: (i) the amendments to the Original Subscription Agreement reflected in the Amended Subscription Agreement, as of the date hereof, (ii) the replacement of the Old Blum Strategic Commitment Letter (which shall be null and void and of no further force and effect) by the Blum Strategic Commitment Letter as of the date hereof, (iii) the Escrow Agreement, and (iv) the Commitment Termination Agreement, dated as of May 22, 2003, between Parent and Credit Suisse First Boston, terminating the commitment letter, dated February 17, 2003, between Credit Suisse First Boston, acting through its Cayman Island Branch, and Parent. Holding and Parent will be under no obligation under any circumstances to obtain more than $100.0 million (plus the amount, if any, required by the Blum Strategic Commitment Letter) of equity financing for the Merger and related matters. In the event that Holding or Parent is unable to obtain the Financing or the Additional Financing, Holding and Parent shall use commercially reasonable efforts to obtain alternative financing with overall pricing, cost, timing and maturity terms that are no less favorable, and other terms that are no less favorable in any material respect, to Holding and Parent than those contained in the Credit Agreement Amendment, the Purchase Agreement and the Escrow Agreement or the Amended Subscription Agreement and Blum Strategic Commitment Letter, as the case may be.

7.6. Certain Existing Obligations.

(a) Parent shall, and shall cause the Surviving Corporation to, honor all the obligations of the Company under the employment agreements and indemnification agreements listed in Section 7.6 of the Company Disclosure Schedule.

(b) Holding, Parent and Acquiror acknowledge that certain employees of and consultants to (and former employees of and consultants to) the Company or one or more of its Subsidiaries (and assignees of such employees and consultants) (each, a "**Covered Participant**") (i) own direct Equity Interests in, or are assignees of economic interests associated with direct Equity Interests in, the Covered Entities (as defined below) and/or (ii) are the beneficiaries of contractual grants pursuant to letter agreements of rights to certain proceeds received by certain Subsidiaries of the Company that own direct or indirect Equity Interests in or hold debt obligations of one or more Real Estate Investment Entities (the interests of the Covered Participants described in the foregoing clauses (i) and (ii) that existed as of the date of the Original Agreement, a summary of which has been provided to Parent, as well as any such additional interests that may be granted or issued as permitted by Section 6.1 of this Agreement, are collectively referred to herein as "**Participation Interests**"). As soon as reasonably practicable after the date hereof, but no later than immediately prior to the Closing, the Company shall, if and to the extent applicable, cause the relevant governing and organizational documents of each Relevant Subsidiary that is a Covered Entity to be amended to provide that, effective upon the Closing: (x) the Relevant Subsidiary that is a Covered Entity may not voluntarily sell, transfer or otherwise dispose of any material assets directly held by it (it being understood this will not restrict the sale or other disposition of the underlying Real Estate Asset(s) held by the applicable Real Estate Investment Entity, nor will it prevent the direct or indirect sale of any Equity Interest in the Relevant Subsidiary that is a Covered Entity) without the approval of at least one-third in interest of the Covered Participants who directly or indirectly own Equity Interests in such Covered Entity; and (y) such provisions may not be amended without the approval of at least one-third in interest of the Covered Participants who own Equity Interests in such Relevant Subsidiary that is a Covered Entity. In addition, Holding, Parent and Acquirer hereby expressly acknowledge the validity and existence of the obligations of the Surviving Corporation and its Subsidiaries with respect to the Participation Interests, and agree to cause the Surviving Corporation and its Subsidiaries (or any successor thereto that is a Subsidiary of Holding, Parent or the Surviving Corporation) to use all commercially reasonable efforts to provide for the Participation Interests to be cashed out only when the underlying Real Estate Asset(s) are sold (rather than on a sale by the Company or its Subsidiary of its interest in a Real Estate Investment Entity or a Relevant Subsidiary). The holders of Participation Interests are express, intended third party beneficiaries of this Section 7.6(b). "**Covered Entity**" means any Subsidiary of the Company (i) that owns a direct or indirect Equity Interest in or holds a debt obligation of a Real Estate Investment Entity, and (ii) in which one or more employees of or consultants to (or former employees of or consultants to) the Company or any of its Subsidiaries (or an assignee of any such employee or consultant) holds an Equity Interest (either directly or pursuant to an assignment of an economic interest by a direct holder of an Equity Interest in such Subsidiary), and (iii) in which the direct or indirect holders of Equity Interests do not include any Person other than (x) the Company or a Subsidiary of the Company or (y) an employee of or consultant to (or former employee of or consultant to) the Company or any of its Subsidiaries (or an assignee of any such employee or consultant).

ARTICLE 8

COVENANTS OF HOLDING, PARENT, ACQUIROR AND THE COMPANY

The parties hereto agree as set forth below.

8.1. <u>Efforts and Assistance</u>.

(a) Notwithstanding the Island Purchase Agreement and subject to the terms and conditions hereof, each party will use commercially reasonable efforts to take, or cause to be taken, all actions, to file, or cause to be filed, all documents and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable, including, without limitation, obtaining all necessary consents, waivers, approvals, estoppels, authorizations, Permits or orders from all Governmental Entities or other Third Parties. The Company, Holding, Parent and Acquiror shall furnish all information required to be included in any application or other filing to be made pursuant to the rules and regulations of any Governmental Entity in connection with the transactions contemplated by this Agreement. Holding, Parent, Acquiror and the Company shall have the right to review in advance and comment thereon, and to the extent reasonably practicable each will consult the other on, all the information relating to the other and each of their respective Subsidiaries, that appear in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the Merger.

(b) Each of the Company, Holding and Parent shall make, and shall cause their respective ultimate parents, if any, to make, an appropriate filing of a notification and report form pursuant to the HSR Act with respect to the transactions contemplated hereby promptly and shall promptly respond to any request for additional information pursuant to the HSR Act and supply such information. In addition, the Company, Holding and Parent shall each promptly make any other filing that is required under any Non-U.S. Competition Law and shall promptly respond to any request for additional information pursuant to such Non-U.S. Competition Law and supply such information. Holding, Parent, Acquiror and the Company shall each use their commercially reasonable efforts to resolve objections, if any, as may be asserted by any Governmental Entity with respect to the Merger under any antitrust, trade, competition or takeover Laws of any Governmental Entity, and neither the Company nor any Company Subsidiary shall agree to do any of the actions set forth in the foregoing clause without the prior written consent of Acquiror. Holding, Parent and Acquiror shall reasonably consult with the Company and, subject to being permitted to do so by the Governmental Entity, the Company shall have the right to attend and participate in any telephone calls or meetings that Holding, Parent or Acquiror has with any Governmental Entity with regard to this Agreement and the transactions contemplated hereby.

(c) The Company shall provide, and will cause each Company Subsidiary and their respective officers and employees to provide, all commercially reasonable cooperation in connection with the arrangement and obtaining of the Financing as may be reasonably requested by Parent, including, without limitation, facilitating customary due diligence and arranging senior officers, as selected by Parent, assisting in the preparation of ratings agency presentations, offering memoranda, private placement memoranda and similar documents, meeting with

prospective lenders and investors in customary "road show" presentations, executing and delivering commitment and financing letters, underwriting, purchase or placement agreements, pledge and security documents, other definitive financing documents, or other requested certificates or documents and comfort letters and consents of accountants as may be reasonably requested by Parent, provided, however that in no event will the Company or any Company Subsidiary be required to enter into any agreement relating to such Financing that could impose any liability on the Company or any Company Subsidiary prior to the Closing. In addition, in conjunction with the obtaining of the Financing, the Company agrees, at the reasonable request of Parent or Acquiror, to call conditionally for prepayment or redemption, or to prepay, redeem and/or renegotiate, as the case may be, any then existing indebtedness of the Company; provided, however that no such prepayment or redemption shall themselves actually be made until contemporaneously with or after the Closing.

(d) Each of Holding, Parent, Acquiror and the Company shall use its best efforts to obtain the consents, approvals, actions, orders, authorizations, registrations, declarations, announcements and filings set forth on Section 8.1(d) of the Company Disclosure Schedule.

8.2. Proxy Statement. As soon as practicable and in any event no later than 30 days after execution of this Agreement, the Company shall prepare and file the Proxy Statement with the SEC under the Exchange Act. The Company will use commercially reasonable efforts to have the Proxy Statement cleared by the SEC. Holding, Parent, Acquiror and the Company shall cooperate with each other in the preparation of the Proxy Statement, and the Company shall notify Acquiror of the receipt of any comments of the SEC with respect to the Proxy Statement and of any requests by the SEC for any amendment or supplement thereto or for additional information and shall provide to Acquiror promptly copies of all correspondence between the Company or any representative of the Company and the SEC. The Company shall give Acquiror and its counsel the opportunity to review and comment on the Proxy Statement and any other documents filed with the SEC or mailed to the Company Stockholders prior to their being filed with, or sent to, the SEC or mailed to its Stockholders and shall give Acquiror and its counsel the opportunity to review and comment on all amendments and supplements to the Proxy Statement and any other documents filed with, or sent to, the SEC or mailed to the Company Stockholders and all responses to requests for additional information and replies to comments prior to their being filed with, or sent to, the SEC or mailed to its Stockholders. Each of the Company, Holding, Parent and Acquiror agrees to use its commercially reasonable efforts, after consultation with the other parties hereto, to respond promptly to all such comments of and requests by the SEC. As promptly as practicable after the Proxy Statement has been cleared by the SEC, the Company shall mail the Proxy Statement to the Stockholders. Each of the Company, Holding, Parent and Acquiror promptly shall correct any information provided by it and used in the Proxy Statement that shall have become false or misleading in any material respect, and the Company shall take all steps necessary to file with the SEC and have cleared by the SEC any amendment or supplement to the Proxy Statement as to correct the same and to cause the Proxy Statement as so corrected to be disseminated to the Company Stockholders, in each case to the extent required by applicable Law.

8.3. Public Announcements. The parties shall cooperate with each other in the development and distribution of, and consult with each other before issuing, any other press

release or making any public statement with respect to this Agreement and the transactions contemplated hereby and shall not issue any such press release or make any such public statement without the prior consent of the other parties (which shall not be unreasonably withheld or delayed), except as may be required by applicable Law or any listing agreement with any national securities exchange.

8.4. Access to Information; Notification of Certain Matters.

(a) From the date hereof until the Effective Time and subject to applicable Law, the Company and each Company Subsidiary shall, upon reasonable advance notice, (i) give to Parent and Acquiror, their counsel, financial advisors, auditors and other authorized representatives reasonable access to its offices, properties, books and records; (ii) furnish or make available to Parent and Acquiror, their counsel, financial advisors, auditors and other authorized representatives any financial and operating data and other information as those Persons may reasonably request; and (iii) instruct its employees, counsel, financial advisors, auditors and other authorized representatives to cooperate with the reasonable requests of Parent and Acquiror in connection with such matters. Any access pursuant to this Section shall be conducted in a manner which will not interfere unreasonably with the conduct of the business of the Company and its Subsidiaries and shall be in accordance with any other existing agreements or obligations binding on the Company or any of its Subsidiaries. Unless otherwise required by Law or as otherwise provided in this Agreement, each of Parent and Acquiror will hold, and will cause its respective officers, employees, counsel, financial advisors, auditors and other authorized representatives to hold any nonpublic information obtained in any investigation in confidence in accordance with and agrees to be bound by, the terms of the Confidentiality Agreement, provided that Parent and Acquiror will have the right to provide all such information to any potential purchaser in connection with a Real Estate Asset Sale and such potential purchaser's officers, employees, counsel, financial advisors, auditors and other authorized representatives as long as such persons agree to keep such information confidential and agree not to hire or solicit the employees of the Company and its Subsidiaries, in each case in writing reasonably satisfactory to the Company. No access pursuant to this Section 8.4(a) shall affect any representations or warranties of the parties herein or the conditions to the obligations of the parties hereto. From the date hereof until the Effective Time, the Company shall, and shall cause its Subsidiaries to, provide Parent and its Subsidiaries with reasonable access, upon reasonable prior notice to Adam Gilbert, the General Counsel of the Company or any Person designated by him to receive such notices, to employees and consultants of the Company and its Subsidiaries for the purpose of enabling Parent or its Subsidiaries to meet with and make offers of employment or service to one or more of said individuals and to discuss integration and other transition matters with respect to the transactions contemplated hereby; provided, however that the Company shall have the right to have a representative attend each such meeting.

(b) The Company shall give prompt notice to Parent and Acquiror, and Parent and Acquiror shall give prompt notice to the Company, of (i) the occurrence or nonoccurrence of any event the occurrence or nonoccurrence of which would reasonably be expected to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate in any material respect; (ii) any failure of the Company or Parent and Acquiror, as the case may be, to materially comply with or satisfy, or the occurrence or nonoccurrence of any event, the occurrence or nonoccurrence of which would reasonably be expected to cause the failure by such

party to materially comply with or satisfy, any covenant, condition or agreement to be complied with or satisfied by it hereunder; (iii) any notice or other communication from any Third Party alleging that the consent of such Third Party is or may be required in connection with the transactions contemplated by this Agreement; and (iv) the occurrence of any event, development or circumstance which has had or would be reasonably likely to result in a Company or Parent Material Adverse Effect; provided, however, that the delivery of any notice pursuant to this Section 8.4(b) shall not limit or otherwise affect (x) the representations, warranties, covenants or agreements of the parties hereto or (y) the remedies available hereunder to the party giving or receiving such notice.

8.5. Further Assurances. Upon the terms and subject to the conditions of this Agreement, each of the parties hereto shall use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, to obtain in a timely manner all necessary waivers, consents and approvals and to effect all necessary registrations and filings, and otherwise to satisfy or cause to be satisfied all conditions precedent to its obligations under this Agreement. Without the prior written consent of Parent, the Company will not intentionally amend or waive any term or rights it has under the consent letter received from the holder of the Company Preferred Shares. At and after the Effective Time, the officers and directors of the Surviving Corporation will be authorized to execute and deliver, in the name and on behalf of the Company or Acquiror, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Acquiror, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

8.6. Disposition of Litigation. The Company will consult with Parent with respect to any action by any Third Party to restrain or prohibit or otherwise oppose the Merger or the other transactions contemplated by this Agreement or any Voting Agreement and, subject to Section 6.3, will resist any such effort to restrain or prohibit or otherwise oppose the Merger or the other transactions contemplated by this Agreement or any Voting Agreement. Parent may participate in (but not control) the defense of any stockholder litigation against the Company and its directors relating to the transactions contemplated by this Agreement or any Voting Agreement at Parent’s sole cost and expense. In addition, subject to Section 6.3, the Company will not voluntarily cooperate with any Third Party which has sought or may hereafter seek to restrain or prohibit or otherwise oppose the Merger or the other transactions contemplated by this Agreement or any Voting Agreement and will cooperate with Parent to resist any such effort to restrain or prohibit or otherwise oppose the Merger or the other transactions contemplated by this Agreement or any Voting Agreement.

8.7. Confidentiality and No-Raid Agreements. Subject to Section 10.2(c) hereto, the parties acknowledge that the Company and Holding entered into the Confidentiality Agreement and the No-Raid Agreement, which agreements shall continue in full force and effect in accordance with their respective terms until the earlier of (a) the Effective Time or (b) the expiration of each such agreement according to its terms. Subject to Section 6.3 hereto, without the prior written consent of Acquiror, neither the Company nor any Company Subsidiary will

waive or fail to enforce any provision of any confidentiality or similar agreement which the Company or any Company Subsidiary has entered into in connection with any completed or proposed business combination relating to the Company or such Company Subsidiary.

8.8. Resignation of Directors. Prior to the Effective Time, the Company shall use its commercially reasonable efforts to deliver to Acquiror evidence satisfactory to Acquiror of the resignation of all directors of the Company, effective at the Effective Time.

8.9. Sales of Real Estate Investment Assets.

(a) Notwithstanding the provisions of the Island Purchase Agreement, from the date of this Agreement through the Closing Date, the Company will have the right, but not the obligation, to market for sale to third parties at or prior to the Closing any or all of the Real Estate Investment Assets. To the extent the Company engages in any such marketing and sales activities, the Board of Directors of the Company will instruct the current President of Insignia Financial Services, Inc. (**"IFS"**) to keep (and to instruct his direct and indirect reports to keep) Parent reasonably informed of such marketing and sale activities (including, without limitation, providing a telephonic update at least once per week regarding such activities), to provide Parent with a reasonable advance review of any agreements regarding the sale of Real Estate Investment Assets (it being understood that such review shall not obligate the Company to accept any comments of Parent with respect to such agreements) and to consider in good faith the views of Parent (it being understood that the obligations under this Section 8.9(a) are limited to requiring the Company's Board of Directors to provide such instruction and do not impose any obligations on the Company as with respect to the current President of IFS or his report(s) or the consequences of their actions or inactions).

(b) Holding shall have the right to require that, after the satisfaction or waiver of all conditions precedent set forth in Article 9 but at or immediately prior to the Closing, all or any of the Real Estate Investment Assets that have not been sold at or immediately prior to the Closing Date, including such Real Estate Investment Assets that are subject to the Island Purchase Agreement if the closing of the Island Purchase Agreement does not occur immediately prior to the Merger or any such Real Estate Investment Assets that are not acquired by Island pursuant to the terms of the Island Purchase Agreement, shall be sold and transferred to Holding or one or more of its Subsidiaries for such consideration and in such terms as Holding shall determine, provided that in no event shall any such terms or conditions have any force or effect until immediately prior to the Closing, and provided, further that this Section 8.9(b) shall not obligate the Company or its Subsidiaries to obtain any third party or governmental approval and such sale and transfer shall not be required if the sale or transfer could cause a failure of a condition precedent to this Agreement or if it would violate applicable Law.

(c) [Intentionally omitted].

(d) Each of the Company, Holding, Parent and Acquiror shall perform in all material respects their respective obligations under the Island Purchase Agreement, as contemplated therein.

(e) The Company shall cause the Real Estate Investment Entities (other than those identified in Section 4.8(c) of the Company Disclosure Schedules) to continue to pay through the Closing Date all fees payable under Real Estate Investment Contracts in accordance with their terms as of the date hereof, unless and to the extent that (i) the continuation of such payments reasonably could be expected to cause damage to such Real Estate Investment Entity, or (ii) the Company believes in good faith that discontinuation of such payments is necessary to avoid or limit potential liability to any person who is a party to a Company Joint Venture.

8.10. Treatment of Net Proceeds; Increased Common Merger Consideration.

(a) In the event the amount of Net Proceeds Deemed Received by the Company exceeds the Threshold Amount (which Net Proceeds, for the avoidance of doubt, shall not include any contingent rights to future cash payments or any amounts of cash held in escrow) (the amount of Net Proceeds in excess of the Threshold Amount is referred to herein as the "**Excess Net Proceeds Amount**"), each of Holding, Parent, Acquiror and the Company shall increase the Common Merger Consideration such that the additional amounts payable to holders of the Company Shares pursuant to Section 3.3(c)(i) hereto (assuming (a) no Common Shares are held by any of Holding, Parent, Acquiror or any wholly-owned Company Subsidiary and (b) no Dissenting Shares), holders of Company Options pursuant to Section 3.7 hereto (assuming all Company Options are terminated thereunder) and holders of Company Warrants (assuming all Company Warrants are canceled thereunder), in the aggregate, shall equal the Excess Net Proceeds Amount; provided, however that in no event shall the Common Merger Consideration exceed $12.00 per share, subject to adjustment as contemplated by Section 7.4(c). Each of Holding, Parent and Acquiror agree to take all necessary actions to effect the provisions of the immediately foregoing sentence, if applicable.

(b) If the Company, Holding, Parent and Acquiror are entitled to withhold the Deposit (as defined under the Island Purchase Agreement) pursuant to Section 13.14 of the Island Purchase Agreement and each of Island and Andrew L. Farkas at or prior to the Closing have delivered a signed writing to Parent (each of which writings shall be in form and substance satisfactory to Parent) unconditionally and irrevocably confirming that the Deposit has been, or may be, properly withheld by the Company and that the amount of severance and other payments which the Company is obligated to pay Mr. Farkas will be permanently reduced by the amount of the Deposit, the Common Merger Consideration shall be increased to $11.019 per share, subject to adjustment as contemplated by Section 7.4(c) hereof.

8.11. 401(k) Restoration Plan. The Company shall, and Holding and Parent shall cause the Surviving Corporation to, pay to each participant in the Company's 401(k) Restoration Plan (the "**Restoration Plan**") whose employment with the Company terminates the amount owing to him under the Restoration Plan as of the date of termination. Such payment shall be made in accordance with the terms of the Restoration Plan.

ARTICLE 9

CONDITIONS TO MERGER

9.1. Conditions to the Obligations of Each Party. The obligations of the Company, Parent and Acquiror to consummate the Merger are subject to the satisfaction of the following conditions:

(a) the Company Stockholder Approval shall have been obtained;

(b) any applicable waiting period or required approval under the HSR Act, Non-U.S. Competition Law or any other similar applicable Law required prior to the completion of the Merger shall have expired or been earlier terminated or received; and

(c) no Governmental Entity of competent authority or jurisdiction shall have issued any Law, decision or taken any other action then in effect, which restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger; provided, however, that the parties hereto shall use their commercially reasonable efforts to have any such restraint, injunction or prohibition removed or vacated.

9.2. Conditions to the Obligations of the Company. The obligations of the Company to consummate the Merger are subject to the satisfaction of the following further conditions:

(a) (i) each of Holding, Parent and Acquiror shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Effective Time, (ii) (A) the representations and warranties of Holding, Parent and Acquiror contained in this Agreement that are qualified by reference to a Parent Material Adverse Effect or materiality shall be true and correct when made and at and as of the Effective Time, as if made at and as of such time (except for those representations and warranties that speak as of a specified time, which shall be true and correct as of such specified time), and (B) all other representations and warranties of Holding, Parent and Acquiror shall have been true and correct when made and at and as of the Effective Time, as if made at and as of such time (except for those representations and warranties that speak as of a specified time, which shall be true and correct as of such specified time), except such representations and warranties of Holding, Parent and Acquiror which if incorrect would not be reasonably likely to have, individually or in the aggregate, a Parent Material Adverse Effect, and (iii) the Company shall have received a certificate signed by the Chief Executive Officer or President of each of Holding, Parent and Acquiror to the foregoing effect.

9.3. Conditions to the Obligations of Holding, Parent and Acquiror. Except as set forth in Section 9.4(a) below, the obligations of Holding, Parent and Acquiror to consummate the Merger are subject to the satisfaction of the following further conditions:

(a) (i) the Company shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Effective Time, (ii) except to the extent waived in writing by Parent or any disposition of assets after the date of this Agreement that is permitted pursuant to this Agreement (A) the representations and warranties of the Company contained in this Agreement that are qualified by reference to a Company Material

Adverse Effect or materiality shall be true and correct when made (subject to Section 6.5) and at and as of the Effective Time, as if made at and as of such time (except for those representations and warranties that speak as of a specified time, which shall be true and correct as of such specified time), (B) the representations and warranties set forth in Sections 4.1, 4.2, 4.5, 4.6(b), 4.16, 4.22 and 4.23 that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects when made (subject to Section 6.5) and at and as of the Effective Time, as if made at and as of such time (except for those representations and warranties that speak as of a specified time, which shall be true and correct as of such specified time), and (C) all other representations and warranties of the Company shall have been true and correct when made and at and as of the time of the Effective Time, as if made as of such time (except for those representations and warranties that speak as of a specified time, which shall be true and correct as of such specified time), except for such failures to be true or correct that would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect, provided, however that even if a condition set forth in clause (A), (B) or (C) of clause (ii) is not satisfied, the condition to the obligations of Holdings, Parent and Acquiror to consummate the Merger contained in clause (ii) shall be deemed satisfied if the aggregate Damages to Holding, Parent, the Surviving Corporation and/or the Company Subsidiaries from all breaches of representations and warranties (after giving effect to Section 6.5 but without giving effect to any Material Adverse Effect or materiality qualifications but excluding any breach that is waived in writing by Parent and any disposition of assets after the date of this Agreement that is permitted pursuant to this Agreement) would not be reasonably likely to exceed, individually or in the aggregate, $20 million, and (iii) Acquiror shall have received a certificate signed by the Chief Executive Officer or Chief Financial Officer of the Company to the foregoing effect. The $20 million threshold contained in clause (ii) shall not be considered evidence either for or against any assertion that a Material Adverse Effect has occurred.

(b) all consents, approvals, actions, orders, authorizations, registrations, declarations, announcements and filings set forth on Section 8.1(d) of the Company Disclosure Schedule shall have been obtained or made; and

(c) (i) (A) Holding or Parent shall have received the proceeds of the Credit Agreement Financing on the terms contemplated by the Credit Agreement Amendment and the Amended and Restated Credit Agreement and (B) the conditions to the release to Escrow Sub or Parent of the proceeds of the Senior Notes Financing placed into escrow pursuant to the Escrow Agreement (as it may be amended from time to time with the prior approval of the Company, which will not be unreasonably withheld or delayed) shall have been satisfied or (ii) Holding or Parent shall have received an aggregate of at least $560,000,000 of debt financing on terms contemplated by the last sentence of Section 7.5 hereto.

9.4. Island Purchase Not a Condition to Merger; Conditions to Increased Common Merger Consideration as a Result of the Island Purchase

(a) Notwithstanding anything herein to the contrary, (i) the consummation of the Island Purchase, (ii) the performance by the Company of any or all of its obligations contained in Sections 6.1(f)(i)(E), 8.9(d) and 8.9(e), or (iii) the accuracy of any or all of the Company's representations and warranties contained in Section 4.8 hereto, are not, and shall not be, conditions to the Closing of the Merger.

(b) The payment of Common Merger Consideration in the amount provided for in Section 3.3(c)(ii) is subject to the satisfaction of the following conditions:

(i) the Company shall have performed in all material respects all of its obligations contained in Sections 6.1(f)(i)(E), 8.9(d) and 8.9(e) required to be performed by it at or prior to the Effective Time;

(ii) all the representations and warranties of the Company contained in Section 4.8 herein shall have been true and correct in all material respects when made and at and as of the time of the Effective Time, as if made as of such time (except for those representations and warranties that speak as of a specified time, which shall be true and correct in all material respects as of such specified time); and

(iii) Acquiror shall have received at the Closing a certificate signed by an executive officer of the Company (who is not currently, or expected to become, an officer or employee of Island) to the foregoing effect.

For the avoidance of doubt, if any of the foregoing conditions are not satisfied, the Common Merger Consideration shall be the amount provided for in Section 3.3(c)(i) hereof.

ARTICLE 10

TERMINATION

10.1. Termination. This Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time by written notice, whether before or after the Company Stockholder Approval shall have been obtained:

(a) by mutual written agreement of Holding, Parent, Acquiror and the Company, in each case duly authorized by the Boards of Directors or a duly authorized committee thereof;

(b) by either Acquiror or the Company, if

(i) the Merger shall not have been consummated by July 31, 2003 (the "**End Date**"); provided, however, that the right to terminate this Agreement under this Section 10.1(b)(i) shall not be available to any party whose breach of any provision of this Agreement has resulted in the failure of the Merger to occur on or before the date the Merger Agreement is sought to be terminated pursuant to this clause (i);

(ii) there shall be any Law that makes consummation of the Merger illegal or otherwise prohibited or any judgment, injunction, order or decree of any Governmental Entity having competent jurisdiction enjoining the Company or Acquiror from consummating the Merger is entered and the injunction, judgment, order or decree shall have become final and nonappealable and, prior to that termination, the parties shall have used reasonable best efforts to resist, resolve or lift, as applicable, the Law, judgment, injunction, order or decree; or

(iii) (A) the Company Stockholder Meeting has been convened and concluded and (B) the Company Stockholder Approval shall not have been obtained;

(c) by the Company,

(i) if a breach of or failure to perform in any material respect any representation, warranty, covenant or agreement on the part of Holding, Parent or Acquiror set forth in this Agreement shall have occurred which would cause any of the conditions set forth in Sections 9.1(b) or 9.2(a) not to be satisfied, and such condition shall be incapable of being satisfied by the End Date; or

(ii) as contemplated by Section 6.3(d), provided, however that termination of this Agreement pursuant to this Section 10.1(c)(ii) shall not be effective until the Termination Fee has been paid to Acquiror in accordance with Section 10.2(b); or

(d) by Acquiror, if:

(i) a breach of or failure to perform in any material respect any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement shall have occurred which would cause any of the conditions set forth in Sections 9.1(b) or 9.3(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date;

(ii) (A) the Board of Directors of the Company, the Special Committee or any other duly authorized committee of the Board of Directors shall (1) amend, withdraw, modify, change, condition or qualify the Company Recommendation in a manner adverse to Holding, Parent and Acquiror; (2) approve or recommend to the Company Stockholders an Acquisition Proposal (other than by Holding, Parent, Acquiror or their Affiliates); (3) approve or recommend that the Company Stockholders tender, or otherwise fail to recommend the Company Stockholders not to tender, their Company Shares in any tender or exchange offer that is an Acquisition Proposal (other than by Holding, Parent, Acquiror or their Affiliates); or (4) approve a resolution or agree to do any of the matters set forth in the immediately foregoing clauses (1) through (3); or (B) after the third Business Day following Parent's receipt of a Notice of Superior Proposal unless prior to such termination (x) a new Notice of Superior Proposal has been delivered with respect to an Acquisition Proposal by a different Third Party than the prior Notice of Superior Proposal (in which event, such new Notice of Superior Proposal shall then be subject to this Section 10.1(d)(ii)(B)), (y) a

new Notice of Superior Proposal has been delivered with respect to a Modified Superior Proposal (in which event, such new Notice of Superior Proposal shall then be subject to this Section 10.1(d)(ii)(B)) or (z) the Company shall have irrevocably withdrawn such Notice of Superior Proposal and terminated all discussions and negotiations with such Third Party regarding any Acquisition Proposal;

(iii) any Person or group (other than Holding, Parent, Acquiror or their Affiliates) acquires beneficial ownership of a majority of the outstanding Company Shares; or

(iv) as contemplated by Section 6.5.

10.2. Effect of Termination.

(a) If this Agreement is terminated pursuant to Section 10.1 (except as provided in Section 10.2(b) and Section 10.2(c)), there shall be no liability or obligation on the part of Holding, Parent, Acquiror, the Company or any of their respective officers, directors, stockholders, agents or Affiliates, except no such termination shall relieve any party hereto of any liability or damages resulting from any willful breach of this Agreement; provided that the provisions of Sections 8.3, 8.7, 10.2, 10.3, 10.4 and Article 11 of this Agreement shall remain in full force and effect and survive any termination of this Agreement.

(b) In the event that:

(i) this Agreement is terminated by Acquiror pursuant to Section 10.1(d)(ii)(A)(1) (but only if, prior to the time the Board of Directors, Special Committee or other committee amended, withdrew, modified, changed, conditioned or qualified the Company Recommendation, the Company had received or there had been any public announcement or disclosure of an Acquisition Proposal), Section 10.1(d)(ii)(A)(2), (3) or (4), Section 10.1(d)(ii)(B), or Section 10.1(d)(iii), the Company shall pay to Parent (in immediately available funds to an account designated by Parent) on the next Business Day following such termination a cash amount equal to the $7,000,000 (the "**Termination Fee**");

(ii) this Agreement is terminated by the Company pursuant to Section 10.1(c)(ii), then simultaneous with such termination, the Company shall pay to Acquiror (in immediately available funds to an account designated by Parent) a cash amount equal to the Termination Fee; or

(iii) (A) this Agreement is terminated pursuant to Section 10.1(b)(i) (provided that at the time of such termination pursuant to Section 10.1(b)(i), the condition precedent in Section 9.1(b) shall have been satisfied and the reason for the Closing not having previously occurred shall not be the failure to satisfy the condition precedent set forth in Section 9.2(a) or Section 9.3(c)), Section 10.1(b)(iii) or Section 10.1(d)(i) (but only if such termination pursuant to Section 10.1(d)(i) relates to the breach of or failure to perform in any material respect a covenant or agreement of the Company), (B) an Acquisition Proposal (with all percentages included in the definition of Acquisition Proposal increased to 30% for purposes of this definition) has been made prior to such

termination and (C) a transaction contemplated by an Acquisition Proposal (with all percentages included in the definition of Acquisition Proposal increased to 30% for purposes of this definition) is completed or a definitive agreement is executed by the parties thereto with respect to an Acquisition Proposal (with all percentages included in the definition of Acquisition Proposal increased to 30% for purposes of this definition) within twelve (12) months from the date this Agreement is terminated, the Company shall pay to Parent (in immediately available funds to an account designated by Parent) on the next Business Day following the earlier of the closing of the transaction contemplated by such Acquisition Proposal or the Company entering into a definitive agreement contemplating such Acquisition Proposal, a cash amount equal to the Termination Fee. Subject to Section 11.8, in the event that the Termination Fee is paid pursuant to this Section 10.2(b)(iii), such payment will constitute liquidated damages and be in lieu of all other damages otherwise receivable by Holding, Parent or Acquiror and, upon receipt, will be the sole and exclusive remedy for the matters giving rise thereto.

(c) If and only if this Agreement is terminated pursuant to Section 10.1(c)(i) or 10.1(b)(i) (but, in the case of Section 10.1(b)(i), only if the sole reason(s) for termination is the failure of a condition precedent set forth in Section 9.1(b) and/or 9.3(c)), the parties acknowledge and agree that, effective immediately upon such termination, the No-Raid Agreement shall be amended and restated in its entirety, without any action by the parties thereto, to read as set forth in Section 10.2(c) of the Holding, Parent and Acquiror Disclosure Schedule.

(d) If and only if all of the conditions precedent in Article 9 have been satisfied other than those in Section 9.3(c) and the sole reason for the failure of such condition precedent is the breach of the Amended Subscription Agreement and/or the Blum Strategic Commitment Letter by the Investors (as defined therein), Holding hereby assigns to the Company, effective as of such time, all of its rights to enforce the Amended Subscription Agreement and the Blum Strategic Commitment Letter.

10.3. Fees and Expenses. Except as otherwise specifically provided herein, all fees and expenses incurred in connection herewith and the transactions contemplated hereby shall be paid by the party incurring expenses, whether or not the Merger is consummated.

10.4. Indemnification.

(a) In the event of the termination of this Agreement prior to the Effective Time (i) pursuant to Section 10.1(c)(i) or (ii) pursuant to Section 10.1(a) or 10.1(b)(i) due solely to the failure of the condition(s) set forth in Section 9.1(b) and/or or 9.3(c) to be satisfied (in case of a termination under either Section 10.1(a) or 10.1(b)(i)), then Parent, Holdings and Acquiror shall, jointly and severally, indemnify and hold the Company and its Subsidiaries (collectively, "**Company Indemnified Parties**") harmless from and against any and all damages incurred by any Company Indemnified Party (hereinafter "**Company Losses**"), which are caused by (1) the termination or delivery of notice of termination, during the Covered Period (as defined below), by any person that is a commercial real estate services broker or independent contractor of the Company or its Subsidiaries as of February 7, 2003 of his or her employment or independent contractor relationship with the Company or its Subsidiaries or (2) the termination or substantial

diminution, or notice thereof during the Covered Period, by any Person that is a client of the Company or its Subsidiaries as of February 7, 2003 of its commercial real estate services client relationship with the Company or its Subsidiaries, including early termination of third-party management, tenant representation and/or brokerage contracts, in each case under clause (1) and clause (2) if (and only if) such termination or substantial diminution (x) results from the announcement of discussions among the parties hereto regarding the transactions contemplated hereby or the announcement of this Agreement or the transactions contemplated hereby and (y) does not result from the Company's breach of this Agreement, provided that the maximum aggregate amount of Company Losses for which the Company Indemnified Parties may be indemnified pursuant to this Section 10.4 is $50,000,000 and none of Parent, Holdings or Acquiror will be liable for any Company Losses in excess of such $50,000,000. For the avoidance of doubt, "Company Losses" shall not include any matters arising out of or resulting from (x) conditions generally affecting the business or industry in which the Company or any of its Subsidiaries operate, (y) U.S., U.K., French or global general economic or political conditions or financial markets in general or (z) any outbreak or escalation of hostilities (including, without limitation, any declaration of war by the U.S. Congress) or acts of terrorism. Company Losses shall not include any reduction in market price or value of the Company Shares or any other securities of the Company or any of its Subsidiaries nor shall any such reduction in market price or value be used as evidence of, or otherwise be deemed relevant to, the determination of any amount of damages incurred. The amount of Company Losses as a result of an event specified in clause (1) will be the cost (including any signing bonus) of replacing the relevant broker or independent contractor with a comparable broker or independent contractor plus the lost profits of the Company or its Subsidiaries as a result of any lost revenue. "**Covered Period**" means the period from February 7, 2003 through the date this Agreement is terminated (it being understood that the period for which damages may arise is not limited to the Covered Period).

(b) Subject to Section 10.2(c) and Section 11.8, the indemnity provided in this Section 10.4 shall be the sole and exclusive remedy of the Company Indemnified Parties against Parent, Holdings or Acquiror at law or equity for any matter covered by Section 10.4(a).

ARTICLE 11

MISCELLANEOUS

11.1. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given,

if to Holding, Parent or Acquiror, to:

CB Richard Ellis Services, Inc.
335 S. Grand Avenue, Suite 3100
Los Angeles, California 90071
Attention: Raymond Wirta
Facsimile Number: (213) 613-3100

with a copy to (which copy shall not be deemed to be notice to Holding, Parent or Acquiror):

Simpson Thacher & Bartlett
3330 Hillview Avenue
Palo Alto, California 94304
Attention: Richard Capelouto
Facsimile Number: (650) 251-5002

if to the Company, to:

Insignia Financial Group, Inc.
200 Park Avenue
New York, New York 10166
Attention: Adam Gilbert
Facsimile Number: (212) 984-6655

with a copy to (which copy shall not be deemed to be notice to the Company):

Proskauer Rose LLP
1585 Broadway
New York, New York 10036
Attention: Arnold S. Jacobs
Facsimile Number: (212) 969-2900

with a copy to (which copy shall not be deemed to be notice to the Company):

Dechert LLP
4000 Bell Atlantic Tower
1717 Arch Street
Philadelphia, Pennsylvania 19103
Attention: G. Daniel O'Donnell
Facsimile Number: (215) 994-2222

or such other address or facsimile number as a party may hereafter specify for the purpose by notice to the other parties hereto. Each notice, request or other communication shall be effective only (a) if given by facsimile, when the facsimile is transmitted to the facsimile number specified in this Section and the appropriate facsimile confirmation is received or (b) if given by overnight courier or personal delivery when delivered at the address specified in this Section.

11.2. Survival. The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Effective Time or the termination of this Agreement. The covenants contained in Articles 2, 3, 7, and 11 and in Section 8.7 shall survive the Effective Time.

11.3. Amendment and Restatement; Effectiveness of Representations and Warranties.

This Agreement amends certain provisions of the Original Agreement and restates the terms of the Original Agreement in their entirety so as to reflect and give effect to such amendments. All covenants, agreements, terms and provisions of this Agreement (other than the

amendments to the Original Agreement effected by this Agreement) shall have effect from the date of the Original Agreement. All of the amendments to the Original Agreement effected by this Agreement shall have effect from the date hereof.

11.4. Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived prior to the Effective Time, if, and only if, the amendment or waiver is in writing and signed, in the case of an amendment, by the Company, a member of the Special Committee on behalf of the Special Committee, Parent and Acquiror or in the case of a waiver, by the party against whom the waiver is to be effective (if such party is the Company, such waiver shall be signed also by a member of the Special Committee on behalf of the Special Committee).

(b) At any time prior to the Effective Time, any party hereto may with respect to any other party hereto (i) extend the time for the performance of any of the obligations or other acts of such party and (ii) waive any inaccuracies in the representations and warranties of such party contained herein or in any document delivered pursuant hereto. No such extension or waiver shall be deemed or construed as a continuing extension or waiver on any occasion other than the one on which such extension or waiver was granted or as an extension or waiver with respect to any provision of this Agreement not expressly identified in such extension or waiver on the same or any other occasion. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

11.5. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that all or any of the rights or obligations of Parent or Acquiror may be assigned to any direct or indirect wholly-owned Subsidiary of such party (which assignment shall not relieve such assigning party of its obligations hereunder); provided, further, that other than with respect to the foregoing proviso, no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto. Any purported assignment in violation hereof shall be null and void.

11.6. Counterparts; Effectiveness; Third Party Beneficiaries This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto. Except as set forth in Sections 7.1 and 7.6, no provision of this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

11.7. Governing Law. This Agreement shall be construed in accordance with and governed by the internal Laws of the State of Delaware applicable to contracts executed and fully performed within the state of Delaware.

11.8. Jurisdiction. Except as otherwise expressly provided in this Agreement, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the District of Delaware or, if such court does not have jurisdiction over the subject matter of such proceeding or if such jurisdiction is not available, in the Court of Chancery of the State of Delaware, County of New Castle, and each of the parties hereby consents to the exclusive jurisdiction of those courts (and of the appropriate appellate courts therefrom) in any suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Law, any objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding in any of those courts or that any suit, action or proceeding which is brought in any of those courts has been brought in an inconvenient forum. Process in any suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any of the named courts. Without limiting the foregoing, each party agrees that service of process on it by notice as provided in Section 11.1 shall be deemed effective service of process.

11.9. Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at Law or in equity.

11.10. Entire Agreement. This Agreement (together with the exhibits and schedules hereto), the Voting Agreements, the No-Raid Agreement and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof.

11.11. Authorship. The parties agree that the terms and language of this Agreement were the result of negotiations between the parties and, as a result, there shall be no presumption that any ambiguities in this Agreement shall be resolved against any party. Any controversy over construction of this Agreement shall be decided without regard to events of authorship.

11.12. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

11.13. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR

RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

11.14. <u>Headings; Construction</u>. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement (a) words denoting the singular include the plural and vice versa, (b) ”it” or “its” or words denoting any gender include all genders, (c) the word “including” shall mean “including without limitation,” whether or not expressed, (d) any reference herein to a Section, Article, Paragraph, Clause or Schedule refers to a Section, Article, Paragraph or Clause of or a Schedule to this Agreement, unless otherwise stated, and (e) when calculating the period of time within or following which any act is to be done or steps taken, the date which is the reference day in calculating such period shall be excluded and if the last day of such period is not a Business Day, then the period shall end on the next day which is a Business Day.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Frank M. Garrison

Name: Frank M. Garrison
Title: Office of the Chairman

CBRE HOLDING, INC.

By: /s/ Raymond E. Wirta

Name: Raymond E. Wirta
Title: Chief Executive Officer

CB RICHARD ELLIS SERVICES, INC.

By: /s/ Raymond E. Wirta

Name: Raymond E. Wirta
Title: Chief Executive Officer

APPLE ACQUISITION CORP.

By: /s/ Raymond E. Wirta

Name: Raymond E. Wirta
Title: President

/s/ Robert J. Denison

Robert J. Denison, Member of the Special Committee
on behalf of the Special Committee

Exhibit 2.3

PURCHASE AGREEMENT

by and among

INSIGNIA FINANCIAL GROUP, INC.,

CBRE HOLDING, INC.,

CB RICHARD ELLIS SERVICES, INC.,

APPLE ACQUISITION CORP.

and

ISLAND FUND I LLC

Dated as of May 28, 2003

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This PURCHASE AGREEMENT, dated as of May 28, 2003 (herein, together with the Exhibits and Disclosure Schedules hereto, referred to as the "**Agreement**"), is made by and among Insignia Financial Group, Inc., a Delaware corporation ("**Seller**"), CBRE Holding, Inc., a Delaware corporation ("**Holding**"), CB Richard Ellis Services, Inc., a Delaware corporation wholly-owned by Holding ("**Parent**"), Apple Acquisition Corp., a Delaware corporation wholly-owned by Parent ("**Acquiror**" and together with Holding and Parent, the "**CB Parties**"), and Island Fund I LLC, a Delaware limited liability company ("**Buyer**"). Seller, Holding, Parent, Acquiror and Buyer are each referred to in this Agreement as a "**Party**" and together as the "**Parties**." Certain defined terms used herein are defined separately in Section 13.15 below. To the extent the term "Seller" is used herein and any act or obligation of Seller hereunder must actually, legally or technically be effected or satisfied, as the case may be, by a Subsidiary of Seller, then, in all such cases, Seller hereby agrees to cause any such Subsidiary to effect such action or satisfy such obligation.

W I T N E S S E T H

WHEREAS, Seller, Holding, Parent and Acquiror are parties to an Amended and Restated Agreement and Plan of Merger of even date herewith (the "**Merger Agreement**"), pursuant to which, among other things, Acquiror shall be merged with and into Seller (the "**Merger**") and, at the effective time of such Merger, the corporate existence of Acquiror shall cease and Seller shall continue in existence as the surviving corporation (the "**Surviving Corporation**"); and

WHEREAS, Seller currently owns direct and indirect equity and other economic interests in the real estate and real estate related investment assets identified under the caption "Asset Name" on Schedule A of the Disclosure Schedules (collectively, the "**Assets**"); and

WHEREAS, Buyer desires to acquire from Seller certain of the direct and indirect equity and other economic interests of Seller in or relating to the Assets identified under the caption "Covered Interests" on Schedule A of the Disclosure Schedules (collectively, the "**Covered Interests**"), which purchase and sale shall be consummated immediately prior to the closing of the Merger; and

WHEREAS, prior to the closing of the transactions contemplated hereby, Seller and its Subsidiaries shall transfer, assign or otherwise convey to a newly-formed Delaware limited liability company ("**Newco**") substantially all of the Covered Interests, as reasonably directed by Buyer pursuant to Section 4.1 below, and immediately prior to the closing of the transactions contemplated hereby, Seller and its Subsidiaries will own 100% of the issued and outstanding membership interests (the "**Newco Interests**") of Newco; and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, pursuant to this Agreement, the Newco Interests and such of the Covered

Interests not contributed to Newco prior to the closing hereunder as Buyer shall have designated in writing pursuant to Section 4.1 below (collectively, the "**Designated Interests**"); and

WHEREAS, the CB Parties desire to enter into this Agreement and further desire that Seller and Buyer enter into this Agreement and that the Parties consummate the transaction contemplated hereby.

NOW, THEREFORE, in reliance upon these premises, the representations and warranties made herein and in consideration of the mutual promises and agreements herein contained, the Parties agree as follows:

ARTICLE 1
SALE AND TRANSFER OF INTERESTS

1.1 Purchase of Designated Interests. Subject to the terms and conditions of this Agreement, and except as otherwise provided in Sections 9.3 and 1.6(f) hereof, at the Closing (as defined in Section 1.3 below), Seller and its Subsidiaries will sell, assign, transfer and otherwise convey to Buyer the Designated Interests, free and clear of all Encumbrances, and Buyer will purchase the Designated Interests from Seller and its Subsidiaries (it being understood and agreed that such purchase and sale shall be deemed not to have occurred if the Merger is not consummated immediately thereafter).

1.2 Purchase Price. The aggregate purchase price (the "**Purchase Price**") payable by Buyer to Seller in consideration of the sale and purchase of the Designated Interests hereunder shall be $43,939,980 (as adjusted by Sections 1.6 and 1.7) in cash, which shall be paid by Buyer by wire transfer of immediately available funds to an account of Seller designated in writing by Seller.

1.3 Closing Date. The closing of the transactions contemplated by this Agreement (the "**Closing**") will take place on the date that is the closing date and effective date of the Merger (the "**Closing Date**"). The Closing shall take place at the location of the closing of the Merger, or at such other place as may be mutually agreed upon in writing by Buyer and Holding.

1.4 Excluded Liabilities. Except as expressly provided in this Agreement, including, without limitation, Section 1.2 and the post-Closing indemnification provisions of Article 7, Seller acknowledges and agrees with Buyer that it shall ensure that neither Seller nor any of Seller's Subsidiaries shall convey to Newco, or cause or permit Newco to incur, assume or otherwise become liable for, in each case, prior to the Closing, any liabilities whatsoever (whether known or unknown and whether absolute, accrued, contingent or otherwise), except as expressly provided in this Agreement.

1.5 Allocation of Purchase Price. Seller and Buyer agree to allocate the Purchase Price (and all other capitalizable costs) among the Designated Interests for all

purposes in accordance with the allocation schedule to be agreed upon by each of Holding, Seller and Buyer and to be set forth in a writing signed by the Parties at least five (5) days before the Closing Date. Unless otherwise required by applicable law, none of the Surviving Corporation, Buyer or the CB Parties shall take, nor shall they permit any of their respective controlled Affiliates to take, any position for purposes of any Tax with respect to the allocation of the Purchase Price which is inconsistent with such allocation. The Surviving Corporation and Buyer shall complete, execute and file a Form 8594 in a manner consistent with this Section 1.5. Nothing in this Section 1.5 shall affect any other term or condition of this Agreement or relieve any Party from any of its obligations hereunder, including, but not limited to, its obligations in respect of the Closing (it being understood that the agreement of Holding, Seller and Buyer to an allocation schedule pursuant to this Section 1.5 shall not be a condition precedent to the Closing).

1.6 Purchase Price Adjustments.

(a) The Purchase Price shall be decreased, on a dollar for dollar basis (but without duplication), to the extent that Seller is deemed to have received any Cash Distribution on or after January 1, 2003 through and including the Closing Date in respect of or as a result of (i) the operations of any Asset or (ii) any refinancing or sale or other disposition of any Asset (including, without limitation, but without duplication, any and all Cash Distributions deemed received by Seller from Insignia Opportunity Trust, Insignia Opportunity Partners, Insignia Opportunity Directives, LLC, Insignia Opportunity Partners II, L.P. and Insignia Opportunity Directives II, LLC); provided, however, that the deemed receipt by Seller of any Restricted Cash distributed on or after January 1, 2003 through and including the Closing Date shall not result in any adjustment to the Purchase Price pursuant to this Section 1.6(a), and the Parties acknowledge and agree that Seller shall be entitled to retain such Restricted Cash for its own account. For purposes of this Section 1.6(a), Seller shall be deemed to have received a Cash Distribution only to the extent that, prior to the Closing, the amount thereof has actually been distributed to Seller or a wholly-owned Subsidiary of Seller (other than a Transferred Entity) and all indebtedness of all Subsidiaries in the chain of ownership at or above the level at which the sale or other disposition of an Asset occurred has been repaid in full (other than indebtedness under the Senior Credit Agreement and the Senior Subordinated Credit Agreement), net of all incentive, profit sharing, promote, participation or similar payments that are actually paid or required to be paid to current or former employees or consultants of Seller or any Subsidiary of Seller. Notwithstanding the foregoing, if the net adjustments pursuant to this Section 1.6(a) would otherwise result in a decrease of the Purchase Price in excess of $1,000,000, then such actual amount of the decrease to the Purchase Price pursuant to this Section 1.6(a) shall be reduced by the lesser of (x) 50% of such excess amount or (y) $1,500,000. For example, (i) if the net adjustments pursuant to this Section 1.6(a) resulted in a decrease of the Purchase Price in the amount of $2,000,000, then the actual amount of the decrease to the Purchase Price pursuant to this Section 1.6(a) would be $1,500,000 and (ii) if the net

adjustments pursuant to this Section 1.6(a) resulted in a decrease of the Purchase Price in the amount of $5,000,000, then the actual amount of the decrease to the Purchase Price pursuant to this Section 1.6(a) would be $3,500,000.

(b) The Purchase Price shall be increased, on a dollar for dollar basis (but without duplication), to the extent Seller is deemed to have made an additional cash equity investment permitted hereunder in respect of any Asset (without duplication) on or after January 1, 2003 through and including the Closing Date. For purposes of this Section 1.6(b), Seller shall be deemed to have made an additional cash equity investment in respect of an Asset only to the extent that Seller or a wholly-owned Subsidiary of Seller (other than a Transferred Entity) has made an equity contribution of cash to a Transferred Entity.

(c) In the event that Seller or any Subsidiary of Seller is required to make an election (a "**Required Election**") pursuant to an Existing Transfer Obligation as to whether to (i) purchase an Equity Interest in an Entity that directly or indirectly owns an Asset (a "**Subject Interest**") or (ii) sell a Covered Interest, then Seller shall give Buyer prompt written notice of such requirement, the relevant facts and circumstances relating to the Required Election (including, but not limited to, the requisite time period within which Seller or the applicable Subsidiary of Seller must notify the applicable third party of its election, and the specified purchase price) and, as reasonably requested by Buyer, such other facts and circumstances related to the Required Election. In addition, the following shall apply to any Required Election:

(i) If, in Seller's, the CB Parties' and Buyer's reasonable judgment, the date by which Seller or any Subsidiary of Seller must notify any third party of its determination with respect to a Required Election (the "**Determination Date**") is to occur following the Closing Date, then neither Seller nor any such Subsidiary of Seller shall take any action regarding the Required Election (except as may be directed by Buyer pursuant to Section 9.3, if applicable).

(ii) If, in Seller's, the CB Parties' and Buyer's reasonable judgment, the Determination Date is to occur on or prior to the Closing Date, then Buyer shall (x) direct Seller, in writing and prior to the Determination Date, either to elect to (A) purchase the Subject Interest or (B) sell the Covered Interest, in each case, in such a manner as is consistent with the requirements of the Required Election, and subject to the terms of clauses (iii), (iv), (v) and (vi) below, and (y) remit to Seller, together with the foregoing written direction, immediately available funds equal to the purchase price for the Subject Interest, and Seller shall deposit such funds in an interest bearing escrow account pursuant to an escrow arrangement that is reasonably satisfactory to each of the Parties (the "**Purchase Deposit**");

(iii) If Buyer directs Seller to purchase the Subject Interest pursuant to clause (ii)(A) above, and the closing of such purchase is to occur at or prior to the anticipated Closing hereunder, then:

(A) Seller shall take all such action as is necessary and required to make the Required Election and arrange to purchase the Subject Interest, and shall purchase the Subject Interest as contemplated herein utilizing the Purchase Deposit, and

(B) if, in Buyer's and the CB Parties' reasonable judgment, any required Consent to transfer to Buyer or its designee the Subject Interest purchased by Seller or a Subsidiary of Seller (i) has been obtained, then Seller or any applicable Subsidiary of Seller shall promptly transfer the Subject Interest to Buyer or its designee, free and clear of all Encumbrances at the Closing, or (ii) has not been obtained, then Seller or the applicable Subsidiary of Seller shall hold the Subject Interest for the benefit of Buyer as if such interest was a Restricted Interest under Section 9.3.

(iv) If Buyer directs Seller to purchase the Subject Interest pursuant to clause (ii)(A) above, and the closing of such purchase is to occur after the anticipated Closing hereunder, then:

(A) Seller shall take all such action as is necessary and required to make the Required Election and to purchase the Subject Interest (but not close the transaction to purchase such interest),

(B) If the Closing hereunder occurs and Seller has transferred to Buyer at Closing the Transferred Entity that is party to the subject Existing Transfer Obligation and the closing thereof has not occurred, Seller shall, at the Closing, return to Buyer the Purchase Deposit, together with all accrued interest thereon, and

(C) If the Closing hereunder occurs and Seller has not transferred to Buyer at Closing the Transferred Entity that is party to the subject Existing Transfer Obligation, but rather holds such Covered Interests pursuant to Section 9.3, then Seller shall utilize the Purchase Deposit to acquire the Subject Interest on behalf of Buyer and continue to hold the Subject Interest pursuant to Section 9.3.

(v) If Buyer directs Seller to sell the Covered Interest pursuant to clause (ii)(B) above, then (A) the applicable Covered Interest shall be excluded from the sale to Buyer pursuant to this Agreement in all respects and (B) the purchase price payable by Buyer pursuant to Section 1.2 of this Agreement shall be reduced by an amount equal to the sale price specified in the Required Election and Buyer's direction to Seller pursuant to clause (ii)(y) above.

(vi) If Seller or any Subsidiary of Seller purchases a Subject Interest as provided herein and the Closing hereunder shall not occur, then Seller or any Subsidiary of Seller shall have the option, exercisable in its sole discretion promptly after the time of determination that the Closing shall not occur, to (x) retain the purchased Subject Interest and promptly reimburse Buyer for the amount of the Purchase Deposit, together with all accrued interest thereon, or (y) take action with respect to the Subject Interest as contemplated by clause (iii)(B) above.

(vii) If Buyer fails to provide to Seller the written direction required by clause (ii)(x) above, then (A) the applicable Covered Interest shall be excluded from the sale to Buyer pursuant to this Agreement in all respects and (B) the purchase price payable by Buyer pursuant to Section 1.2 of this Agreement shall be reduced by an amount equal to the price specified in the Required Election and related notices.

(d) In the event of any material damage to or the destruction of any Asset that is real property (an "**Affected Property**") prior to the Closing, Seller shall promptly notify Buyer and the CB Parties thereof. Subject to the terms of the following sentence, Buyer's obligation to consummate the transactions set forth in this Agreement shall be unaffected by, and shall continue regardless of, any damage to or destruction of any Affected Property prior to Closing. Notwithstanding the foregoing, if any Affected Property shall be damaged by a casualty which is not covered for its full replacement cost (less any deductible) by the all risk insurance policy of the owner of such Affected Property, then Buyer shall have the right to exclude from the Designated Interests being acquired by Buyer pursuant to this Agreement the Covered Interests relating to such Affected Property (the "**Affected Interests**"), in which case: (i) the Purchase Price shall be reduced by an amount equal to the Pro Rated Book Value of the Affected Property; and (ii) the Affected Interests shall not be sold and transferred to Buyer (or to Newco) at the Closing (or, if the Affected Interests were previously transferred into Newco by Seller or a Subsidiary of Seller, then Newco shall transfer such Affected Interests back to Seller or such Subsidiary of Seller prior to the Closing).

(e) Notwithstanding anything to the contrary contained in this Agreement, the CB Parties shall have the right to exclude from the purchase and sale of the Designated Interests pursuant to this Agreement some or all of the Designated Interests listed on Schedule 1.6(e) of the Disclosure Schedules, in which event the Purchase Price shall be decreased, on a dollar for dollar basis, by the amount set forth on Schedule 1.6(e) of the Disclosure Schedules next to each excluded Designated Interest (but without duplication, to the extent that more than one excluded Designated Interest relates to the same Asset). The CB Parties may exercise the right afforded in this Section 1.6(e) be delivery of written notice to Buyer and Seller no less than ten (10) Business Days prior to the Closing.

(f) Any increase or decrease in the Purchase Price pursuant to this Section 1.6 shall be supported by documentation or other evidence reasonably satisfactory to Buyer and Holding.

1.7 Assumption of Liabilities. At the Closing, Newco shall assume (in the manner contemplated by Section 4.10 below) the liabilities and obligations of the Surviving Corporation pursuant to certain existing agreements to which Seller is a party, with the exact amount of such liabilities and obligations being calculated at the Closing as described on Schedule 1.2(a) of the Disclosure Schedules (the aggregate amount of

such liabilities and obligations assumed as of the Closing, the "**Final Assumed Liabilities Amount**"). As of the date hereof, the Parties estimate that the aggregate amount of liabilities and obligations of the Surviving Corporation pursuant to such existing agreements at the Closing will be $7,860,020 (such estimated aggregate amount of liabilities and obligations, the "**Estimated Assumed Liabilities Amount**"). If, and to the extent, the Final Assumed Liabilities Amount exceeds the Estimated Assumed Liabilities Amount, the Purchase Price shall be reduced dollar-for-dollar by the amount of such excess. If, and to the extent, the Estimated Assumed Liabilities Amount exceeds the Final Assumed Liabilities Amount, the Purchase Price shall be increased dollar-for-dollar by the amount of such excess.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that:

2.1 Corporate Existence and Power. Seller is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all corporate powers and authority required to own, lease and operate its properties and assets and to carry on its business as now conducted. Seller is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property and assets owned, leased or operated by it or the nature of its activities makes qualification necessary, except where the failure to be so qualified would not be reasonably likely to have, individually or in the aggregate, an Asset Material Adverse Effect.

2.2 Corporate Authorization. The execution, delivery and performance by Seller of this Agreement and the consummation by Seller of the transactions contemplated hereby are within Seller's corporate powers and have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. The Board of Directors and the Special Committee thereof have approved this Agreement and the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and, assuming that this Agreement constitutes the valid and binding obligation of Buyer, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

2.3 Non-Contravention. The execution, delivery and performance by Seller of this Agreement do not and will not (a) contravene or conflict with Seller's certificate of incorporation or by-laws, (b) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to Seller by which any of its properties or assets is bound or affected, (c) except with respect to Consents required in connection with the transfer of the Designated Interests hereunder or the failure to so obtain any such Consent or any involuntary and automatic modification of the rights and obligations of

Seller and its Subsidiaries under any joint venture, limited liability company, partnership agreement or similar agreement relating to the Assets (including, without limitation, the requirement to purchase or sell Covered Interests or Assets pursuant to an Existing Transfer Obligation), constitute a breach of or default under (or an event that with notice or lapse of time or both could reasonably be expected to become a breach or default) or give rise (with or without notice or lapse of time or both) to a right of termination, amendment, cancellation or acceleration under any agreement, contract, note, bond, mortgage, indenture, lease, concession, franchise, Permit or other similar authorization or joint venture, limited liability company or partnership agreement or other instrument binding upon Seller, Newco or any of their respective properties or assets, or (d) result in the creation or imposition of any Encumbrance on any Designated Interest, or other than, in the case of clauses (b) and (c) taken together, any items that would not be reasonably likely to have, individually or in the aggregate, an Asset Material Adverse Effect.

2.4 Newco. Newco (i) is a Delaware limited liability company organized, validly existing and in good standing under the Laws of the State of Delaware, (ii) has all limited liability company powers and authority required to own, lease or operate its properties and assets and to carry on its business, and (iii) from its inception through the Closing, will be treated as a “pass-through” entity for federal income tax purposes.

2.5 Ownership of Newco. Immediately prior to the Closing, Seller will own one hundred percent (100%) of the Newco Interests. Immediately prior to the Closing, the Newco Interests (i) will be owned free and clear of any Encumbrance and free of any other limitation or restriction (including any limitation or restriction on the right to vote, sell or otherwise dispose of the Newco Interests) and (ii) will have been issued in compliance with all applicable federal, state and foreign securities laws. Excluding the Newco Interests, as of the Closing, Newco shall not have issued, or authorized the issuance of, (x) Equity Interests of Newco, (y) securities of Newco convertible into or exchangeable for Equity Interests of Newco or (z) options, warrants or other rights to acquire from Newco, or obligations of Newco to issue, any Equity Interests of Newco or securities convertible into or exchangeable for Equity Interests of Newco (the items in clauses (x), (y) and (z) being referred to collectively as the “**Newco Securities**”). As of the Closing, there will be no outstanding agreements or other obligations of Seller to repurchase, redeem or otherwise acquire any Newco Securities.

2.6 No Liabilities. As of the Closing, Newco will have no liabilities whatsoever, except as expressly contemplated by this Agreement, including, without limitation, Section 1.2 and Article 7 hereof.

2.7 Governmental Authorization. The execution, delivery and performance by Seller of this Agreement and the consummation by Seller of the transactions contemplated hereby will not require any Consent, Permit of, or registration, declaration or filing with, any Authority by Seller, except for (i) Consents that may be required from the United States Department of Housing and Urban Development or the New York City

Department of Housing Preservation and Development with respect to the transfers of the entities listed inSchedule 2.7(i) of the Disclosure Schedules, (ii) Consents that may be required from any Authority in connection with the Asset listed on Schedule 2.7(ii) of the Disclosure Schedules and (iii) Consents, Permits, registrations, declarations and filings which, if not obtained or made, would not be reasonably likely to have, individually or in the aggregate, an Asset Material Adverse Effect.

2.8 Merger Payment. Seller acknowledges and agrees that, provided the Closing hereunder occurs prior to or simultaneously with the Merger and the conditions under Section 9.4(b) of the Merger Agreement have been satisfied at or prior to the Closing of the Merger, the Common Merger Consideration (as defined in the Merger Agreement) will be $11.156, subject to adjustment as contemplated by Section 7.4(c) of the Merger Agreement.

2.9 Disclaimer of Other Representations and Warranties. Seller does not make, and has not made, any express or implied representations or warranties in connection with this Agreement and the transactions contemplated hereby other than those expressly set forth herein. Except as expressly set forth herein, no Person has been authorized by Seller to make any representation or warranty relating to Seller or its business, or otherwise in connection with this Agreement and the transactions contemplated hereby and, if made, such representation or warranty may not be relied upon as having been authorized by Seller.

ARTICLE 2A
REPRESENTATIONS AND WARRANTIES OF THE CB PARTIES

The CB Parties jointly and severally represent and warrant to Buyer that:

2A.1 Corporate Existence and Power. Each of the CB Parties is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all corporate powers and authority required to own, lease and operate its properties and assets and carry on its business as now conducted. Each of the CB Parties is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned, leased or operated by it or the nature of its activities makes qualification necessary, except where the failure to be qualified would not be reasonably likely to have, individually or in the aggregate, a CB Parties Material Adverse Effect.

2A.2 Corporate Authorization. The execution, delivery and performance by each of the CB Parties of this Agreement and the consummation by each of them of the transactions contemplated hereby are within the corporate powers of each of the CB Parties and have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of any CB Party are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of the CB Parties and assuming

that this Agreement constitutes the valid and binding obligation of Buyer, this Agreement constitutes a valid and binding agreement of each of the CB Parties, enforceable in accordance with its terms.

2A.3 Governmental Authorization. The execution, delivery and performance by each of the CB Parties of this Agreement and the consummation by each of the CB Parties of the transactions contemplated hereby will not require any Consent, Permit of, or registration, declaration or filing with, any Authority by any CB Party other than Consents, Permits, registrations, declarations and filings which, if not obtained or made, would not be reasonably likely to have, individually or in the aggregate, a CB Parties Material Adverse Effect.

2A.4 Non-Contravention. The execution, delivery and performance by the CB Parties of this Agreement and the consummation by each of the CB Parties of the transactions contemplated hereby do not and will not (a) contravene or conflict with the certificate of incorporation or by-laws of any CB Party, (b) contravene or conflict with, or constitute a violation of, any provision of Law, binding upon or applicable to any CB Party or by which any of their respective properties or assets is bound or affected, (c) except with respect to Consents which are addressed in Section 9.3 below, constitute a breach or default under (or an event that with notice or lapse of time or both could reasonably become a breach or default) or give rise (with or without notice or lapse of time or both) to a right of termination, amendment, cancellation or acceleration under any agreement, contract, note, bond, mortgage, indenture, lease, license, concession, franchise, joint venture, limited liability company or partnership agreement or other instrument binding upon, any CB Party or their respective properties or assets, or (d) result in the creation or imposition of any Encumbrance on any asset of any of the CB Parties other than, in the case of clauses (b), (c) and (d) taken together, any such items that would not be reasonably likely to have, individually or in the aggregate, a CB Parties Material Adverse Effect.

2A.5 Merger Payment. The CB Parties acknowledge and agree that, provided the Closing hereunder occurs prior to or simultaneously with the Merger and the conditions under Section 9.4(b) of the Merger Agreement have been satisfied at or prior to the Closing of the Merger, the Common Merger Consideration (as defined in the Merger Agreement) will be $11.156, subject to adjustment as contemplated by Section 7.4(c) of the Merger Agreement.

2A.6 Disclaimer of Other Representations and Warranties. No CB Party makes, or has made, any express or implied representations or warranties in connection with this Agreement and the transactions contemplated hereby other than those expressly set forth herein. Except as expressly set forth herein, no Person has been authorized by any CB Party to make any representation or warranty relating to any CB Party or their respective businesses, or otherwise in connection with this Agreement and the transactions

contemplated hereby and, if made, such representation or warranty may not be relied upon as having been authorized by any CB Party.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller and the CB Parties that:

3.1 Existence and Power. Buyer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all limited liability company powers and authority required to own, lease and operate its properties and assets and to carry on its business as now conducted. Buyer is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property and assets owned, leased or operated by it or the nature of its activities makes qualification necessary, except where the failure to be so qualified would not be reasonably likely to have, individually or in the aggregate, a Buyer Material Adverse Effect.

3.2 Authorization. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby are within Buyer's limited liability company powers and have been duly and validly authorized by all necessary limited liability company action, and no other proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and assuming that this Agreement constitutes the valid and binding obligation of Seller and each CB Party, this Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

3.3 Non-Contravention. The execution, delivery and performance by Buyer of this Agreement do not and will not (a) contravene or conflict with Buyer's certificate of formation or limited liability company agreement, (b) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to Buyer by which any of its properties or assets is bound or affected, (c) constitute a breach of or default under (or an event that with notice or lapse of time or both could reasonably be expected to become a breach or default) or give rise (with or without notice or lapse of time or both) to a right of termination, amendment, cancellation or acceleration under any agreement, contract, note, bond, mortgage, indenture, lease, concession, franchise, Permit or other similar authorization or joint venture, limited liability company or partnership agreement or other instrument binding upon Buyer or its properties or assets, or (d) result in the creation or imposition of any Encumbrance on any asset of Buyer, or other than, in the case of clauses (b), (c) and (d) taken together, any items that would not be reasonably likely to have, individually or in the aggregate, a Buyer Material Adverse Effect. Buyer has provided to Seller and the CB Parties a true and complete copy of the Consent and Release of Lehman Brothers Holdings Inc. ("**Lehman**") dated as of May 27, 2003

relating to (i) the transfer of the mortgaged property or any interest therein owned by IN-USVI, LLC ("**IN-USVI**") to Newco or to Buyer, in connection with the Loan Agreement, dated as of July 10, 2002, between Lehman and IN-USVI (the "**Loan Agreement**"), and (ii) the release by Lehman, effective upon the Closing, of the guarantee by Seller of certain obligations of IN-USVI under the Loan Agreement (the "**Nautica Consent and Release**"). The Nautica Consent and Release has not been changed, amended or modified prior to the date hereof.

3.4 Accredited Investor. Buyer is acquiring the Designated Interests for its own account. Buyer acknowledges that the Designated Interests have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"). Buyer is an "accredited investor" as defined in Regulation D under the Securities Act. Buyer understands that the Designated Interests have not been approved or disapproved by the United States Securities and Exchange Commission, by any federal or state agency or by any Authority outside of the United States.

3.5 Governmental Authorization. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby will not require any Consent, Permit of, or registration, declaration or filing with, any Authority by Buyer, except (i) for Consents that may be required from the United States Department of Housing and Urban Development or the New York City Department of Housing Preservation and Development with respect to the transfers of the entities listed in Schedule 2.7(i) of the Disclosure Schedules, (ii) Consents that may be required from any Authority in connection with the Asset listed on Schedule 2.7(ii) of the Disclosure Schedules and (iii) Consents, Permits, registrations, declarations and filings which, if not obtained or made, would not be reasonably likely to have, individually or in the aggregate, a Buyer Material Adverse Effect.

3.6 No Knowledge of Seller Misrepresentation. To Buyer's Knowledge on the date hereof, no representation or warranty of Seller contained in Article 2 hereof is untrue, incomplete or inaccurate.

3.7 No Knowledge of Pending Claims. Except as set forth in the Merger Agreement or in any Company Disclosure Schedule to the Merger Agreement, or in any filing made by Seller with the Securities and Exchange Commission under the Exchange Act subsequent to December 31, 2002 and prior to the date of this Agreement or in Schedule 3.7 of the Disclosure Schedules, to Buyer's Knowledge on the date hereof, there is no (a) adverse claim, action or proceeding pending or threatened in writing against Seller or any Subsidiary relating to the Assets or the Covered Interests or (b) any outstanding guarantee, letter of credit, cross-indemnification obligation or similar type of credit support provided by Seller or any of its Subsidiaries (other than Transferred Entities) relating to any of the Assets or the Covered Interests.

3.8 Financing. Buyer has received executed subscription agreements (the "**Subscription Agreements**") pursuant to which the subscribers named therein have

committed, upon the terms and subject to the conditions set forth therein, to provide to Buyer cash financing sufficient to pay the portion of the Purchase Price described in Section 1.2(b) of this Agreement. It is the good faith belief of Buyer that the financing contemplated by the Subscription Agreements will be obtained. It is the good faith belief of Buyer that condition 4 of the Nautica Consent and Release will be satisfied as of the Closing.

3.9 No Encumbrances. To Buyer's Knowledge on the date hereof, no Covered Interest is subject to any Encumbrance other than Encumbrances under the Senior Credit Agreement or the Senior Subordinated Credit Agreement.

3.10 Control of Buyer. At the time of the Closing, Andrew L. Farkas will "control" (as such term is defined in the Nautica Consent and Release) Buyer.

3.11 Disclaimer of Other Representations and Warranties. Buyer does not make, and has not made, any express or implied representations or warranties in connection with this Agreement and the transactions contemplated hereby other than those expressly set forth herein. Except as expressly set forth herein, no Person has been authorized by Buyer to make any representation or warranty relating to Buyer or its business, or otherwise in connection with this Agreement and the transactions contemplated hereby and, if made, such representation or warranty may not be relied upon as having been authorized by Buyer.

ARTICLE 4
PRE-CLOSING COVENANTS

4.1 The Designated Interests. Not later than five (5) Business Days prior to the Closing, Buyer shall send Seller and the CB Parties a written notice identifying in reasonable detail the following information: (1) exactly which Covered Interests Buyer has selected to acquire pursuant to this Agreement (which must (i) include each of the Covered Interests listed on Schedule 4.1 of the Disclosure Schedules, (ii) collectively constitute Seller's entire economic interest in all of the Assets, subject to the provisions of Section 1.6 and (iii) include any Transferred Entity that is party to an Existing Transfer Obligation that has been triggered and is then subject to the provisions of Section 1.6(c)); and (2) which of such selected Covered Interests (x) Buyer is directing Seller to transfer or cause to be transferred to Newco prior to the Closing, (y) Buyer is directing Seller to transfer or cause to be transferred directly to Buyer at the Closing, and (z) will not be transferred and assigned to Newco or to Buyer at the time of Closing, but rather will continue to be held, directly or indirectly, by Seller after the Closing as contemplated by and in accordance with the terms of Section 9.3 below; provided, however, that the only Covered Interests that Buyer may require Seller to continue to hold pursuant to the foregoing clause (z) are Covered Interests with respect to which Buyer has reasonably concluded that a Consent to transfer pursuant to this Agreement is required but has not been obtained on terms reasonably acceptable to Buyer. Notwithstanding the foregoing, if the CB Parties reasonably determine that a necessary Consent has not been obtained

with respect to the transfer of any Covered Interest, the CB Parties may elect to have Seller continue to hold such Covered Interest in accordance with the terms of Section 9.3. For the avoidance of doubt, nothing in this Section 4.1 shall in any way affect the Purchase Price payable by Buyer pursuant to this Agreement.

4.2 Conduct of Business Generally. Except to the extent contemplated by this Agreement, Seller shall in all material respects carry on its business relating to the Assets and the Covered Interests consistent with past practices, in good faith.

4.3 Absence of Material Changes. From and after the date hereof, except as expressly set forth in this Agreement, without the prior written consent of Buyer, Seller shall not cause or permit:

(a) the sale, assignment or transfer of any Covered Interest, any direct or indirect economic interest in any Covered Interest or the real property Asset known as "Brookhaven Village Shopping Center," other than transfers (i) to Newco or Buyer as contemplated under this Agreement (including, without limitation, as provided in Section 9.3 hereof), (ii) in connection with an Acquisition Proposal as provided in Article 8 hereof, (iii) pursuant to an Existing Transfer Obligation, and (iv) as permitted by clause (g) below;

(b) a knowing cancellation of any material debt or claim of Seller or any Subsidiary of Seller (to the extent that Seller has the ability to control such Subsidiary) relating to the Covered Interests;

(c) a knowing waiver by Seller or any Subsidiary of Seller (to the extent that Seller has the ability to control such Subsidiary) of any material right that would affect the value of the Covered Interests or otherwise relates to the Assets, other than a material right that Seller, after consultation with Buyer and in good faith, has concluded the waiver of which is reasonably likely to increase or preserve the value of such Covered Interests;

(d) except as permitted under clause (g) below, any modification, amendment, alteration or termination of any Contract that primarily relates to any Asset or Covered Interest of a material value or is material in amount;

(e) the knowing taking of any action or the failure to act when action was required if such action or inaction would result in a material breach or default under any Contract related to any Asset or Covered Interest;

(f) any change to the membership of any investment committee or approval body in respect of any Asset or Covered Interest (other than due to the termination of the employment of any member of such committee or body); or

(g) the issuance of any additional or new Employee Profit Participation Interests or other similar interests in respect of any Asset or Covered Interest, except as permitted under the Merger Agreement as in effect on the date hereof.

For the avoidance of doubt, nothing in this Section 4.3 shall prohibit Seller from causing or permitting (by means of granting consent or otherwise) the sale, financing or refinancing of any real property Asset other than the real property Assets identified on Schedule 4.3 of the Disclosure Schedules.

4.4 Compliance with Laws. Seller shall, and shall cause Newco to, use reasonable commercial efforts to comply in all material respects with all Laws and regulations which are applicable to them, their ownership of the Covered Interests and will perform and comply in all material respects with all Contracts, commitments and obligations by which they are bound related to the Assets and the Covered Interests, in each case consistent with Seller's past practices.

4.5 Buyer Actions. Any misrepresentation or breach of any warranty or covenant hereunder by Seller that is directly attributable to a knowing act or failure to act when action is required by Buyer, any Island Principal or Jeffrey P. Cohen (or any act or omission undertaken at the express direction, or with the express consent, of any such Person) shall not be deemed to be a misrepresentation or breach of warranty or covenant by Seller.

4.6 Consents and Releases. Buyer, Seller and the CB Parties agree that, following the execution and delivery of this Agreement, (i) Buyer shall use its Best Efforts to obtain as soon as reasonably practicable all Consents necessary for Seller to effect the sale and transfer of the Designated Interests to Buyer hereunder, (ii) each of Seller and the CB Parties shall reasonably cooperate with Buyer with respect to, and use their respective Best Efforts to assist Buyer or its representatives in, obtaining all such Consents and (iii) Buyer shall reasonably cooperate with Seller and the CB Parties in their efforts to obtain Releases, it being agreed, however, that the foregoing shall not require any Party to pay any amount of money or assume any liability or obligation for any such Consent or Release, except for (x) de minimis incremental expenses and (y) in connection with any Release, if requested by any third party providing such a Release, the assumption by Buyer or one or more of the Transferred Entities of an existing underlying guarantee or indemnification obligation (without enlargement of the scope or nature of such obligation) with respect to such Release, but solely to the extent that the assumption of any such obligation pertains to facts, circumstances or events that (A) occur or arise after the Closing Date and (B) are in the control of Buyer or a Transferred Entity and do not in any way relate to any property management or other matters or actions or inactions of Holding or its Subsidiaries from and after the Closing. Buyer agrees that it shall keep Seller and the CB Parties reasonably informed of its progress in obtaining Consents and shall offer each of Seller and the CB Parties an opportunity to have one representative of Seller and one representative of the CB Parties attend and

observe all material meetings and telephone calls regarding the obtaining of such Consents held between Buyer and/or its representatives, on the one hand, and the party whose Consent is being sought, on the other hand. Each of Buyer, Seller and the CB Parties acknowledges that, pursuant to Section 8.1 of the Merger Agreement, Seller and the CB Parties are obligated to use commercially reasonable efforts to obtain Consents from third parties with respect to the consummation of the transactions contemplated by the Merger Agreement and that such efforts by Seller and the CB Parties shall not be deemed to be a violation by either Seller or the CB Parties of their obligations under this Section 4.6.

4.7 Restructuring of Covered Interests Prior to Closing. Between the date of this Agreement and the Closing, Seller shall reasonably cooperate with a request by the CB Parties that Seller transfer Covered Interests (other than in respect of Transferred Entities) to one or more wholly-owned Subsidiaries of Seller, but only if such transfer is necessary to facilitate the transfer of the Designated Interests to Buyer or Newco pursuant to Section 4.1 or Section 9.3 of this Agreement or to prevent any transfer of Designated Interests to Buyer or Newco or any of its Subsidiaries after the Closing pursuant to Section 9.3 of this Agreement from being covered by Section 4.06 of the Indenture, dated as of June 7, 2001, among Parent (as successor by merger to BLUM CB Corp.), Holding, the other guarantors party thereto and State Street Bank and Trust Company of California, N.A., as Trustee. Notwithstanding the foregoing, in no event shall Seller be required or permitted to effect the transfer of any Covered Interest pursuant to this Section 4.7 if such transfer would, in the reasonable opinion of Buyer or Seller: (a) require a Consent, (b) invalidate or nullify any Consent that has been obtained in connection with this Agreement, (c) cause any additional Consent to be required with respect to the consummation of the other transactions contemplated by this Agreement, (d) constitute a breach or default with respect to any joint venture, limited liability company, partnership agreement or similar agreement relating to the Assets, or (e) impair the value of any Asset or otherwise adversely affect any right of Buyer under this Agreement.

4.8 Participation Interests. The Parties agree that Section 7.6(b) of the Merger Agreement (Certain Existing Obligations) may not be amended without the prior written consent of Buyer.

4.9 Certain Employees.

(a) Set forth on Schedule 4.9(a) of the Disclosure Schedules is a list of certain employees of Seller to whom Buyer is expressly permitted to extend offers to become employees of, or independent contractors to, Buyer (or an Affiliate of Buyer) upon consummation of the Closing. Seller hereby waives (i) effective immediately, any non-solicit provisions in favor of Seller and/or its Subsidiaries that are applicable to Buyer (or any Affiliate or employee of Buyer) and/or such individuals with respect to such solicitations of employment, and (ii) effective upon the Closing, any non-hire and/or

non-compete provisions in favor of Seller and/or its Subsidiaries that are applicable to Buyer, any of the Island Principals, Jeffrey P. Cohen and/or any such individuals with respect to their hiring by Buyer (or an Affiliate of Buyer) after the Closing, and agrees that such individuals shall be permitted to be hired by Buyer (or an Affiliate of Buyer) upon the consummation of the Closing. The Parties agree that Seller shall have the right, upon reasonable request, to review (but not to approve) the terms and conditions of any such offers of employment made by Buyer. With respect to each such individual who is actually hired by Buyer or an Affiliate of Buyer at or within thirty (30) days following the Closing: (i) Seller waives any non-compete and confidentiality provisions contained in any employment agreement, retention agreement or similar arrangement between Seller (or any Subsidiary of Seller) and such individual to the extent any such provision relates to the Assets; (ii) Seller, the CB Parties and the Surviving Corporation agree not to solicit to hire, or extend an offer to hire, such individual as an employee, independent contractor, or otherwise for a period of two (2) years from and after the Closing Date; (iii) Seller agrees to pay to such individual the severance or other similar amount that such Person would have received pursuant to the employment agreement, retention agreement or similar arrangement between Seller (or any Subsidiary of Seller) and such individual or, if none, Seller's severance policy as in effect on the date hereof, in each case, as if such individual were terminated by Seller without cause and in connection with the Merger as of the Closing; (iv) if such employee elects to participate in any of the Surviving Corporation's or the CB Parties' health insurance plans pursuant to COBRA, the CB Parties agree to waive and not to charge any administrative fee permitted under COBRA with respect to such employee; and (v) Buyer agrees to use its Best Efforts to obtain from such individual a release in favor of Seller with respect to any Employee Profits Participation Interest held by such individual, in the form of Exhibit A attached hereto (a "**Profits Participation Interest Release**").

(b) Set forth on Schedule 4.9(b) of the Disclosure Schedules is the name of an executive officer of Seller, which individual will continue to be a party to an employment/consulting agreement with the Surviving Corporation after the closing of the Merger. Seller and the CB Parties agree (i) to permit such individual to become a principal and/or employee of Buyer (or an Affiliate of Buyer), and/or an equity holder of Buyer or an Affiliate of Buyer (in each case, waiving any applicable non-solicit, non-hire and/or non-compete provisions applicable to Buyer (or any Affiliate or employee of Buyer) and/or such individual with respect to such employment, and waiving any confidentiality provisions applicable to such individual in respect of, and to the extent they relate to, the Assets) and (ii) that such arrangements will not otherwise affect any of the rights or obligations of the parties under such employment/consulting agreement.

(c) For the purposes of this Section 4.9, the term "Affiliate of Buyer" shall mean any Affiliate of Buyer that is not engaged in any commercial real estate brokerage activities.

4.10 Executive Management Employment Agreements. The Parties acknowledge that, simultaneously with the execution and delivery of this Agreement, Seller, on the one hand, and each Island Principal, on the other hand, have executed and delivered amendments to the respective employment agreements between the Island Principals and Seller, in the forms of Exhibit B, Exhibit C and Exhibit D attached hereto (each, an "**Island Principal Amendment**").

4.11 Newco Foreign Qualification to Do Business. Seller shall take all actions required to cause Newco to be duly qualified or licensed to do business as a foreign entity in each jurisdiction that Buyer shall reasonably request at least fifteen (15) Business Days prior to the Closing, and but for the passage of time, Newco shall be so qualified prior to the Closing.

4.12 Certain Entities. Seller agrees to, in a manner and on terms reasonably satisfactory to Buyer and the CB Parties, convert each entity to be transferred pursuant to this Agreement from a corporation into a New York or Delaware limited liability company taxable as a partnership prior to the contribution of such entities to Newco (if applicable) or the transfer of such entities directly to Buyer at the Closing or after the Closing pursuant to Section 9.3 hereof, as the case may be, including, without limitation, the entities identified on Schedule 4.12 of the Disclosure Schedules (but excluding Insignia Yacht Haven Corp., Insignia USVI Corp. and Insignia Nautica, Inc.), provided that Buyer provides written notice to Seller or the Surviving Corporation, as applicable, requesting such conversion at least fifteen (15) Business Days prior to the intended transfer pursuant to Section 4.1 or Section 9.3, as the case may be.

4.13 Information Rights. From and after the execution and delivery of this Agreement, Seller shall provide to Buyer and the CB Parties, no later than ten (10) Business Days following the end of each calendar month, statements describing all activity during the month to Seller's Knowledge that would result in a purchase price adjustment under Section 1.6 hereof, and shall further provide to Buyer such other information and data relating to the Assets and the Covered Interests as Buyer shall reasonably request.

4.14 Public Statements. Between the date of this Agreement and the Closing, each of the Parties shall discuss and coordinate with respect to any public filing or announcement required concerning any of the transactions contemplated by this Agreement. No public filing or announcement concerning any of the transactions contemplated by this Agreement shall be made by any Party without the consent of the other Parties, except as otherwise required by law, regulation, the rules of the New York Stock Exchange or fiduciary duty.

4.15 Voluntary Exercise of Certain Rights. Between the date of this Agreement and the Closing, Seller shall not voluntarily elect to trigger any buy/sell or similar contractual right of Seller or any Subsidiary of Seller in respect of any Covered Interest.

4.16 No Amendments. Buyer shall not agree to or cause any change, amendment or modification to be made to, or any waiver of any provision or remedy under, the Nautica Consent and Release or any of the Island Principal Amendments without the prior written consent of each of Seller and the CB Parties.

4.17 No Loans. Between the date of this Agreement and Closing, without the prior consent of Buyer, neither Seller nor any of its Subsidiaries (other than a Transferred Entity) shall directly or indirectly make any new loan to, or guarantee any new obligation of, the Assets or any Entity that has issued a Covered Interest; provided, however, that with respect to the refinancing of existing indebtedness with respect to any Asset, Seller shall have the right to enter into substitute recourse guarantees (by the same guarantors) that are substantially the same as the prior recourse guarantees made by the same guarantors in effect as of the date hereof with respect to such Asset. Nothing in this Section 4.17 shall affect any rights of the CB Parties, or any obligations of Seller, under the Merger Agreement.

4.18 Assumption Agreement. Buyer agrees to execute and deliver to Lehman prior to the Closing the following: (a) the assumption agreements contemplated by conditions 2 and 3 of the Nautica Consent and Release, in each case in a form that is reasonably satisfactory to Lehman and Buyer, and (b) the Reaffirmation of Loan Documents (as defined in condition 5 of the Nautica Consent and Release), in a form that is reasonably satisfactory to Lehman and Buyer.

4.19 Distribution of Pre-2003 Cash. Prior to the Closing, Seller shall cause all Pre-2003 Cash to be distributed to and held by any one or more Subsidiaries of Seller (other than any Transferred Entity).

4.20 General. Each Party will use its Best Efforts to take all action and to do all things necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement and cause its representations and warranties to be true and its covenants and agreements to be performed on and as of the Closing Date.

ARTICLE 5
CONDITIONS TO OBLIGATIONS OF BUYER

The obligations of Buyer to effect the Closing under this Agreement are subject to the fulfillment, on the Closing Date, of the following conditions precedent, each of which may be waived in writing at the sole discretion of Buyer.

5.1 Merger. Each of Seller and the CB Parties shall have determined, in its reasonable judgment, that the conditions to the closing of the Merger, as set forth in the Merger Agreement, shall have been satisfied or waived and the Merger is ready to be consummated. The Merger, when consummated, shall be on economic terms and

provisions no less favorable to the stockholders of Seller than the economic terms and provisions of the Merger Agreement as in effect on the date hereof.

5.2 Continued Truth of Representations and Warranties; Compliance with Covenants and Obligations. The representations and warranties of Seller and the CB Parties shall be true and correct in all material respects (except that each representation or warranty that is qualified by materiality or any similar qualification shall be true and correct in all respects) on the date of this Agreement and as of the Closing Date as though such representations and warranties were made on and as of each such date (or, to the extent such representations and warranties speak as of an earlier date, as of such earlier date), except for any changes permitted or contemplated by the terms hereof or consented to in writing by Buyer. Seller and the CB Parties shall have performed and complied in all material respects with all terms, conditions, covenants, obligations, agreements and restrictions required by this Agreement to be performed or complied with by them prior to or on the Closing Date.

5.3 Corporate Proceedings. All corporate and other proceedings required to be taken on the part of the CB Parties, Seller and Newco to authorize this Agreement and the transactions contemplated hereby shall have been taken.

5.4 No Injunction; Adverse Proceedings. No Authority shall have issued any Law or taken any action then in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the transactions contemplated hereby.

5.5 Required Consents. The Consents identified on Schedule 5.5 of the Disclosure Schedules shall have been obtained and be in full force and effect.

5.6 No Material Adverse Change. As of the Closing and since the date of this Agreement, no material adverse change in the financial condition or operations of the Assets (the determination of whether there has occurred any such material adverse change with respect to the Assets, taken as a whole, shall be based solely upon the aggregate effect on the economic value of all of the Covered Interests, taken as a whole) shall have occurred; provided, however, that the foregoing shall exclude any material adverse change arising out of, attributable to or resulting from:

(i) the announcement of discussions among the Parties regarding the transactions contemplated hereby, the announcement of any other actual or proposed Acquisition Proposal, the announcement of this Agreement or the transactions contemplated hereby, or any suit, action or proceeding arising out of or in connection with this Agreement (other than any cause of action brought by Buyer with respect to any breach of this Agreement);

(ii) the failure to obtain any Consents to the transfer of the Designated Interests to Buyer, other than the required Consents identified on Schedule 5.5 of the Disclosure Schedules;

(iii) conditions generally affecting the business or industry in which Seller or its controlled Affiliates or the Assets operate;

(iv) general economic, political or financial markets conditions;

(v) any outbreak, continuation or escalation of hostilities (including, without limitation, any declaration of war by the U.S. Congress) or acts of terrorism;

(vi) the commencement of any action or proceeding by or before any Authority, or by any Person which seeks to challenge, restrain or prohibit or invalidate the transactions contemplated by this Agreement;

(vii) any action or inaction with respect to the Assets or Covered Interests undertaken by Seller that is specifically waived or consented to in writing by Buyer;

(viii) any adverse change in the financial condition or operations of any Asset or Covered Interest resulting directly from the intentional action or failure to act when action was required by Buyer, any Island Principal or Jeffrey P. Cohen (or any act or omission undertaken at the express direction, or with the express consent, of any such Person);

(ix) any adverse development regarding the pending litigation described on Schedule 5.7(ix) of the Disclosure Schedules insofar as such developments relate to the issues specifically identified on Schedule 5.7(ix) of the Disclosure Schedules, or any new litigation, claim or dispute relating to such issues;

(x) any Existing Transfer Obligation;

(xi) the sale, financing or refinancing of any Asset or Covered Interest if such sale, financing or refinancing is not within the control of Seller; and

(xii) any damage to or destruction of any Asset, subject to the provisions of Section 1.6(e) of this Agreement.

5.7 Closing Deliveries. Seller (and for purposes of clause (ix) below, the CB Parties) shall do the following at or prior to the Closing:

(i) deliver to Buyer instruments of assignment, in form and substance reasonably satisfactory to Buyer, evidencing the valid transfer to Buyer of the Designated Interests being transferred;

(ii) to the extent in the control of Seller, deliver to Buyer all financial records, equity ownership ledgers, minute books, corporate seals and all other books and records of Newco and the entities in which the Designated Interests represent equity interests, or otherwise relating or pertaining to the Assets;

(iii) if requested by Buyer in a notice at least three (3) Business Days prior to the Closing, deliver to Buyer resignations of some or all of the managers and officers of Newco and/or the appointment of new managers or officers, effective as of the Closing;

(iv) deliver to Buyer certificates of the Secretary of Seller attesting to the incumbency of its officers and the authenticity of the resolutions authorizing the transactions contemplated by the Agreement;

(v) deliver to Buyer a certificate of an executive officer of Seller unaffiliated with Buyer affirming satisfaction of the conditions specified in Sections 5.2 and 5.3.;

(vi) deliver to Buyer certificates of the Secretary of State of Delaware as to the legal existence and good standing of Seller and Newco respectively;

(vii) deliver to Buyer cross receipt executed by Seller;

(viii) deliver to Buyer an affidavit from Seller stating, under the penalty of perjury, its United States taxpayer identification number and that it is not a foreign person, pursuant to Section 1445(b)(2) of the Code; and

(ix) deliver to Buyer such other certificates, documents, instruments and agreements as Buyer shall deem necessary in its reasonable discretion in order to effectuate the transactions contemplated herein, in form and substance reasonably satisfactory to Buyer.

ARTICLE 6
CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller to effect the Closing under this Agreement are subject to the fulfillment, on the Closing Date, of the following conditions precedent, each of which may be waived in writing at the sole discretion of Seller (provided that Seller has obtained the prior written consent of the CB Parties to grant such waiver).

6.1 Merger. Each of Seller and the CB Parties shall have determined, in its reasonable judgment, that the conditions to the closing of the Merger, as set forth in the

Merger Agreement, shall have been satisfied or waived and the Merger is ready to be consummated.

6.2 Continued Truth of Representations and Warranties; Compliance with Covenants and Obligations. The representations and warranties of Buyer shall be true and correct in all material respects (except that each representation or warranty that is qualified by materiality or any similar qualification shall be true and correct in all respects) on the date of this Agreement and as of the Closing Date as though such representations and warranties were made on and as of each such date (or, to the extent such representations and warranties speak as of an earlier date, as of such earlier date), except for any changes permitted or contemplated by the terms hereof or consented to in writing by Seller. Buyer shall have performed and complied with all terms, conditions, covenants, obligations, agreements and restrictions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

6.3 Corporate Proceedings. All limited liability company proceedings required to be taken on the part of Buyer to authorize this Agreement and the transactions contemplated hereby shall have been taken.

6.4 No Injunction; Adverse Proceedings. No Authority shall have issued any Law or taken any action then in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the transactions contemplated hereby.

6.5 Nautica Consent and Release. Seller and the CB Parties shall have received reasonable evidence that the conditions to the Nautica Consent and Release have been satisfied or waived and the Nautica Consent and Release will be effective as of the Closing.

6.6 Releases. Each of the Island Principals and Jeffrey P. Cohen shall have delivered to Seller and the CB Parties a release in the form attached hereto as Exhibit E at or prior to the Closing.

6.7 Closing Deliveries. Buyer shall do the following at or prior to the Closing:

(i) deliver the Purchase Price to Seller, as provided in Section 1.2(b) hereof;

(ii) deliver to Seller the Profits Participation Interest Releases (to the extent such releases have been obtained);

(iii) deliver to Seller a certificate of the managing member of Buyer attesting to the authorization of Buyer to consummate the transactions contemplated by this Agreement;

(iv) deliver to Seller a certificate of the managing member of Buyer affirming satisfaction of each the conditions specified in Section 6.2 and Section 6.3.;

(v) a certificate of the Secretary of State of the State of Delaware as to the good standing of Buyer;

(vi) deliver to Seller a cross receipt executed by Buyer;

(vii) execute and deliver the Cash Collateral Agreement; and

(viii) deliver to Seller such other certificates, documents, instruments and agreements as each of Seller or the CB Parties shall deem necessary in their reasonable discretion in order to effectuate the transactions contemplated herein, in form and substance reasonably satisfactory to Seller and the CB Parties.

ARTICLE 7
INDEMNIFICATION

7.1 Indemnification.

(a) Subject to Section 7.1(e), from and after the date of this Agreement Seller (and following the closing of the Merger (if any) the Surviving Corporation) shall indemnify and hold harmless the Buyer Indemnified Parties from and against all Losses:

(i) arising out of, caused by or resulting from (x) any misrepresentation or breach of any representation or warranty made by Seller in this Agreement, (y) any breach of, or failure to perform, any covenant, agreement or obligation of Seller contained in this Agreement or (z) the facts that (1) any Buyer Indemnified Party is or was an officer, director or employee of Seller and (2) this Agreement was entered into by the Parties and/or any or all of the transactions contemplated by this Agreement were consummated; provided, however, that nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights of Seller to make any claim under any directors' and officers' insurance policy that is or has been in existence with respect to Seller or any of its officers, directors or employees; or

(ii) incurred by any Buyer Indemnified Party as a result of any third party claim against any Buyer Indemnified Party or Asset Owner if, but only to the extent that, such claim and the resultant Losses arise out of, are caused by or result from (A) the ownership, use or operation of the Designated Interests or Assets at or prior to the Closing (but solely to the extent of such ownership, use or operation at or prior to the Closing) or any action or failure to act when action was required at or prior to the Closing (but solely to the extent such action or failure to

act occurred at or prior to the Closing) by Seller or any of its Affiliates (or any of their respective employees or other agents), it being understood and agreed that with respect to the Asset known as "Yacht Haven" any physical condition (including, without limitation, contamination or other latent defects) ("**Physical Conditions**") existing at such Asset at the time of or prior to the Closing shall not in and of itself give rise to any indemnification claim pursuant to this clause (A) unless and only to the extent such condition (x) came into existence as a result of any action by Seller or any of its Affiliates (or any of their respective employees or agents) or failure to act when action was legally or contractually required on the part of Seller or any Affiliate of Seller (or any of their respective employees or agents) or (y) was exacerbated by any action of any employee or agent of Seller or any Affiliate of Seller, (B) the failure to obtain any Consent required in connection with the Merger (other than those Consents identified in Schedule 7.1(a) of the Disclosure Schedules) or (C) the matters set forth on Schedule 7.1(b) of the Disclosure Schedules, but only to the extent therein described; except in the case of either clause (A) or (B) for Losses arising out of, caused by or resulting from any of the following: (1) the failure of Seller or the Surviving Corporation to obtain any Consent that may have been required to transfer any Designated Interest hereunder (but not excepting any Consent required in connection with the Merger); (2) the continued ownership, use or operation, or action or failure to act when action was required, by Seller of any Restricted Interests after the Closing pursuant to Section 9.3 of this Agreement (but not excepting any Losses resulting from a breach by Seller, the Surviving Corporation or any CB Party of their respective obligations under this Agreement); (3) an act or failure to act when action was required prior to the Closing by Buyer, any Island Principal or Jeffrey P. Cohen (or any act or failure to act undertaken at the express direction, or with the express consent, of any such Person); (4) matters with respect to which any SC Indemnified Party is entitled to be indemnified by Buyer pursuant to Section 7.1(c) below; (5) the matters identified on Schedule 5.7(ix) of the Disclosure Schedules (but only to the extent so identified); (6) any matter, event or circumstance that constitutes a breach of the representations and warranties in Section 3.6, Section 3.7 or Section 3.9 of this Agreement (regardless of whether such representations and warranties have terminated pursuant to Section 7.2 of this Agreement); or (7) any third party claim relating to the operation of an Asset in the ordinary course of business so long as the resulting Losses to the Buyer Indemnified Parties are not material.

(b) Subject to Section 7.1(e), from and after the Closing and the closing of the Merger, the CB Parties, jointly and severally with the Surviving Corporation, shall indemnify and hold harmless the Buyer Indemnified Parties from and against all Losses:

(i) arising out of, caused by or in any way resulting from (x) any misrepresentation or breach of any representation or warranty made by Seller

or any CB Party in this Agreement, (y) any breach of, or failure to perform, any covenant, agreement or obligation of Seller or any CB Party contained in this Agreement, or (z) the facts that (1) any Buyer Indemnified Party is or was an officer, director or employee of Seller and (2) this Agreement was entered into by the Parties and/or any or all of the transactions contemplated by this Agreement were consummated; provided, however, that the obligation of the CB Parties to indemnify the Buyer Indemnified Parties pursuant to this Section 7.1(b)(i)(z) shall be secondary to such obligation of the Surviving Corporation and shall arise only if the Surviving Corporation shall fail to promptly provide such indemnification to the Buyer Indemnified Parties; and provided, further that nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights of Seller to make any claim under any directors' and officers' insurance policy that is or has been in existence with respect to Seller, the Surviving Corporation, the CB Parties or any of their respective officers, directors or employees.

(ii) incurred by any Buyer Indemnified Party as a result of any third party claim against any Buyer Indemnified Party or Asset Owner if, but only to the extent that, such claim and the resultant Losses arise out of, are caused by or result from (A) the ownership, use or operation of the Designated Interests or Assets at or prior to the Closing (but solely to the extent of such ownership, use or operation at or prior to the Closing) or any action or failure to act when action was required at or prior to the Closing (but solely to the extent such action or failure to act occurred at or prior to the Closing) by the Surviving Corporation, any CB Parties or any of their respective Affiliates (or any of their respective employees or other agents), it being understood and agreed that with respect to the Asset known as "Yacht Haven" any Physical Condition existing at such Asset at the time of or prior to the Closing shall not in and of itself give rise to any indemnification claim pursuant to this clause (A) unless and only to the extent such condition (x) came into existence as a result of any action by the Surviving Corporation, any CB Party or any of their respective Affiliates (or any of their respective employees or agents) or failure to act when action was legally or contractually required on the part of the Surviving Corporation, any CB Party or any of their respective Affiliates (or any of their respective employees or agents) or (y) was exacerbated by any action of any employee or agent of the Surviving Corporation, any CB Party or any of their respective Affiliates, (B) the failure to obtain any Consent required in connection with the Merger (other than those identified in Schedule 7.1(a) of the Disclosure Schedules) or (C) the matters set forth onSchedule 7.1(b) of the Disclosure Schedules, but only to the extent therein described; except in the case of either clause (A) or (B) for Losses arising out of, caused by or resulting from any of the following: (1) the failure of Seller or the Surviving Corporation to obtain any Consent that may have been required to transfer any Designated Interest hereunder (but not excepting any Consent required in connection with the Merger); (2) the continued ownership, use or

operation, or action or failure to act when action was required, by Seller of any Restricted Interests after the Closing pursuant to Section 9.3 of this Agreement (but not excepting any Losses resulting from a breach by Seller, the Surviving Corporation or any CB Party of their respective obligations under this Agreement); (3) an act or failure to act when action was required prior to the Closing by Buyer, any Island Principal or Jeffrey P. Cohen (or any act or failure to act undertaken at the express direction, or with the express consent, of any such Person); (4) matters with respect to which any SC Indemnified Party is entitled to be indemnified by Buyer pursuant to Section 7.1(c) below; (5) the matters identified on Schedule 5.7(ix) of the Disclosure Schedules (but only to the extent so identified); (6) any matter, event or circumstance that constitutes a breach of the representations and warranties in Section 3.6, Section 3.7 or Section 3.9 of this Agreement (regardless of whether such representations and warranties have terminated pursuant to Section 7.2 of this Agreement); or (7) any third party claim relating to the operation of an Asset in the ordinary course of business so long as the resulting Losses to the Buyer Indemnified Parties are not material.

(c) Subject to Section 7.1(e), following the Closing, Buyer shall indemnify and hold harmless the SC Indemnified Parties from and against all Losses:

(i) arising out of, caused by or resulting from: (w) any misrepresentation or breach of any representation or warranty made by Buyer in this Agreement; (x) any breach of, or failure to perform, any covenant, agreement or obligation of Buyer contained in this Agreement; (y) any of the obligations expressly assumed by Newco or Buyer pursuant to, or in accordance with, this Agreement; or (z) the continued ownership, use or operation, or action or failure to act when action was required, by Seller or the Surviving Corporation or any of their Subsidiaries of any Restricted Interest after the Closing pursuant to Section 9.3, including the compliance by Seller or the Surviving Corporation with any written directive of Buyer to transfer any Restricted Interest to Buyer or its designee after the Closing (except to the extent any such Losses arise out of, are caused by or result from a breach by Seller, the Surviving Corporation or any CB Party of any of their respective obligations under this Agreement); and

(ii) incurred by any SC Indemnified Party as a result of any third party claim against any SC Indemnified Party, if, but only to the extent that, such claims and the resultant Losses arise out of, are caused by or result from (w) except for any third party claim relating to the operation of an Asset in the ordinary course of business so long as the resulting Losses to the SC Indemnified Parties are not material, the ownership, use or operation of the Designated Interests or the Assets by Buyer or any of its Affiliates (or any of their respective employees or other agents) after the Closing (but solely to the extent of such post-Closing ownership, use or operation) or any action or failure to act when action was required after the Closing (but solely to the extent such action or failure to act

occurred after the Closing) by Buyer or any of its Affiliates (or any of their respective employees or other agents), it being understood and agreed that with respect to the Asset known as "Yacht Haven" any Physical Condition existing at such Asset after the Closing shall not in and of itself give rise to any indemnification claim pursuant to this clause (w) unless and only to the extent such condition (1) came into existence as a result of any action by Buyer or any Affiliate of Buyer (or any of their respective employees or agents) or failure to act when action was legally or contractually required on the part of Buyer or any Affiliate of Buyer (or any of their respective employees or agents) or (2) was exacerbated by any action of any employee or agent of Buyer or any Affiliate of Buyer following the Closing, (x) the issues and matters identified on Schedule 5.7(ix) of the Disclosure Schedules, but only for the period ending on the later of six months following the Closing or such time as Buyer (or an Affiliate of Buyer) no longer owns a controlling interest in the subject Asset, (y) the improper use by Buyer or any Affiliate of Buyer of the Technology Services and (z) the matters set forth on Schedule 7.1(b) of the Disclosure Schedules, but only to the extent therein described; provided, however, that the indemnification set forth in this clause (ii) shall not extend to any matter addressed in Section 9.7 below.

(d) (i) In the event that any indemnified party is made a defendant in or party to any action, suit, proceeding or claim, judicial or administrative, instituted by any third party for Losses, or otherwise receives any demand from any third party for Losses (any such third party action, suit, proceeding or claim being referred to as a "**Claim**"), the indemnified party (referred to in this clause (d)(i) as the "**notifying party**") shall give the indemnifying party prompt notice thereof. The failure to give such notice shall not affect whether an indemnifying party is liable for reimbursement unless such failure has resulted in the loss of substantive rights with respect to the notifying party's ability to defend such Claim, and then only to the extent of such loss. The indemnifying party shall be entitled to contest and defend such Claim; provided that the indemnifying party (A) diligently contests and defends such Claim and (B) acknowledges in writing that it will contest or defend such Claim, it being understood that the indemnifying party may reserve its rights as to whether or not it is in fact liable for indemnification hereunder. Notice of the intention to contest and defend shall be given by the indemnifying party to the notifying party within twenty (20) Business Days after the notifying party's notice of such Claim. Such contest and defense shall be conducted by attorneys employed by the indemnifying party and reasonably satisfactory to the indemnified party. The notifying party shall be entitled at any time, at its own cost and expense (which expense shall not constitute a Loss unless the notifying party reasonably determines that the indemnifying party is not adequately representing or, because of a conflict of interest, may not adequately represent, any interests of the notifying party, and only to the extent that such expenses are reasonable), to participate in such contest and defense and to be represented by attorneys of its or their own choosing, and, in the absence of any conflict, to assert any counterclaims or cross-claims such notifying party may have, at the expense of such notifying party. The notifying party will cooperate with

the indemnifying party in the conduct of such defense. Neither the notifying party nor the indemnifying party may concede, settle or compromise any Claim without the prior written consent of the other party, unless such concession, settlement or compromise involves no cost or liability to the other party and includes an unconditional release of the other party from all liability with respect to such Claim.

(ii) In the event any indemnified party has a claim against any indemnifying party that does not involve a Claim, the indemnified party shall deliver a notice of such claim with reasonable promptness to the indemnifying party. Except as provided in Section 7.2, relating to survival of representations and warranties, failure to give such notice shall not affect whether an indemnifying party is liable for reimbursement unless such failure has resulted in the loss of substantive rights with respect to the indemnifying party's ability to defend such claim, and then to the extent of such loss. If the indemnifying party notifies the indemnified party that it does not dispute the claim described in such notice or fails to notify the indemnified party within sixty (60) days after delivery of such notice by the indemnified party whether the indemnifying party disputes the claim described in such notice, the Loss in the amount specified in the indemnified party's notice will be conclusively deemed a liability of the indemnifying party (subject to the limitations set forth in this Section 7.1) and the indemnifying party shall pay the amount of such Loss to the indemnified party on demand.

(iii) Nothing herein shall prevent any of the indemnified parties from bringing an action based upon allegations of fraud or willful misconduct in connection with this Agreement. In the event an action is brought in accordance with this subsection (iii), the prevailing party's reasonable attorneys' fees and costs shall be paid by the non-prevailing party.

(e) Notwithstanding anything to the contrary in this Agreement,

(i) in no event shall any indemnifying party be required to indemnify any indemnified party against any exemplary, special or punitive damages in connection with any breach of this Agreement (as opposed to Losses resulting from third party claims);

(ii) Buyer agrees and acknowledges that in no event shall any of the CB Parties, their Affiliates or any of their managers, officers, directors, employees, members, representatives or agents have any liability or obligations to Buyer with respect to the transactions contemplated by this Agreement (including, without limitation, pursuant to Section 7.1(b)) if the closing of the Merger does not occur;

(iii) Seller and the CB Parties agree and acknowledge that in no event shall Buyer, its Affiliates or any of its managers, officers, directors,

employees, members, representatives or agents have any liability or obligations to Seller or the CB Parties with respect to the transactions contemplated by this Agreement (including, without limitation, pursuant to Section 7.1(c)) if the closing of the Merger does not occur;

(iv) (x) in no event shall any Buyer Indemnified Party be permitted to assign or transfer any rights to indemnification under this Section 7.1 with respect to Physical Conditions to any Person, (y) the right of any Buyer Indemnified Person to assert claims for indemnification hereunder with respect to any Physical Conditions regarding an Asset shall terminate immediately on the second anniversary of the Closing Date and (z) Buyer may not assert any indemnification claim under this Section 7.1 with respect to Physical Conditions to the extent such indemnification claim relates to a third party claim asserted against any Buyer Indemnified Party by any Person that, directly or indirectly, acquired (A) the Asset from Buyer or an Affiliate of Buyer or (B) any direct or indirect interest of Buyer in the subject Asset;

(v) the maximum indemnification obligation of the CB Parties, Seller and the Surviving Corporation regarding Losses of all the Buyer Indemnified Parties pursuant to Section 7.1(a)(ii) and Section 7.1(b)(ii), together, shall be limited as follows:

(A) the maximum amount of Losses that shall be indemnifiable in respect of any third party claim against a Category A Entity is the Adjusted Pro Rated Book Value of the applicable Asset owned by such Category A Entity at the time such Loss is to be paid; and

(B) the maximum amount of Losses that shall be indemnifiable in respect of any third party claim against a Category B Entity is the aggregate Attributable Pro Rated Book Value of the Assets owned by the applicable Asset Owners in which such Category B Entity owns direct or indirect Equity Interests at the time such Loss is to be paid.

(vi) The aggregate indemnification obligations of the CB Parties and Seller under Sections 7.1(a) and 7.1(b) to all of the Buyer Indemnified Parties, on the one hand, and the aggregate indemnification obligations of Buyer under Section 7.1(c) to all of the SC Indemnified Parties, on the other hand, each shall not exceed sum of the Purchase Price and the Final Assumed Liabilities Amount (the "**Total Indemnification Limit**"); provided, however that the Total Indemnification Limit shall not apply to any indemnification obligations under Section 7.1(a)(i)(z) or (b)(i)(z).

(f) No Claim can be made pursuant to this Section 7.1 for breach of a representation or warranty beyond the period of survival set forth in Section 7.2 herein; provided, however, that any indemnification provision that otherwise would terminate in

accordance with this paragraph (f) will continue to survive, if such notice shall have been timely given under Section 7.1(d) herein on or prior to such termination date, until the related Claim has been satisfied or otherwise resolved as provided in Section 7.1(d) herein.

7.2 Survival of Representations and Warranties. The representations and warranties contained herein shall survive the Closing Date for a period of one (1) year, except that the representations and warranties set forth in Sections 2.5 and 2.6 shall survive without limitation.

7.3 Indemnification as Sole Remedy. Following the Closing, the indemnities provided in this Article 7 shall be the sole and exclusive remedy of the Parties and their successors and assigns with respect to any and all claims arising out of or relating to this Agreement, except to the extent otherwise provided under Article 10, Article 12 and Sections 13.4, 13.13 and 13.14.

ARTICLE 8
THIRD PARTY OFFERS

8.1 Third Party Acquisition Proposals.

(a) Subject to Section 12.9 below, Seller, at the direction of the Board of Directors of Seller or the Special Committee thereof, may terminate this Agreement as contemplated by Section 12.3 below if (i) Seller has received one or more Acquisition Proposals, (ii) Seller has complied in all material respects with this Section 8.1, and (iii) Seller shall have delivered to Buyer a written notice (a "**Notice of Acquisition Proposal**") of such Acquisition Proposal(s) at least two (2) Business Days in advance of its intention to effect such termination.

(b) Seller, at the direction of the Board of Directors of Seller or the Special Committee thereof, may, in response to an Acquisition Proposal that did not otherwise result from a breach of this Section 8.1, terminate this Agreement pursuant to Section 8.1(a) and concurrently enter into an agreement regarding such Acquisition Proposal; provided, however, that Seller shall not terminate this Agreement pursuant to Section 8.1(a), and any purported termination pursuant to Section 8.1(a) shall be void and of no force or effect (and Seller may not enter into such agreement regarding such Acquisition Proposal), unless Seller shall have complied in all material respects with all the provisions of this Section 8.1, including the notification provisions in this Section 8.1, and with all applicable requirements of Section 12.9 (including the payment of the Termination Fee (as defined in Section 12.9(b)) prior to or concurrently with such termination) in connection with such Acquisition Proposal; and further provided, that Seller shall not exercise its right to terminate this Agreement pursuant to Section 8.1(a) until after the second Business Day following Buyer's receipt of a Notice of Acquisition Proposal from Seller advising Buyer that the Board of Directors of Seller or the Special Committee has received an Acquisition Proposal, specifying the terms and conditions of

the Acquisition Proposal, identifying the person making such Acquisition Proposal and stating that the Board of Directors of Seller or the Special Committee thereof intends to exercise its right to terminate this Agreement pursuant to Section 8.1(a) (it being understood and agreed that, prior to any such termination taking effect, any amendment to the price or any other material term of an Acquisition Proposal shall require a new Notice of Acquisition Proposal and the commencement of a new two (2) Business Day period).

(c) Upon receipt of a Notice of Acquisition Proposal, Buyer shall have the right during the two (2) Business Day notice period to submit to Seller a proposal that the Board of Directors of Seller or the Special Committee thereof determines would result in a transaction, if consummated, that would be more favorable to its stockholders (taking into account, among other things, and giving dollar for dollar credit for, the Termination Fee that would not be payable to Buyer in the event a transaction with Buyer is consummated hereunder) and, in such case, Seller shall enter into definitive agreements with Buyer in respect of its subsequent proposal and simultaneously terminate and abandon pursuit of such third party Acquisition Proposal that was subject to the Notice of Acquisition Proposal.

(d) Seller shall notify Buyer promptly (but in no event later than the next Business Day) after receipt by Seller of one or more Acquisition Proposals or any request for information relating to Seller, the Assets or the Covered Interests in connection with an Acquisition Proposal or for access to the properties, books or records of Seller or any request for a waiver or release under any standstill or similar agreement by any Person that has made, or informs the Board of Directors or the Special Committee of Seller that it is considering making, an Acquisition Proposal; provided, however, that prior to participating in any discussions or negotiations or furnishing any such information, Seller shall receive from such Person an executed confidentiality agreement substantially in the form of Exhibit F attached hereto (the "**Confidentiality Agreement**"). The notice shall indicate the terms and conditions of the proposal or request and the identity of the Person making it, and Seller will promptly notify Buyer of any material modification of or material amendment to any Acquisition Proposal (and the terms of such modification or amendment); provided, however, that, without limiting what changes may be material, any change in the form, amount, timing or other aspects of the consideration to be paid with respect to the Acquisition Proposal shall be deemed to be a material modification or a material amendment. Seller shall keep Buyer informed, on a reasonably current basis, of the status of any negotiations, discussions and documents with respect to such Acquisition Proposal or request.

ARTICLE 9
POST-CLOSING AND CERTAIN OTHER AGREEMENTS

9.1 Further Assurances. The CB Parties, Buyer and Seller each agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to

each other such other documents, and (c) to do all such other acts and things, all as each Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement and consummating the transactions contemplated hereby and thereby.

9.2 E-mail and Technical Support Services. Following Closing and for a period of up to one year following the Closing Date, the CB Parties and/or the Surviving Corporation shall reserve and make available to and for the benefit of Buyer and its Affiliates, free of charge, a portion of their computer server(s) and Internet connectivity to (i) host and access files and (ii) host e-mail addresses (no more than 2 domains) and store, maintain and access electronic mail (for no more than 50 users) (the "**Technology Services**"). The CB Parties and/or the Surviving Corporation shall make available to Buyer and its Affiliates the CB Parties' and/or the Surviving Corporation's technology staff and support to arrange and maintain such Technology Services to the same extent the CB Parties provide for their own business. Buyer agrees and acknowledges that all Technology Services provided pursuant to this Section 9.2 will be provided "as is/where is" and without representation or warranty of any kind.

9.3 Consents.

(a) If the Closing occurs and any Consent to a transfer of Designated Interests to Newco or Buyer has not been obtained (or is not in full force and effect), then following the Closing, Buyer, the Surviving Corporation and the CB Parties shall use their respective Best Efforts, and reasonably cooperate with one another, to obtain any and all such Consents as quickly as practicable following the Closing.

(b) Except as provided in Section 9.3(c) below, with respect to each Designated Interest described in clause (2)(z) of the first sentence of Section 4.1 and each Covered Interest that Seller shall continue to hold following the Closing pursuant to the penultimate sentence of Section 4.1 (each, a "**Restricted Interest**"), neither this Agreement nor any other document related to the consummation of the transactions contemplated by this Agreement shall constitute a sale, assignment, assumption, transfer, conveyance or delivery or an attempted sale, assignment, assumption, transfer, conveyance or delivery of such Restricted Interest, and until all Consents relating to the transfer of such Restricted Interest have been obtained, Seller, the CB Parties and Buyer shall cooperate, as reasonably directed by Buyer, in any lawful arrangements designed to provide to Buyer the full and complete economic and other benefits and costs of and use and ownership of such Restricted Interest (or any right or benefit arising thereunder, including the enforcement for the benefit of Buyer of any and all rights of the Surviving Corporation against a third party thereunder). Seller's, the CB Parties' and Buyer's obligations in such respect shall include, without limitation, (i) the prompt remittance to Buyer of any monies or other assets received in respect of such Restricted Interest, (ii) the obligation to obtain Buyer's prior approval of any material action taken or not taken in respect of such Restricted Interest, (iii) the general obligation to hold and own such

Restricted Interest in trust and for the sole and exclusive benefit of Buyer and (iv) the indemnification obligations of Buyer pursuant to Section 7.1(c)(i)(z) hereto. If and when all Consents that in the reasonable opinion of Buyer and the CB Parties are necessary for the sale, assignment, assumption, transfer, conveyance and delivery of such Restricted Interest are obtained, Seller and/or the CB Parties shall promptly assign, transfer, convey and deliver such Restricted Interest to Buyer or its designee, free and clear of all Encumbrances. In addition, Seller and the CB Parties shall (x) take all such action as is necessary to appoint a designee of Buyer (each, a "**Buyer Designee**") as an officer or manager of the Entity owning or controlling such Restricted Interest, with complete authority to manage the affairs thereof in all respects relating to such Restricted Interest (provided, however, that Buyer agrees not to take any action, and will cause each Buyer Designee not to take any action, in connection with this Section 9.3(b) that could reasonably be expected to result in Losses to the CB Parties, the Surviving Corporation or any of their respective Affiliates), and (y) grant to Buyer a first priority security interest in such Restricted Interest to secure Buyer's rights and interests hereunder, and Buyer shall be entitled, and Seller shall cooperate with Buyer, to take all such action as is reasonably necessary for Buyer to establish and perfect such first priority security interest, including effecting appropriate filings under the Uniform Commercial Code and otherwise; provided, however, that if the grant of any such security interest shall require a Consent (other than any Consent required as a result of action or inaction on the part of any CB Party or required as a result of any facts or circumstances which relate to any CB Party (as opposed to Seller or any Subsidiary of Seller)), then (x) Buyer, Seller and the CB Parties shall use their respective Best Efforts, and reasonably cooperate with one another, to obtain such Consent as quickly as practicable following the Closing, and (y) Seller and the CB Parties shall not be obligated to grant such first priority security interest unless and until such Consent is obtained. If Seller or any of its Subsidiaries is required to make any determination or decision following the Closing regarding any Restricted Interest that would require the expenditure of funds by Seller or any of its Subsidiaries as the record holder of a Restricted Interest, then Seller or such Subsidiary shall only be obligated to expend such funds if Buyer authorizes the same and agrees to promptly reimburse Seller for the funds so expended on behalf of Buyer pursuant to this Section 9.3(b). Nothing in this Section 9.3 shall affect or in any way reduce the Purchase Price payable at Closing under this Agreement or limit the rights or obligation of the Parties under Article 7 hereof.

(c) Notwithstanding anything in Sections 9.3(a) and (b) to the contrary, with respect to each Restricted Interest that is also a Covered Interest identified on Schedule 4.12 to the Disclosure Schedules and one for which a Consent to transfer to Buyer hereunder has not been obtained, neither this Agreement nor any other document related to the consummation of the transactions contemplated by this Agreement shall constitute a sale, assignment, assumption, transfer, conveyance or delivery or an attempted sale, assignment, assumption, transfer, conveyance or delivery of such Restricted Interest, and until all Consents relating to the transfer of such Restricted Interest have been obtained, Seller, the CB Parties and Buyer shall cooperate, as

reasonably directed by Buyer, in any lawful arrangements designed to effect the intent and purposes of this Agreement in respect of the acquisition of such Restricted Interest by Buyer as of the Closing Date. If and when all Consents that in the reasonable opinion of Buyer and the CB Parties are necessary for the sale, assignment, assumption, transfer, conveyance and delivery of such Restricted Interest are obtained, Seller and/or the CB Parties shall promptly assign, transfer, convey and deliver such Restricted Interest to Buyer or its designee, free and clear of all Encumbrances. Nothing in this Section 9.3 shall affect or in any way reduce the Purchase Price payable at Closing under this Agreement or limit the rights or obligations of the Parties under Article 7 hereof.

9.4 Office Space. Following the Closing and for a period of eighteen months following the Closing Date, the CB Parties and/or the Surviving Corporation shall make available to Buyer (or an Affiliate of Buyer) reasonable office space selected by the CB Parties in their sole discretion, free of charge, in the greater metropolitan area of Greenville, South Carolina (space for up to nine persons), Dallas, Texas (space for up to four persons), Chicago, Illinois (space for up to two persons) and Houston, Texas (space for up to one person) under leases or subleases in effect in such metropolitan areas on the date hereof (or comparable alternative space in such locations) and shall make available to them, free of charge, the reasonable use of telephone systems, copy machines, facsimile machines, coffee service, conference room and similar office equipment, services and amenities, in each case, in accordance with a Shared Space Agreement in the form of Exhibit G attached hereto. In addition, the Surviving Corporation and the CB Parties agree that each Island Principal, Jeffrey P. Cohen and each individual hired by Buyer following the Closing pursuant to Section 4.9 hereof shall be entitled to remain in their respective offices, as currently constituted, or another reasonably similar office, at 200 Park Avenue, New York, New York (if applicable) for a period not to exceed sixty (60) days following the Closing.

9.5 Employee Interests.

(a) Buyer is aware and expressly acknowledges that certain current and former employees of, or independent contractors to, Seller or a Subsidiary of Seller (each, a "**Covered Employee**") are entitled to receive a portion of any proceeds distributed to Seller (or a Subsidiary of Seller) in respect of certain of the Covered Interests in the event that certain specified investment return thresholds are satisfied, pursuant to either (i) an express written assignment of an economic interest in a Covered Interest made by Seller (or a Subsidiary of Seller) to a Covered Employee or (ii) a written agreement by Seller (or a Subsidiary of Seller) to pay to a Covered Employee an amount equal to a specified portion of the amounts received by Seller (or a Subsidiary of Seller) in respect of a Covered Interest (each, a "**Letter Agreement**") (the interests of the Covered Employees described in the foregoing clauses (i) and (ii) are collectively referred to herein as "**Employee Profit Participation Interests**"). Effective as of the Closing, Buyer hereby assumes and agrees to be liable for, and indemnify and hold Seller (and any Subsidiary of Seller that is a party to a Letter Agreement) and the CB Parties

harmless from and against, the obligations of Seller (or any Subsidiary of Seller) with respect to payments due and payable from and after the Closing under the Employee Profit Participation Interests that exist on the date of the Closing, except for any Employee Participation Interest that relates to any Covered Interest excluded by the CB Parties from the purchase and sale hereunder pursuant to Section 1.6(c)(v), Section 1.6(d) or Section 1.6(e). In addition, following the Closing, Buyer agrees to use commercially reasonable efforts to provide for the Employee Participation Interests (except for any Employee Participation Interest that relates to any Covered Interest excluded by the CB Parties from the purchase and sale hereunder pursuant to Section 1.6(c)(v), Section 1.6(d) or Section 1.6(e)) to be cashed out only when the related Asset(s) are sold (rather than on a sale by Buyer (or a Subsidiary of Buyer) of its direct or indirect interest(s) in any such Asset(s)).

(b) Each of Seller and Buyer acknowledges and agrees that for purposes of calculating the amount payable to any Covered Employee by Buyer pursuant to any Letter Agreement:

(i) The term "Insignia Minimum Return" as used in such Letter Agreement shall mean the sum of (a) all capital contributions directly or indirectly made by Seller to the entity that owns the applicable real property Asset that is the subject of the Letter Agreement (the "Asset Entity") at any time prior to the Closing, plus (b) all capital contributions directly or indirectly made by Buyer to the Asset Entity at any time after the Closing, plus (c) any allocated costs, plus (d) a return on the foregoing amounts equal to 10% per annum.

(ii) The term "Proceeds" as used in such Letter Agreement shall mean (a) the aggregate amount that would have been received by Seller and its wholly-owned Subsidiaries (without duplication) from the applicable Asset Entity if the applicable Designated Interests had not been transferred to Buyer pursuant to this Agreement, minus (b) the applicable Insignia Minimum Return.

(iii) Notwithstanding the foregoing: (a) with respect to the obligations owed to James A. Aston, Andrew L. Farkas, Frank M. Garrison, and Ronald Uretta under Letter Agreements dated February 18, 2000 relating to the development Asset known as Gateway Commerce, the terms "Proceeds" shall mean the difference between (i) the aggregate amount that would have been received by Seller and its wholly-owned Subsidiaries (without duplication) from the applicable Asset Entity if the applicable Designated Interests had not been transferred to Buyer pursuant to this Agreement, minus (ii) all capital contributions directly or indirectly made by Seller to the Asset Entity at any time prior to the Closing, minus (iii) all capital contributions directly or indirectly made by Buyer to the Asset Entity at any time after the Closing, minus (iv) any allocated costs; and (b) with respect to certain Letter Agreements relating to other development Assets, the term "Net Profits" is utilized and as used in such Letter

Agreement shall mean the aggregate amount that would have been received by Seller and its wholly-owned Subsidiaries (without duplication) from the applicable Asset Entity (assuming for this purpose that the applicable Designated Interests had not been transferred to Buyer pursuant to this Agreement) in respect of their "promotional" Equity Interests in such Asset Entity (as opposed to in respect of their actual cash investments in such Asset Entity).

(iv) Nothing in this Section 9.5(b) shall have any effect on the obligations of Buyer under Section 9.5(a).

(c) The holders of Employee Profit Participation Interests are express, intended third party beneficiaries of this Section 9.5.

9.6 Property Management. With respect to each real property Asset that is listed on Schedule 9.6 of the Disclosure Schedules and has not been sold prior to the Closing (each, a "**Managed Property**"), following the Closing and until such time as either such Managed Property is sold to a Person that is not an Affiliate of Buyer or Buyer or Newco sells or otherwise disposes of its indirect Equity Interest in such Managed Property to a Person that is not an Affiliate of Buyer, Buyer shall use its Best Efforts and shall cooperate with the CB Parties and the Surviving Corporation, to provide that Insignia/ESG, Inc. continues to be engaged to provide property management and/or leasing services for such Managed Property for one year following the Closing.

9.7 Letters of Credit. The Parties agree that each of the Parties' rights and obligations with respect to the existing letters of credit listed on Schedule 9.7(i) of the Disclosure Schedules (together with any replacement letters of credit permitted by Section 9.7(f), the "**Seller L/Cs**") and the guaranty issued by Seller listed on Schedule 9.7(ii) of the Disclosure Schedules (the "**Centennial Guaranty**" and together with the "Seller L/Cs," the "**Trailing Obligations**") after the Closing shall be solely as set forth in this Section 9.7.

(a) Subject to Buyer's compliance with Section 9.7(c), (d) and (e), the CB Parties agree that with respect to each Seller L/C, for the period commencing on the Closing Date and ending on the earlier of (i) the third anniversary of the Closing, (ii) the date on which such Seller L/C is no longer required to be maintained pursuant to the terms of the underlying agreement that calls for such Seller L/C as in effect on the date of this Agreement (but subject to changes contemplated by Section 9.7(d)) (the "**Underlying Agreement**") or (iii) the completion of an Encumbered Asset Sale of the relevant Encumbered Asset with respect to such Seller L/C, the CB Parties shall cause such Seller L/C to be maintained in full force and effect and remain outstanding in accordance with the terms of the Underlying Agreement (as such underlying agreement is in effect at the time of the Closing); provided, however, that if the beneficiary with respect to such Seller L/C (together with such Person's successors and assigns, the "**Beneficiary**") agrees to reduce the face amount of such Seller L/C (including, without limitation, in connection with an amendment to the Underlying Agreement), then the CB

Parties' obligation to cause such Seller L/C to be maintained shall continue to apply only with respect to such reduced face amount; and further, provided that under no circumstances will the CB Parties be required to increase the face amount of such Seller L/C. With respect to each Seller L/C, (x) each Party agrees to promptly notify the other upon receipt of any notice from the Beneficiary that such obligation to maintain the Seller L/C has been released or reduced and (y) Buyer agrees to replace such Seller L/C at or prior to the third anniversary of the Closing with an equivalent letter of credit in the name of the Buyer or one of its Affiliates and issued by a banking institution reasonably acceptable to the Beneficiary.

(b) Buyer agrees to reimburse the CB Parties in respect of the Trailing Obligations, but only in the manner and to the extent provided in this Section 9.7(b):

(i) In the event that any amount is drawn under, or otherwise paid to a Beneficiary pursuant to, a Trailing Obligation, Buyer shall (subject to Section 9.7(b)(iii)), promptly (but in any event within 10 days) after receipt of written notice (a "**Reimbursement Notice**") from the CB Parties stating the amount that has been drawn or otherwise paid (the "**Funded Amount**"), reimburse the CB Parties an amount equal to 50% of the Funded Amount, payable by wire transfer to the Person or account designated by the CB Parties in such notice; provided, however, that to the extent any amount drawn under a Seller L/C is drawn as a result of the failure of the CB Parties to cause such Seller L/C to be renewed or extended in a timely manner as required by Section 9.7(a), then such amount shall not constitute a "Funded Amount" for purposes of this Section 9.7(b) and the CB Parties shall not be entitled to any reimbursement from Buyer in respect of such amount. Upon the receipt by Seller (or its successor or assign) of a demand for payment by the Beneficiary with respect to the Centennial Guaranty, Seller (or such successor or assign) shall be entitled to pay the amount demanded by such Beneficiary without any obligation to contest or oppose such demand, but only after notifying and reasonably consulting with Buyer in advance of such payment and any such payment shall not affect the obligations of Buyer under this Section 9.7(b) with respect to reimbursement of the CB Parties in connection with such payment. The portion of any Funded Amount actually reimbursed by Buyer pursuant to this Section 9.7(b)(i) shall be referred to as a "**Buyer Contributed Amount**" and the corresponding balance of such Funded Amount (i.e., the amount not actually reimbursed by Buyer, including, without limitation, any such amounts not actually reimbursed that are a breach of this Section 9.7(b)(i)) shall be referred to as the "**CB Contributed Amount**," and the Asset to which such Funded Amount relates shall be referred to as the "**Encumbered Asset**." If, and to the extent, Buyer fails to reimburse the CB Parties after receipt of a Reimbursement Notice pursuant to this Section 9.7(b)(i) and the CB Parties dispute the failure of Buyer to provide such reimbursement, the CB Parties may challenge and dispute the same in the manner provided in Section 13.4 hereof. If the CB Parties are the prevailing party in any such action,

claim or proceeding, then (i) Buyer shall promptly (x) pay to the CB Parties the amount of the reimbursement obligation applicable to such Reimbursement Notice, plus 10% interest thereon, compounded annually, from the date of the delivery of the Reimbursement Notice through and including the date such payment is made and (y) reimburse the CB Parties for all reasonable and accountable legal and other expenses incurred by the CB Parties in connection with such action, claim or proceeding.

(ii) Upon payment of any Funded Amount, the CB Parties, on the one hand, and Buyer, on the other hand, shall automatically, without the need for any further action by either of them or any other Person, have the right to receive their respective pro rata shares (based on the respective ratios of the CB Contributed Amount and the Buyer Contributed Amount to the Funded Amount) of all distributions payable to Buyer or any wholly-owned Subsidiary of Buyer in respect of any direct or indirect Equity Interest in the applicable Encumbered Asset, until such time as the CB Parties have received an aggregate amount equal to the CB Contributed Amount plus a 9% simple annual return thereon. Buyer agrees that neither Buyer nor any of its controlled Affiliates will enter into any agreement or understanding whereby they receive any direct or indirect economic or other benefit as a result of the payment of any Funded Amount (other than the interest in distributions provided in this Section 9.7(b)(ii)).

(iii) To secure the obligations of Buyer under this Section 9.7(b) (but only under this Section 9.7(b)), Buyer agrees that at the Closing it will, at its sole election, either deposit an amount of cash (the "**Restricted Cash Collateral**") in the Cash Collateral Account (as defined in the Cash Collateral Agreement) and/or deliver to the CB Parties one or more letters of credit by a banking institution that each are in the form attached hereto as Exhibit H (any such letters of credit, "**Buyer L/Cs**"), which Restricted Cash Collateral and/or the aggregate face amount of such Buyer L/Cs (the "**Buyer Collateral**") shall on the date hereof be equal to $2,931,250, in the aggregate. The Buyer Collateral, and Buyer's obligation to provide same, shall be reduced from time to time by (i) an amount equal to 100% of any Buyer Contributed Amounts paid to the CB Parties by Buyer (directly or by application of Buyer Collateral) pursuant to Section 9.7(b)(i), and (ii) an amount equal to 25% of the face amounts of any Trailing Obligations which are permanently released, terminated or are otherwise no longer the responsibility of the CB Parties (the amount of the Buyer Collateral, after taking into account any and all reductions contemplated in this sentence, is referred to as the "**Reduced Buyer Collateral Amount**"). To the extent that there is a reduction in the amount of the Buyer Collateral that Buyer is obligated to maintain, as provided for in the previous sentence, Buyer shall be entitled to an immediate return of the amount by which the Buyer Collateral actually held exceeds the Reduced Buyer Collateral Amount (the "**Refundable Buyer Collateral**"). In order to return to Buyer the Refundable Buyer Collateral, at

Buyer's election Buyer will be entitled to a return of Restricted Cash Collateral and/or a reduction in the amount of any Buyer L/C equal in an aggregate amount to the amount of the Refundable Buyer Collateral. Further, Buyer will be permitted to withdraw Restricted Cash Collateral from the Cash Collateral Account and replace such Restricted Cash Collateral with a Buyer L/C and/or replace a Buyer L/C with Restricted Cash Collateral. Any Buyer L/C delivered to the CB Parties must permit the CB Parties to draw upon such Buyer L/C upon delivery by the CB Parties of notice that an Event of Withdrawal has occurred. In the event that (x) a Reimbursement Notice is delivered to Buyer pursuant to Section 9.7(b)(i) at a time when Buyer is required to maintain Buyer Collateral pursuant to this Section 9.7(b)(iii) and (y) Buyer does not pay the CB Parties out of its own funds, in the manner set forth in Section 9.7(b)(i), an amount equal to 50% of the Funded Amount set forth in such Reimbursement Notice within 10 days after receipt of such Reimbursement Notice (provided that Buyer shall not be obligated to so pay the CB Parties out of its own funds if and to the extent Buyer Collateral is then available), then an "Event of Withdrawal" will be deemed to have occurred at the expiration of such 10-day period and the CB Parties agree to, first, draw upon any Buyer L/Cs and/or withdraw from the Restricted Cash Collateral, in each case to the extent then available, in satisfaction of such reimbursement obligation of Buyer set forth in such Reimbursement Notice, and second, if and to the extent such reimbursement obligation set forth in such Reimbursement Notice is greater than the aggregate amount then available under all Buyer L/Cs and the Restricted Cash Collateral, seek reimbursement directly from Buyer pursuant to Section 9.7(b)(i).

(c) Buyer (itself, or through any controlled Affiliates) agrees that it shall not, in bad faith, either intentionally take any action, or to fail to take any action that it is required to take (but that it is reasonably capable of taking), that results in the Beneficiary drawing under, or demanding payment with respect to, any Trailing Obligation. With respect to each Trailing Obligation, Buyer agrees to promptly deliver, or cause to be delivered, to the CB Parties the following documents and information promptly after receipt by Buyer or any of its Subsidiaries: (i) the Underlying Agreement, as amended, supplemented or modified from time to time, (ii) any financial statements or information with respect to the Encumbered Asset that are provided to the Beneficiary and (iii) any other information reasonably requested by the CB Parties in connection with monitoring the Encumbered Asset and the Trailing Obligation to the extent in the possession of Buyer.

(d) Buyer agrees that neither it nor any of its controlled Affiliates shall voluntarily amend, supplement or modify, or agree to, the amendment, supplement or modification by any other Person (including, without limitation, granting any consent, approval or authority), any Underlying Agreement in a manner that would (i) increase the amount of any Trailing Obligations, (ii) result in an extension of the period of time that a Trailing Obligation is required to be outstanding or (iii) expressly change the

circumstances under which liability with respect to the Trailing Obligations could be incurred. Buyer agrees that it will give prompt notice to the CB Parties of any amendment to an Underlying Agreement that is permitted hereunder and shall provide the CB Parties with a copy of the same.

(e) Buyer agrees that neither it nor any of its controlled Affiliates shall, directly or indirectly (including, without limitation, by the sale, assignment, transfer or other conveyance of an interest in any Subsidiary of Buyer that directly or indirectly owns an interest in an Encumbered Asset), sell, assign, transfer or otherwise convey any direct or indirect interest of Buyer in an Encumbered Asset (excluding, for all purposes of this Section 9.7(e), the grant or sale by Buyer or its Subsidiaries to current or former employees or independent contractors of Buyer or its Subsidiaries of rights to receive a portion of any proceeds distributed to Buyer or its Subsidiaries with respect to the Encumbered Asset) to any Person other than a wholly-owned Subsidiary of Buyer (an "**Encumbered Asset Sale**"), or otherwise facilitate an Encumbered Asset Sale by any other Person (including, without limitation, granting any consent, approval or authority), unless the Trailing Obligation shall be irrevocably and unconditionally terminated, or replaced by one or more Persons other than the CB Parties and their Subsidiaries, at or prior to the completion of such Encumbered Asset Sale.

(f) With respect to any Seller L/C, at any time during the period in which the CB Parties are required to maintain such L/C (including, without limitation, on the Closing Date), the CB Parties may cause such Seller L/C to be replaced by an equivalent letter of credit in the name of CB Richard Ellis Services, Inc., any of its Subsidiaries or any of their respective successors and assigns that has been issued (i) under the Credit Agreement among CB Richard Ellis Services, Inc., CBRE Holding, Inc., the other guarantor parties thereto, Credit Suisse First Boston and the other lenders thereto that will be entered into at or prior to the closing of the Merger or (ii) by any other banking institution, provided that in either case same shall be permitted by the Underlying Agreement or otherwise be consented to by the Beneficiary. Buyer agrees to use it Best Efforts to assist the CB Parties in obtaining any such Consent of any Beneficiary.

9.8 Restricted Cash and Pre-2003 Cash. Buyer agrees that if it or any of its wholly-owned Subsidiaries is in possession of any Pre-2003 Cash after the Closing or receives any distribution of Restricted Cash following the Closing, then it shall promptly notify the CB Parties of the possession or receipt thereof and remit such proceeds (net of all incentive, profit sharing, promote, participation or similar payments that are actually paid or required to be paid to current or former employees or consultants of Seller, Buyer or any of their respective Affiliates) to the CB Parties.

ARTICLE 10
TAX MATTERS

The following provisions shall govern the allocation of responsibility between Buyer and the Surviving Corporation for certain tax matters following the Closing Date and the allocations of certain tax liabilities.

10.1 Tax Periods Ending on or Before the Closing Date. Seller shall prepare or cause to be prepared and timely file or cause to be timely filed all tax returns of Newco and any Assets that are entities wholly-owned (directly or indirectly) by, or in the control group of, Seller (the "**Seller Tax Subsidiaries**") for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Seller shall within a reasonable time prior to filing give Buyer the opportunity to review and comment upon each such tax return (to the extent relevant to Newco or any Seller Tax Subsidiary) described in the preceding sentence; provided, however, that Seller shall not be obligated to incorporate the comments of Buyer with respect to such tax returns. Seller shall pay Taxes of Newco and any Seller Tax Subsidiary due for all periods ending on or prior to the Closing Date and for the pre-Closing portion of the period in which the Closing occurs. Seller shall pay directly, or reimburse Buyer for any Taxes incurred by Buyer with respect to, all tax returns of Newco and any Seller Tax Subsidiary for tax periods ending on or before the Closing Date.

10.2 Buyer Returns Including Pre-Closing Periods. If Buyer is required by law to file, and does timely file, a tax return that relates to Newco or any Seller Tax Subsidiary for a period prior to the Closing, Seller shall pay Buyer the cost incurred by Buyer in preparing such tax return multiplied by a fraction, the numerator of which is the number of days in the pre-Closing period and the denominator of which is the number of days in the period. If any such tax returns show an amount of Tax due that was not paid by Seller, Seller shall pay to Buyer at least five (5) days before the date on which Taxes are paid by Buyer the portion of the Taxes shown due on the tax return which relate to the pre-Closing portion of the period. Buyer shall, within a reasonable time prior to filing, give Seller the opportunity to review and comment upon each tax return for which the Surviving Corporation shall be required to make a payment to Buyer under this Section 10.2 and will not file any such tax returns without the prior written consent of Seller (which shall not be unreasonably withheld).

10.3 Cooperation on Tax Matters; Control of Proceedings.

(a) Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of tax returns pursuant to this Article 10, and any audit, litigation or other proceeding relating to such tax returns. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material

provided hereunder. Buyer and Seller agree (1) to retain all books and records with respect to Tax matters pertinent to Newco and any Seller Tax Subsidiary relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer and Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (2) to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other Party so requests, Buyer and Seller shall allow the other Party to take possession of such books and records.

(b) Buyer and Seller further agree, upon request, to use their Best Efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby) unless the Party requested to obtain such certificate or other document would incur additional Tax liability by obtaining such certificate or other document.

(c) Seller shall have the sole right to represent the interests of Newco or any Seller Tax Subsidiary in any Tax audit or administrative or court proceeding relating to any Tax covered by Section 10.1. With respect to any taxable period of Newco or a Seller Tax Subsidiary beginning before and ending after the Closing Date, Buyer and Seller shall jointly control the defense and settlement of any Tax audit or administrative or court proceeding relating to any Tax covered by Section 10.2 and each party shall cooperate with the other party at its own expense and there shall be no settlement or closing with respect thereto without the consent of the other party.

10.4 Certain Taxes. (a) All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement (including any tax imposed in any state or subdivision) shall be paid by Seller when due, and Seller shall, at its own expense, file all necessary tax returns and other documentation with respect to all such transfer, documentary, use, stamp, registration and other Taxes and fees, and, if required by applicable law, Buyer shall, and shall cause its Affiliates to, join in the execution of any such tax returns and other documentation. Seller shall indemnify Buyer and its Affiliates for any liability pursuant to Treasury Reg. § 1.1502-6 and corresponding provisions of state, local and foreign law with respect to any Covered Interest that was a corporation included in a consolidated or combined group the common parent of which is Seller. Prior to Closing, any tax sharing agreements to which any of the Seller Tax Subsidiaries are subject shall be terminated without liability against the Designated Interests.

(b) Buyer shall timely withhold and remit all Taxes, if applicable, that are related, directly or indirectly, to payments that are made pursuant to all Employee Profits Participation Interests after the Closing. Buyer shall timely withhold and remit all Taxes, if any, that are related, directly or indirectly, to the obligations listed in Schedule

1.2(a) of the Disclosure Schedules, regardless of which Party may be obligated to so withhold and remit under applicable Tax Laws. To the extent Buyer is required to indemnify Seller under Article 7 pursuant to this Section 10.4(b), the amount of such indemnity shall be reduced by an amount equal to the Tax benefit to Seller (assuming the amount of any such Tax benefit is equal to the income Tax deductions of Seller resulting from the payments giving rise to such withholding tax obligation multiplied by 0.40).

10.5 Certain Entities' Taxes. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge and agree that any Tax liability resulting from any conversion effected following the Closing pursuant to Section 4.12 and Section 9.3 of this Agreement shall be the Surviving Corporation's or the CB Parties' responsibility.

ARTICLE 11
BROKERS

11.1 For Buyer. Buyer represents and warrants that Buyer has not engaged any broker or finder or incurred any liability for brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement. Buyer agrees to indemnify and hold harmless Seller and the CB Parties against any claims or liabilities asserted against it by any Person acting or claiming to act as a broker or finder on behalf of Buyer.

11.2 For Seller. Seller agrees to pay all fees, expenses and compensation owed to any Person who has acted in the capacity of broker or finder on its behalf in connection with the transactions contemplated by this Agreement. Seller agrees to indemnify and hold harmless Buyer and the CB Parties against any claims or liabilities asserted against them, jointly or severally, by any Person acting or claiming to act as a broker or finder on behalf of Seller.

11.3 For the CB Parties. Each of the CB Parties represents and warrants that it has not engaged any broker or finder or incurred any liability for brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement. Each of the CB Parties agrees to indemnify and hold harmless Buyer and Seller against any claims or liabilities asserted against it by any Person acting or claiming to act as a broker or finder on behalf of such CB Party.

ARTICLE 12
TERMINATION

12.1 Termination by Agreement of the Parties. This Agreement may be terminated by mutual written agreement of Seller, the CB Parties and Buyer.

12.2 Termination by Buyer Under Certain Circumstances. This Agreement may be terminated by Buyer if Seller or any Subsidiary of Seller directly or indirectly

transfers, or enters into any definitive, written agreement to transfer, any Covered Interest other than to Buyer or a permitted assignee of Buyer, unless such transfer or agreement to transfer is (i) made pursuant to an Existing Transfer Obligation or Section 4.7 of this Agreement or (ii) expressly conditioned on (x) the failure of the Closing hereunder to occur other than as a result of the breach of this Agreement by Seller or (y) the failure of the Merger to occur.

12.3 Termination by Seller Pursuant to Article 8. Seller may terminate this Agreement as provided in, and in compliance with the provisions of, Article 8 hereof.

12.4 Termination by Reason of Breach of Other Party.

(a) Buyer may terminate this Agreement if a breach of or failure to perform in any material respect any representation, warranty, covenant or agreement set forth in this Agreement on the part of Seller or any CB Party shall have occurred and, as a result thereof, any of the conditions set forth in Article 5 is incapable of being satisfied by the Closing.

(b) Seller may terminate this Agreement if a breach of or failure to perform in any material respect any representation, warranty, covenant or agreement set forth in this Agreement on the part of Buyer shall have occurred and, as a result thereof, any of the conditions set forth in Article 6 is incapable of being satisfied by the Closing.

12.5 Termination by Reason of Passage of Time. Buyer may terminate this Agreement for any reason if the Closing shall not have occurred on or before December 31, 2003; provided, however, that Buyer's right to terminate the Agreement under this Section 12.5 shall not be available to Buyer if its failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

12.6 Termination by Reason of Termination of Merger Agreement. This Agreement shall automatically terminate, without any further action by any Party hereto, in the event the Merger Agreement is terminated in accordance with its terms.

12.7 Termination by the CB Parties. If (i) the Merger is consummated and (ii) the Closing hereunder shall not have occurred (except as a result of a breach by any CB Party of this Agreement), the CB Parties may terminate this Agreement.

12.8 Manner of Exercise. In the event of the termination of this Agreement pursuant to this Article 12 prior to the Closing (other than a termination pursuant to Section 12.6), written notice thereof shall be given to the non-terminating Parties, and this Agreement shall terminate and the transactions contemplated hereunder shall be abandoned without further action by any Party hereto.

12.9 Effects of Termination. In the event of a termination of this Agreement pursuant to Section 12.1, 12.2, 12.3, 12.4, 12.5, 12.6 or 12.7, no Party shall have any further obligation or liability to any other Party, except that:

(a) the provisions of Article 7 (with respect to Section 7.1(a)(i)(z), Section 7.2(b)(i)(z) and Section 7.1(d), in their entirety, and otherwise solely with respect to willful breaches of this Agreement), Section 1.6(c) (to the extent such provisions are executory at the time of termination, and including any applicable provisions of Section 9.3), Article 11, Article 13, this Section 12.9 and Section 12.10 shall survive and shall continue to be in full force and effect;

(b) if this Agreement is terminated by Seller pursuant to Section 12.3 or by Buyer pursuant to Section 12.2 or Section 12.4(a) (but solely with respect to willful breaches), Seller shall pay to Buyer (in immediately available funds by wire transfer to an account designated by Buyer) on the next Business Day following such termination $2,250,000 (the "Termination Fee"), and the receipt of such Termination Fee shall be the sole and exclusive remedy of Buyer against Seller or the CB Parties with respect to any such termination of this Agreement; and

(c) if this Agreement is terminated by Buyer pursuant to Section 12.4(a) (except with respect to willful breaches which are addressed in Section 12.9(b) above and in Section 12.10 below), or Section 12.5, automatically pursuant to Section 12.6 or by the CB Parties pursuant to Section 12.7, then Seller shall reimburse Buyer for all reasonable and accountable third party expenses incurred by Buyer and its Affiliates in connection with (i) the negotiation and documentation of this Agreement and (ii) the efforts of Buyer and its Affiliates to fulfill Buyer's obligations hereunder; provided, however, that the aggregate amount to be reimbursed shall not exceed $1,000,000.

12.10 Buyer Actions for Willful Breach, Fraud and Willful Misconduct. Notwithstanding anything herein to the contrary, if Buyer has not terminated this Agreement pursuant to Article 12 and the Closing has not occurred, nothing herein shall prevent Buyer from bringing an action against any Party hereto based on allegations of a willful breach of, or fraud or willful misconduct committed in connection with, this Agreement (it being understood and agreed that such other Party will only have liability to Buyer for a willful breach, fraud or willful misconduct and any such liability shall take into account any amounts received by Buyer pursuant to Section 12.9), and in such case, Buyer shall be entitled to seek any and all remedies available to it, including, without limitation, the remedy set forth in Section 13.13 hereof; provided, however that in no event shall any CB Party be liable to Buyer pursuant to this Section 12.10 unless and until the closing of the Merger shall have occurred.

ARTICLE 13
MISCELLANEOUS

13.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, except that no Party hereto may assign its obligations hereunder without the prior written consent of the other Parties; provided, however, that Buyer may assign its rights and obligations hereunder to any Person provided that (i) Buyer remains primarily liable for (and is not in any way released from any such primary liability) such obligations together with any such assignee, (ii) any such assignment does not cause or result in the Nautica Consent and Release ceasing to be effective for any reason or the failure of any condition set forth in Article 5 and (iii) all assignments of any part of the obligation of Buyer to deliver the Purchase Price to Seller, taken together, do not exceed $25,000,000 in the aggregate.

13.2 Entire Agreement; Amendments; Attachments. This Agreement, together with all Schedules and Exhibits hereto, all other agreements and instruments to be delivered by the Parties pursuant hereto and the Merger Agreement represent the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof and supersede all prior oral and written and all contemporaneous oral negotiations, commitments and understandings between such Parties. The Parties, by the consent of their respective boards of directors or managing members, or officers authorized by such boards of directors or managing members, may amend or modify this Agreement, in such manner as may be agreed upon, by a written instrument executed by each of the Parties.

13.3 Expenses. Except as otherwise expressly provided herein, each Party shall pay its own expenses in connection with this Agreement and the transactions contemplated hereby.

13.4 Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware applicable to contracts executed and fully performed within such State. The Parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the District of Delaware or, if such court does not have jurisdiction over the subject matter of such proceeding or if such jurisdiction is not available, in the Court of Chancery of the State of Delaware, County of New Castle (or, if such court does not have jurisdiction over the subject matter of such proceeding or if such jurisdiction is not available, in the Superior Court of the State of Delaware, County of New Castle), and each of the Parties hereby consents to the exclusive jurisdiction of those courts (and of the appropriate appellate courts therefrom) in any suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Law, any objection which it may

now or hereafter have to the laying of the venue of any suit, action or proceeding in any of those courts or that any suit, action or proceeding which is brought in any of those courts has been brought in an inconvenient forum. Process in any suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any of the named courts. Without limiting the foregoing, each party agrees that service of process on it by notice as provided in Section 13.10 shall be deemed effective service of process. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

13.5 Waiver. Any waiver by any Party of a breach of any term of this Agreement shall not operate as or be construed to be a waiver of any other breach of that term or of any breach of any other term of this Agreement. The failure of a Party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing and signed by the Party charged therewith.

13.6 Section Headings. The section headings are for the convenience of the Parties and in no way alter, modify, amend, limit, or restrict the contractual obligations of the Parties.

13.7 Severability; "Blue Pencil" Provision. To the extent that any of the agreements or other provisions set forth herein shall be found to be illegal or unenforceable for any reason by any court of competent jurisdiction, then such agreement or other provision shall be deemed modified or deleted in such a manner so as to make this Agreement, as modified, legal and enforceable under applicable Laws, in all cases, without changing the original intent of the Parties as reflected in the express terms of this Agreement. Moreover, if any one or more of the provisions contained in this Agreement shall for any reason be held by any court of competent jurisdiction to be excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed, by limiting or reducing the time, duration, geographical scope, activity or subject, as applicable, so as to be enforceable to the extent compatible with the applicable Law as it shall then appear.

13.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

13.9 No Third Party Beneficiaries. Except as otherwise set forth in Section 4.8, Section 9.5 and Article 7, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or

equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, and this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties to this Agreement and their permitted successors and assigns.

13.10 Notices. Any notice, request, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered or sent by facsimile transmission, upon receipt, or if sent by registered or certified mail, upon the sooner of the date on which receipt is acknowledged or the expiration of three (3) days after deposit in United States post office facilities properly addressed with postage prepaid. All notices to a Party will be sent to the addresses set forth below or to such other address or Person as such Party may designate by written notice to each other Party hereunder:

TO BUYER:	Island Fund I LLC c/o Paul, Hastings, Janofsky & Walker LLP 75 East 55th Street New York, New York 10022 Attn: Martin L. Edelman, Esq. Facsimile: (212) 319-4090
With a copy (which shall not constitute notice) to:	Thomas E. Kruger, Esq. Paul, Hastings, Janofsky & Walker LLP 75 East 55th Street New York, New York 10022 Facsimile: (212) 319-4090
TO SELLER:	Insignia Financial Group, Inc. 200 Park Avenue New York, New York 10166 Attn: Adam B. Gilbert, Esq. Facsimile: (212) 984-6655
With copies (which shall not constitute notice) to:	Arnold S. Jacobs, Esq. Proskauer Rose LLP 1585 Broadway New York, New York 10036 Facsimile: (212) 969-2900 and G. Daniel O’Donnell, Esq.

Dechert LLP
4000 Bell Atlantic Tower
1717 Arch Street
Philadelphia, Pennsylvania 19103
Facsimile: (215) 994-2222

TO ANY CB PARTY:

CB Richard Ellis Services, Inc.
335 S. Grand Avenue, Suite 3100
Los Angeles, California 90071
Attn: Raymond Wirta
Facsimile: (213) 613-3100

With a copy (which shall not constitute notice) to:

Richard Capelouto, Esq.
Simpson Thacher & Bartlett
3330 Hillview Avenue
Palo Alto, California 94304
Facsimile: (650) 251-5002

Any notice given hereunder may be given on behalf of any Party by its counsel or other authorized representatives.

13.11 No Personal Liability. Except as provided in Section 13.14, this Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect stockholder of Seller or any CB Party, member of Buyer or any officer, director, employee, agent, representative or investor of any such Party.

13.12 Mutual Drafting. This Agreement is the result of the joint efforts of each Party and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Parties and there shall be no construction against any Party based on any presumption of that Party's involvement in the drafting thereof.

13.13 Equitable Remedies. Seller and the CB Parties agree that if (i) this Agreement has not been validly terminated by Seller or the CB Parties pursuant to Article 12, (ii) the Merger is consummated, (iii) the Closing hereunder has not occurred, (iv) each of the conditions set forth in Sections 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6 hereof was satisfied or waived at the time of the Merger and (v) Buyer was ready and willing to proceed with the Closing immediately prior to the closing of the Merger (including, without limitation, being prepared to satisfy the conditions set forth in Section 6.7), then Buyer shall be entitled, in addition to any other available remedies, to equitable relief (including, without limitation, specific performance and injunctive relief). In such event, Seller and the CB Parties hereby irrevocably waive the defense that an adequate remedy

at law exists and further waive any requirement that Buyer post any bond in order to pursue any such remedy.

13.14 Exclusive Pre-Closing Remedy for Seller and CB Parties

(a) If the closing of the Merger occurs and (i) the Closing does not occur and Seller or the CB Parties reasonably determine that the Closing did not occur prior to or simultaneously with the Merger solely as a result of a breach by Buyer of its obligations under this Agreement or (ii) this Agreement is terminated by Seller pursuant to Section 12.4(b) hereof, then Seller and the CB Parties shall be entitled to withhold $5,000,000 (the "**Deposit**") from amounts payable to Andrew L. Farkas in connection with the closing of the Merger (as described in Sections 1 and 2 of Schedule 1.2(a) of the Disclosure Schedules); provided, however that if, and to the extent, such amounts payable to Mr. Farkas in connection with the Merger are less than $5,000,000, then Seller and the CB Parties also shall be entitled to withhold from such other amounts payable to Mr. Farkas pursuant to the Farkas Employment Agreement and the related estoppel letter, dated as of February 17, 2003 and amended as of the date hereof, delivered by Mr. Farkas to the CB Parties (the Farkas Employment Agreement and such estoppel letter, the "**Farkas Agreements**") an amount equal to such difference, which amount shall be deemed to be included in the Deposit for all purposes of this Section 13.14. Subject to Section 13.14(b), if the Deposit has been properly withheld by Seller and the CB Parties, Andrew L. Farkas agrees that the aggregate amount of the payments the CB Parties and Seller are obligated to pay to Mr. Farkas in connection with the Merger pursuant to the Farkas Agreements shall be reduced by the amount of the Deposit.

(b) If Buyer disputes the withholding of the Deposit by Seller and the CB Parties, Buyer and/or Andrew L. Farkas may challenge and dispute the same in the manner provided in Section 13.4 hereof. If Buyer is not the prevailing party in any such action, claim or proceeding, then Seller and the CB Parties shall be entitled to retain the Deposit as contemplated by Section 13.14(c) below. If Buyer is the prevailing party in any such action, claim or proceeding, then (i) the Surviving Corporation and/or the CB Parties shall promptly (x) pay to Mr. Farkas the amount of the Deposit, plus 10% interest thereon, compounded annually, from the date of the closing of the Merger through and including the date such payment is made and (y) reimburse each of Buyer and Mr. Farkas for all reasonable and accountable legal and other expenses incurred by Buyer or Mr. Farkas in connection with such action, claim or proceeding. Nothing contained in this Section 13.14 shall limit or otherwise affect Buyer's rights under this Agreement, including, without limitation, Buyer's right to pursue equitable remedies pursuant to Section 13.13 of this Agreement.

(c) The Parties hereby acknowledge and agree that it would be impractical and/or extremely difficult to fix or establish the actual damage sustained by Seller and the CB Parties as a result of such a breach or default by Buyer established as contemplated by this Section 13.14, and agree that the Deposit is a reasonable

approximation thereof. Accordingly, the Deposit shall constitute, and is agreed by the Parties to be, liquidated damages of Seller and the CB Parties, and shall be retained by Seller and the CB Parties as their sole and exclusive remedy hereunder. The payment of the Deposit as liquidated damages is not intended to be, and shall not be deemed, a forfeiture or penalty, but is intended to constitute liquidated damages to Seller and the CB Parties.

13.15 Definitions. As used in this Agreement the following terms shall have the meanings set forth below:

(a) "**Acquiror**" shall have the meaning set forth in the preface.

(b) "**Acquisition Proposal**" shall mean any bona fide written offer or proposal from any third party (other than any CB Party or any of their respective controlled Affiliates) regarding a transaction that would result in a third party acquiring by any means all or any portion of the Covered Interests subject to this Agreement, except for any acquisition pursuant to any Existing Transfer Obligation and in accordance with the terms of this Agreement.

(c) "**Adjusted Pro Rated Book Value**" shall mean, with respect to any given Asset at any given time, the Pro Rated Book Value of such Asset less the aggregate amount of all Losses that have been indemnified and paid prior to such time pursuant to Section 7.1(a)(ii) and 7.1(b)(ii) in respect of third party claims that relate to such Asset (regardless of whether such claims were made against the applicable Asset Owner or one or more Buyer Indemnified Parties).

(d) "**Affected Interests**" shall have the meaning set forth in Section 1.6(d) hereof.

(e) "**Affected Property**" shall have the meaning set forth in Section 1.6(d) hereof.

(f) "**Affiliate**" shall mean, with respect to any Person, (a) any other Person at the time directly or indirectly controlling, controlled by or under direct or indirect common control with such Person, (b) any other Person of which such Person at the time owns, or has the right to acquire, directly or indirectly, ten percent (10%) or more of any class of the capital stock or beneficial interest, (c) any other Person which at the time owns, or has the right to acquire, directly or indirectly, ten percent (10%) or more of any class of the capital stock or beneficial interests of such Person, (d) any executive officer or director of such Person, and (e) if such Person is an individual, any member of such individual's immediate family.

(g) "**Agreement**" shall mean this Agreement as originally in effect, including, unless the context otherwise specifically requires, all schedules and exhibits

hereto, as the same may from time to time be supplemented, amended, modified or restated in the manner herein or therein provided.

(h) "**Asset Owner**" shall mean any Entity that directly owns an Asset.

(i) "**Assets**" shall have the meaning set forth in the Recitals.

(j) "**Asset Material Adverse Effect**" shall mean any material adverse effect on the Assets and/or the Covered Interests, taken as a whole, or on Seller's ability to consummate the transaction contemplated hereby.

(k) "**Attributable Pro Rated Book Value**" shall mean, with respect to any direct or indirect Equity Interest in any Asset Owner at any given time, the portion of the Adjusted Pro Rated Book Value of the underlying Asset of such Asset Owner at such time attributable to such direct or indirect Equity Interest.

(l) "**Authority**" shall mean any governmental or quasi-governmental authority, whether administrative, executive, judicial, legislative or other, or any combination thereof, any federal, state, territorial, county, municipal or other government or governmental or quasi-governmental agency, authority, board, body, branch, bureau, central bank or comparable agency or Entity, commission, court, department, instrumentality, or other political unit or subdivision or other Entity of any of the foregoing, whether domestic or foreign.

(m) "**Beneficiary**" shall have the meaning set forth in Section 9.7(a) hereof.

(n) "**Best Efforts**" shall mean the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible, provided, however, that a Person required to use "Best Efforts" under this Agreement will not be thereby required to take actions that would result in a material adverse change in the benefits to such Person of this Agreement and the transactions contemplated by this Agreement or to dispose of or make any change to its business, expend any funds (other than de minimis incremental expenses) or incur any other material burden.

(o) "**Business Day**" shall mean any day other than a Saturday, Sunday or one on which banks are authorized by Law to be closed in New York, New York or Los Angeles, California.

(p) "**Buyer**" shall have the meaning set forth in the preface.

(q) "**Buyer Collateral**" shall have the meaning set forth in Section 9.7(b) hereof.

(r) "**Buyer Contributed Amount**" shall have the meaning set forth in Section 9.7(b) hereof.

(s) "**Buyer Designee**" shall have the meaning set forth in Section 9.3(b) hereof.

(t) "**Buyer Indemnified Party**" shall mean each of Buyer and its Affiliates and each Entity in which Buyer directly or indirectly acquires Equity Interests pursuant to this Agreement, and their respective managers, officers, directors, employees, members, representatives and agents; provided, however, that in no event shall a Buyer Indemnified Party include any Asset Owner or any manager, officer, director, employee, member, representative or agent of an Asset in its, his or her capacity as such.

(u) "**Buyer L/C**" shall have the meaning set forth in Section 9.7(b) hereof.

(v) "**Buyer Material Adverse Effect**" shall mean any material adverse effect on the ability of Buyer to perform its obligations under this Agreement or the other agreements and transactions contemplated hereby to which it is a party.

(w) "**Buyer's Knowledge**" shall mean the actual knowledge of any Island Principal or Jeffrey P. Cohen, without independent investigation or inquiry.

(x) "**Cash Collateral Agreement**" shall mean the form of Cash Collateral Agreement, dated as of the Closing Date, among Buyer, CB Richard Ellis Services, Inc. and Bank of New York, as Deposit Bank, attached as Exhibit I to this Agreement.

(y) "**Cash Distribution**" shall mean a cash distribution or payment (without duplication), excluding (i) Pre-2003 Cash and (ii) any distribution or payment directly or indirectly made with the proceeds of any indebtedness (including any refinancing) unless such indebtedness is (x) non-recourse to Seller and its Subsidiaries (excluding Transferred Entities) or (y) non-recourse to Seller and its Subsidiaries (excluding Transferred Entities) with exceptions to such non-recourse provisions that are no less favorable to Seller and its Subsidiaries (and are applicable only to the same Subsidiaries) as the indebtedness of the Asset (but which in no event would generally be characterized as full recourse). For the avoidance of doubt, management fees, advisory fees or other similar fees or payments made to Seller or any Subsidiary of Seller will not be deemed to constitute a Cash Distribution under any circumstances.

(z) "**Category A Entity**" shall mean an Asset Owner.

(aa) "**Category B Entity**" shall mean any Buyer Indemnified Party that does not own any material assets other than direct or indirect Equity Interests in one or

more Asset Owners (and such Buyer Indemnified Party's managers, officers, directors, employees, members, representatives and agents).

(bb) "**CB Contributed Amount**" shall have the meaning set forth in Section 9.7(b) hereof.

(cc) "**CB Parties**" shall have the meaning set forth in the preface.

(dd) "**CB Parties Material Adverse Effect**" shall mean any material adverse effect on the ability of any CB Party to perform its obligations under this Agreement or the other agreements and transactions contemplated hereby to which it is a party.

(ee) "**Centennial Guaranty**" shall have the meaning set forth in Section 9.7 hereof.

(ff) "**Contract**" shall mean, with respect to any Person, any instrument, contract, lease, or other contractual undertaking to which such Person is a party or to which such Person or any of its business is subject or property or assets are bound.

(gg) "**Claim**" shall have the meaning set forth in Section 7.1(d)(i) hereof.

(hh) "**Closing**" shall have the meaning set forth in Section 1.3 hereof.

(ii) "**Closing Date**" shall have the meaning set forth in Section 1.3 hereof.

(jj) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(kk) "**Confidentiality Agreement**" shall have the meaning set forth in Section 8.1(d) hereof.

(ll) "**Consent**" shall mean any approval, consent, ratification, waiver or other authorization of any Person that is not a Party or a controlled Affiliate of a Party.

(mm) "**Covered Employee**" shall have the meaning set forth in Section 9.5(a) hereof.

(nn) "**Covered Interests**" shall have the meaning set forth in the Recitals.

(oo) "**Deposit**" shall have the meaning set forth in Section 13.14(a) hereof.

(pp) "**Designated Interests**" shall have the meaning set forth in the Recitals.

(qq) "**Determination Date**" shall have the meaning set forth in Section 1.6(c) hereof.

(rr) "**Disclosure Schedules**" shall mean the disclosures schedules delivered by the respective Parties hereto concurrent with the execution and delivery of this Agreement.

(ss) "**Employee Profit Participation Interests**" shall have the meaning set forth in Section 9.5(a) hereof.

(tt) "**Encumbered Asset**" shall have the meaning set forth in Section 9.7(b) hereof.

(uu) "**Encumbered Asset Sale**" shall have the meaning set forth in Section 9.7(e) hereof.

(vv) "**Encumbrance**" shall mean any of the following: mortgage, lien (statutory or other), preference, priority or other security agreement, arrangement or interest, hypothecation, pledge or other deposit arrangement, assignment, charge, levy, executory seizure, attachment, garnishment, encumbrance, right of first offer, right of first refusal, conditional sale, title retention or other similar agreement, arrangement, device or restriction, any financing lease involving substantially the same economic effect as any of the foregoing, or the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction; provided, however, that no Permitted Encumbrance shall constitute an "Encumbrance."

(ww) "**Entity**" shall mean any corporation, firm, unincorporated organization, association, partnership, limited partnership, limited liability company, trust (inter vivos or testamentary) estate of a deceased, insane or incompetent individual, business trust, joint stock company, joint venture or other organization, entity or business, whether acting in an individual, fiduciary or other capacity, or any Authority.

(xx) "**Equity Interest**" shall mean, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, such Person's capital stock or other equity interests (including, without limitation, partnership or membership interests in a partnership or limited liability company or any other interest or participation that confers on a Person the right to receive a share of the profits and losses, or distributions of assets, of the issuing Person) whether outstanding on the date hereof or issued after the date hereof.

(yy) "**Estimated Assumed Liabilities Amount**" shall have the meaning set forth in Section 1.7 hereof.

(zz) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(aaa) “**Existing Transfer Obligation**” shall mean any right of first refusal, right of first offer, buy/sell or other contractual arrangement that exists on the date of this Agreement and is binding upon Seller (or any Subsidiary of Seller) pursuant to which Seller (or a Subsidiary of Seller) may become obligated (i) to sell a Covered Interest to another Person or (ii) to purchase an Equity Interest in an Entity that directly or indirectly owns an Asset from another Person.

(bbb) “**Farkas Agreements**” shall have the meaning set forth in Section 13.14(a) hereof.

(ccc) “**Final Assumed Liabilities Amount**” shall have the meaning set forth in Section 1.7 hereof.

(ddd) “**Funded Amount**” shall have the meaning set forth in Section 9.7(b) hereof.

(eee) “**Holding**” shall have the meaning set forth in the preface.

(fff) “**IN-USVI**” shall have the meaning set forth in Section 3.3 hereof.

(ggg) “**Island Principal**” shall mean each of Andrew L. Farkas, Ronald Uretta and James A. Aston.

(hhh) “**Island Principal Amendment**” shall have the meaning set forth in Section 4.10 hereof.

(iii) “**Law**” shall mean any federal, state, local, international or foreign law (including common law), rule, regulation, judgment, code, ruling, statute, order, directives, decree, injunction or ordinance or other legal requirement.

(jjj) “**Lehman**” shall have the meaning set forth in Section 3.3 hereof.

(kkk) “**Letter Agreement**” shall have the meaning set forth in Section 9.5(a) hereof.

(lll) “**Loan Agreement**” shall have the meaning set forth in Section 3.3 hereof.

(mmm) “**Losses**” shall mean all claims, damages (including incidental and/or consequential damages), losses, liabilities, taxes (including penalties and interest), costs and reasonable expenses including, without limitation, settlement costs and any reasonable legal, accounting or other expenses incurred in connection with investigating or defending any action or threatened action.

(nnn) "**Managed Property**" shall have the meaning set forth in Section 9.6 hereof.

(ooo) "**Merger**" shall have the meaning set forth in the Recitals.

(ppp) "**Merger Agreement**" shall have the meaning set forth in the Recitals.

(qqq) "**Nautica Consent and Release**" shall have the meaning set forth in Section 3.3 hereof.

(rrr) "**Newco**" shall have the meaning set forth in the Recitals.

(sss) "**Newco Interests**" shall have the meaning set forth in the Recitals.

(ttt) "**Newco Securities**" shall have the meaning set forth in Section 2.5 hereof.

(uuu) "**Notice of Acquisition Proposal**" shall have the meaning set forth in Section 8.1(a) hereof.

(vvv) "**notifying party**" shall have the meaning set forth in Section 7.1(d)(i) hereof.

(www) "**Parent**" shall have the meaning set forth in the preface.

(xxx) "**Party**" or "**Parties**" shall have the meaning set forth in the preface.

(yyy) "**Permit**" shall mean any permit, license, easement, variance, exemption, consent, certificate, approval, authorization or registration.

(zzz) "**Person**" shall mean any natural individual or any Entity.

(aaaa) "**Permitted Encumbrances**" shall mean (a) liens for utilities and current Taxes not yet due and payable, (b) mechanics', carriers', workers', repairers', materialmen's, warehousemen's and other similar liens arising or incurred in the ordinary course of business, (c) liens for Taxes being contested in good faith for which appropriate reserves have been included on the balance sheet of the applicable Person, (d) easements, restrictions, covenants or rights of way currently of record against any of the real property interests which do not interfere with, or increase the cost of operation of, the business of Seller and its Subsidiaries in any material respect, (e) minor irregularities of title which do not interfere with, or increase the cost of the business of Seller and its Subsidiaries in any material respect, (f) Employee Profit Participation Interests and (g) Existing Transfer Obligations.

(bbbb) “**Physical Conditions**” shall have the meaning set forth in Section 7.1(a) hereof.

(cccc) “**Pre-2003 Cash**” shall mean any cash that was, at any time on or prior to December 31, 2002, in the possession of any wholly-owned Subsidiary of Seller other than an Asset Owner (and for purposes of determining whether a Subsidiary of Seller is wholly-owned, not taking into account any Employee Profit Participation Interest).

(dddd) “**Pro Rated Book Value**” shall mean, with respect to any Asset, an amount equal to (x) the Purchase Price (assumed to be $43,939,980 solely for purposes of this definition) plus the Estimated Assumed Liabilities Amount, divided by the aggregate book value of the Assets as reflected on Schedule 13.15(dddd) of the Disclosure Schedules, with the quotient thereof being multiplied by (y) the book value of such Asset as reflected on Schedule 13.15(dddd) of the Disclosure Schedules.

(eeee) “**Profits Participation Interest Release**” shall have the meaning set forth in Section 4.9(a) hereof.

(ffff) “**Purchase Deposit**” shall have the meaning set forth in Section 1.6(c) hereof.

(gggg) “**Purchase Price**” shall have the meaning set forth in Section 1.2 hereof.

(hhhh) “**Reduced Buyer Collateral Amount**” shall have the meaning set forth in Section 9.7(b) hereof.

(iiii) “**Refundable Buyer Collateral**” shall have the meaning set forth in Section 9.7(b) hereof.

(jjjj) “**Reimbursement Notice**” shall have the meaning set forth in Section 9.7(b) hereof.

(kkkk) “**Release**” shall mean a release of the CB Parties, Seller and their respective Subsidiaries from, or the termination of, any guarantee or indemnification obligation set forth in Schedule 13.15(kkkk) of the Disclosure Schedules.

(llll) “**Required Election**” shall have the meaning set forth in Section 1.6(c) hereof.

(mmmm) “**Restricted Cash**” shall mean cash sale proceeds that (i) were generated by a sale of a real property Asset prior to January 1, 2003 and (ii) were in the possession of the applicable Asset Owner prior to January 1, 2003 (or would have been in

the possession of the Asset Owner but for an escrow, hold-back or similar arrangement relating to the sale of the Asset).

(nnnn) "**Restricted Cash Collateral**" shall have the meaning set forth in Section 9.7(b) hereof.

(oooo) "**Restricted Interest**" shall have the meaning set forth in Section 9.3 hereof.

(pppp) "**SC Indemnified Party**" shall mean Seller (including the Surviving Corporation following the closing of the Merger, if applicable), the CB Parties, and each of their respective Affiliates, and their respective managers, officers, directors, employees, members, stockholders, representatives and agents.

(qqqq) "**Securities Act**" shall have the meaning set forth in Section 3.4 hereof.

(rrrr) "**Seller**" shall have the meaning set forth in the preface and shall include, following the Merger, the Surviving Corporation; where applicable or the context requires, references to "Seller" shall also include Seller's subsidiaries.

(ssss) "**Seller L/C**" shall have the meaning set forth in Section 9.7 hereof.

(tttt) "**Seller's Knowledge**" shall mean the actual knowledge of Frank M. Garrison or Adam B. Gilbert, without independent investigation or inquiry.

(uuuu) "**Seller Tax Subsidiary**" shall have the meaning set forth in Section 10.1 hereof.

(vvvv) "**Senior Credit Agreement**" shall mean the Senior Credit Agreement dated as of May 4, 2001, among Seller, First Union National Bank, Lehman Commercial Paper Inc., Bank of America, N.A. and the other lenders party thereto, as amended through the date hereof.

(wwww) "**Senior Subordinated Credit Agreement**" shall mean the Senior Subordinated Credit Agreement dated as of June 7, 2002, by and among Seller, Madeleine LLC, as administrative agent, and certain other financial institutions party thereto.

(xxxx) "**Subject Interest**" shall have the meaning set forth in Section 1.6(c) hereof.

(yyyy) "**Subscription Agreements**" shall have the meaning set forth in Section 3.8 hereof.

(zzzz) "**Subsidiary**" shall mean, with respect to a Person, any Entity a majority of the capital stock ordinarily entitled to vote for the election of directors of which, or if no such voting stock is outstanding, a majority of the Equity Interests of which, is owned directly or indirectly, legally or beneficially, by such Person or any other Person controlled by such Person.

(aaaaa) "**Surviving Corporation**" shall have the meaning set forth in the Recitals and shall include, prior to the Merger, Seller.

(bbbbb) "**Tax**" or "**Taxes**" means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority, including without limitation, taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs' duties, tariffs and similar charges.

(ccccc) "**Technology Services**" shall have the meaning set forth in Section 9.2 hereof.

(ddddd) "**Termination Fee**" shall have the meaning set forth in Section 12.9(b) hereof.

(eeeee) "**Total Indemnification Limit**" shall have the meaning set forth in Section 9.1(e) hereof.

(fffff) "**Trailing Obligations**" shall have the meaning set forth in Section 9.7 hereof.

(ggggg) "**Transferred Entity**" shall mean any Entity with respect to which all of the Equity Interests in such Entity owned by Seller or a wholly-owned Subsidiary of Seller are either (i) directly (or indirectly) transferred to Buyer or a permitted assignee of Buyer at the Closing pursuant to this Agreement or (ii) retained by the Surviving Corporation following the Closing pursuant to clause (z) of the first sentence of Section 4.1 of this Agreement.

(hhhhh) "**Underlying Agreement**" shall have the meaning set forth in Section 9.7(a) hereof.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first above written.

BUYER:

ISLAND FUND I LLC

By: Island Capital Group LLC,
its Managing Member

By: ______________________________

Name:
Title:

SELLER:

INSIGNIA FINANCIAL GROUP, INC.

By: ______________________________

Name:
Title:

CB PARTIES:

CBRE HOLDING, INC.

By: ______________________________

Name:
Title:

CB RICHARD ELLIS SERVICES, INC.

By: ______________________________

Name:
Title:

APPLE ACQUISITION CORP.

By: ______________________________

Name:
Title:

Acknowledged and agreed, solely with respect to Section 13.14 hereof:

____

Andrew L. Farkas

SCHEDULE 1.2(a)

The actual aggregate amount of the Purchase Price to be satisfied pursuant to Section 1.2(a) of the Agreement shall equal the sum of the following amounts:

1. The amount of the obligation of the Surviving Corporation actually assumed by Newco pursuant to the arrangements contemplated by Section 4.10 of the Agreement to pay Andrew L. Farkas a material asset disposition bonus upon the closing of the Merger pursuant to Section 4(k) of that certain Employment Agreement, dated as of May 18, 2000, by and between Insignia Financial Group, Inc. and Andrew L. Farkas, as amended by (i) the Amendment to Employment Agreement, dated January 27, 2003, by and between Insignia Financial Group, Inc. and Andrew L. Farkas and (ii) the Second Amendment to Employment Agreement, dated as of the date hereof, by and between Insignia Financial Group, Inc. and Andrew L. Farkas (the "Farkas Employment Agreement").

2. The amount of the obligation of the Surviving Corporation actually assumed by Newco pursuant to the arrangements contemplated by Section 4.10 of the Agreement to pay Andrew L. Farkas a retention bonus upon the closing of the Merger pursuant to Section 8 of the Farkas Employment Agreement.

3. The amount of the obligation of the Surviving Corporation actually assumed by Newco pursuant to the arrangements contemplated by Section 4.10 of the Agreement to pay Ronald Uretta a material asset disposition bonus upon the closing of the Merger pursuant to Section 4(d) of that certain Employment Agreement, dated as of August 3, 1998, by and between Insignia/ESG Holdings, Inc. and Ronald Uretta, as amended by (i) the Amendment to Employment Agreement, effective as of August 3, 2001, by and between Insignia Financial Group, Inc. and Ronald Uretta, (ii) the Second Amendment to Employment Agreement, effective as of February 27, 2003, by and between Insignia Financial Group, Inc. and Ronald Uretta and (iii) the Third Amendment to Employment Agreement, dated as of the date hereof, by and between Insignia Financial Group, Inc. and Ronald Uretta.

4. The amount of the obligation of the Surviving Corporation actually assumed by Newco pursuant to the arrangements contemplated by Section 4.10 of the Agreement to pay James A. Aston a material asset disposition bonus upon the closing of the Merger pursuant to Section 4(d) of that certain Employment Agreement, dated as of August 3, 1998, by and between Insignia/ESG Holdings, Inc. and James A. Aston, as amended by (i) the Amendment to Employment Agreement, effective as of August 3, 2001, by and between Insignia Financial Group, Inc. and James A. Aston, (ii) the Second Amendment to Employment Agreement, effective as of February 27, 2003, by and between Insignia Financial Group, Inc. and James A. Aston and (iii) the Third Amendment to Employment Agreement, dated as of the date hereof, by and between Insignia Financial Group, Inc. and James A. Aston.

SCHEDULE 1.6(e)

Purchase Price Adjustment
for Certain Excluded Designated Interests

Asset	Designated Interest	Credit to Purchase Price
Gateway One on the Mall	LLC Interest in St. Louis RPFIV Associates Limited Liability Company	$ 2,071,946
Airport Corporate Center	LLC interest In Miami RPFIV Airport Corporate Center Associates Limited Liability Company	1,889,313
Campbell Centre	LP interest in Dallas RPFIV Campbell Centre Associates Limited Partnership	430,448
Colonial Village (Town & Country)	100% of stock in Colonial Manager, Inc.*	799,880
	All LLC interests in Colonial Village Manager, LLC*	799,880
	Managing Member LLC Interest (1%) in DSF Plainville, LLC*	799,880
	LLC interests in Colonial Village Investors, LLC*	799,880

* without duplication

SCHEDULE 2.7(i)

RAQZ Corp.

Westville Properties Inc.

Oppenheimer-West Village Properties Inc.

WV Financing, LLC

ICII-WV Holdings, LLC

Limited Partner Interests in Westville Associates

SCHEDULE 2.7(ii)

Yacht Haven

SCHEDULE 3.7

(a) **Adverse Claims, Actions or Proceedings Pending or Threatened in Writing Against Seller or any Subsidiary of Seller relating to the Assets or the Covered Interests.**

1. Matters set forth in the letter, dated May 6, 2003, from Sidley Austin Brown & Wood, on behalf of Citigroup Alternative Investments LLC, the Travelers Insurance Company and their Affiliates, to Insignia Financial Services, Inc.

2. American Property Consultants, LTD. (“APC”)., commenced an action in the Supreme Court of the State of New York, County of New York, against Seller, Insignia Acquisition Corporation, Insignia/ESG, Inc., Insignia Douglas Elliman, LLC and Insignia Realty Investors III, LLC (collectively, “Insignia”) (Index No. 600579/03) alleging the following two claims: (i) breach of a Confidentiality and Non-Circumvention Agreement between APC and Insignia entered into on or about February 12, 2002, and (ii) tortious interference with a Fee Agreement between APC and Max Capital Management Corp. entered into on January 29, 2001.

(b) **Guarantees, Indemnification Obligations and Letters of Credit.**

Guarantees and Indemnification Obligations Provided by Seller or its Subsidiaries Relating to any Asset or Covered Interest:

1. Yacht Haven

   (a) Environmental Indemnity Agreement, made as of July 10, 2002, by IN-USVI, LLC and Insignia Yacht Haven Corp. to and for the benefit of Lehman Brothers Holdings Inc.

   (b) Principal’s Agreement, dated as of July 10, 2002, by Insignia Financial Group, Inc. to and for the benefit of Lehman Brothers Holdings Inc.

2. 260 Park

   (a) Good Faith Guaranty by Insignia Realty Investors III, LLC, (“IRI”) Adam C. Hochfelder, Anthony Westreich, Bruce McLean and Yitzchak Tessler (collectively, “Guarantors”) in favor of Blackacre Bridge Capital, L.L.C. (“Lender”), dated as of July 31, 2002.

   (b) Hazardous Waste Indemnity by 260 Park Avenue South, LLC and Guarantors in favor of Lender, dated as of July 31, 2002.

   (c) Contribution/Indemnification Obligations of IRI pursuant to Section 6.7 of the Limited Liability Company Agreement of Max/IESG 260 Park Avenue South, LLC, dated as of July 31, 2002.

3. Glades Plaza

(a) ICIG Directives, L.L.C., as general partner of Borrower is liable for non-recourse carve-out obligations under Loan Documents with BHF (USA) Capital Corporation, dated September 16, 1999.

4. Gateway One on the Mall

(a) Insignia/ESG, Inc. Joinder, dated July 1, 1998, given by Insignia/ESG, Inc. in favor of GEIRPIV Holding Corporation, GE Investment Realty Partners IV, Limited Partnership and St. Louis RPFIV Gateway One Associates Limited Liability Company (the "Company"), annexed to the Operating Agreement of the Company, dated as of July 1, 1998.

5. Airport Corporate Center

(a) Insignia/ESG, Inc. Joinder, dated March 15, 1999, given by Insignia/ESG, Inc. in favor of GEIRPIV Holding Corporation, GE Investment Realty Partners IV, Limited Partnership and Miami RPFIV Airport Corporate Center Associates Limited Liability Company (the "Company"), annexed to the Operating Agreement of the Company, dated as of March 15, 1999.

6. Centennial Tower

(a) Amended Guaranty, dated as of November 30, 2001, given by Insignia Financial Group, Inc. in favor of First Union National Bank ("Lender").

(b) Amended Guaranty, dated as of November 30, 2001, given by Centennial Directives, LLC in favor of Lender.

(c) Guaranty dated June 21, 1996, given by Insignia Financial Group, Inc. in favor of Lennar Marietta Holdings, Inc. and 101 Marietta Street Associates annexed to Partnership Agreement of 101 Marietta Street Associates.

(d) ICIG Marietta, L.L.C. is liable for non-recourse carve-outs, as general partner of 101 Marietta Street Associates, the borrower, under the loan documents, dated November 30, 2000, with Lender.

7. Southland Office Center

(a) Guaranty of Recourse Obligations of Borrower, dated October 17, 2002, given by IFS Acquisition LLC II and IFS Southland Investors, LLC in favor of PW Real Estate Investments Inc. ("Lender").

(b) Environmental Indemnity Agreement, dated October 17, 2002, given by IFS Acquisition II LLC and IFS Southland Investors, LLC in favor of Lender.

8. Colonial Village

(a) Guaranty of Recourse Obligations (Senior Loan), dated as of August 27, 2002, given by Insignia/ESG, Inc. in favor of GMAC Commercial Mortgage Corporation ("Lender").

(b) Guaranty of Recourse Obligations (Senior Loan), dated as of August 27, 2002, given by Insignia Realty Investors, LLC and Arthur Solomon in favor of Lender.

(c) Environmental Indemnity Agreement (Senior Loan), dated as of August 27, 2002, by DSF Plainville, LLC, Insignia Realty Investors, LLC and Arthur Solomon, as indemnitors, in favor of Lender.

(d) Guaranty of Recourse Obligations (Junior Loan), dated as of August 27, 2002, given by Insignia/ESG, Inc. in favor of Lender.

(e) Guaranty of Recourse Obligations (Junior Loan), dated as of August 27, 2002, given by Insignia Realty Investors, LLC and Arthur Solomon in favor of Lender.

(f) Environmental Indemnity Agreement (Junior Loan), dated as of August 27, 2002, by DSF Plainville, LLC, Insignia Realty Investors, LLC and Arthur Solomon, as indemnitors, in favor of Lender.

9. Brookhaven Village

(a) Loan Agreement, dated December 7, 1998, between ICIG Brookhaven L.L.C. ("Borrower") and General Electric Capital Corporation ("Lender"), amended by First Amendment to Loan Agreement, dated as of May 15, 2002, between Lender and Borrower, contains recourse carve-outs.

(b) Joinder (to Loan Agreement) given by Insignia Commercial Investment Group, Inc., dated as of December 7, 1998, in favor of Lender, reaffirmed in First Amendment to Loan Agreement, dated as of May 15, 2002.

10. Westward Look Resort

(a) Non-recourse guaranty given by Insignia Hotels, LLC, Insignia Hotels II, LLC, Insignia Hotels III, LLC, Insignia Hotels IV, LLC, Insignia Hotels V, LLC and Altamont LLC dated as of September 14, 2000 in favor of Debis Financial Services, Inc. ("Lender"). Insignia Hotels IV and V have been dissolved and notice hereof has been given to Lender.

(b) Cost Overrun Guaranty given by Insignia Hotels VI, L.L.C., in favor of Gerard G. Leeds, as trustee of the Gerard G. Leeds Lifetime Trust, the Travelers Insurance Company and the Travelers Indemnity Company, dated as of September 14, 2000 (Insignia Realty Investors LLC and Altamont Properties each owns 50% of Insignia Hotels VI, L.L.C. Pursuant to the Operating Agreement of Insignia Hotels VI, L.L.C., Insignia and Altamont will each be responsible for 50% of any amounts paid under such Cost Overrun Guaranty, subject to any indemnification provisions set forth therein).

11. Campbell Centre

(a) Insignia/ESG, Inc. Joinder to Agreement of Limited Partnership of Dallas RPFIV Campbell Centre Associates Limited Partnership (the "Partnership"), dated as of May 1, 1998, given by Insignia/ESG, Inc. in favor of GEIRPIV Holding Corporation, GE Investment Realty Partners IV, Limited Partnership and the Partnership.

12. The Pointe Office Center

(a) Guaranty of Recourse Obligations of Borrower, dated December 11, 1998, given by Pivotal Group II L.L.C. in favor of GMAC Commercial Mortgage Corporation ("Lender") and assumed by IFS Acquisition Directives, LLC ("IFS") pursuant to Assignment and Assumption Agreement, dated April 18, 2000, by and between WXII/PCC Real Estate Limited Partnership ("WXII"), IFS, Pivotal Simon Office XVI L.L.C., Pivotal Group II L.L.C. and Lender (the "Assumption Agreement").

(b) Environmental Indemnity Agreement, dated December 11, 1998, by Pivotal Simon Office XVI L.L.C. and Pivotal Group II L.L.C. in favor of Lender, assumed by WXII and IFS pursuant to the Assumption Agreement.

13. 1201 Lloyd Boulevard

(a) Limited Guaranty Agreement, dated as of September 12, 2000, by ICIG Lloyd Investors II, LLC for the benefit of Bank of America, N.A. ("Lender").

(b) Guaranty Agreement, dated as of September 12, 2000, by Insignia Commercial Investments Group, Inc. for the benefit of Lender.

14. Peakview Place

(a) Section 7.3 of the Limited Partnership Agreement of Peakview Place, L.P. contains a cost overrun guaranty by ICIG Directives, LLC and ICIG Peakview Place, LLC in favor of Recap Office Developments, L.P. and Peakview Place, L.P.

(b) ICIG Directives, LLC, as general partner of Peakview Place, L.P. (the "Borrower") is liable for non-recourse carveouts in loan documents between Borrower and Principal Life Insurance Company.

(c) Guaranty, dated December __, 1999, by ICIG Directives, LLC, ICIG Peakview Place, LLC and Insignia Commercial Investments Group, Inc. ("ICIG") in favor of Recap Office Developments, L.P. and Peakview Place, L.P.

(d) Guaranty, dated July __, 1999, given by ICIG favor of Principal Life Insurance Company.

15. Sun Tech Commerce Park

(a) Cost Overrun Guaranty, dated August 31, 2000, by Insignia Commercial Investments Group, Inc. and ICIG Hillsboro Investors, LLC in favor of The Travelers Insurance Company, The Travelers Indemnity Company, Hillsboro Properties, Inc. and ICIG Hillsboro Investors II, LLC.

16. Gateway Commerce

(a) Guaranty Agreement, dated as of November 13, 1998, by Insignia Commercial Investments Group, Inc. in favor of Nationsbank, N.A. as amended by the Modification Agreement, dated as of October 6, 1999, by and among Bank of America, N.A. f/k/a Nationsbank, N.A., Gateway Commercial, L.P., Insignia Development Corporation and Insignia Commercial Investments Group, Inc. (the "Modification Agreement").

(b) Guaranty Agreement, dated as of November 13, 1998, by Insignia Development Corporation in favor of Nationsbank, N.A., as amended by the Modification Agreement.

(c) ICIG Directives, LLC as the general partner or Gateway Commerce, L.P. (the "Borrower") will have liability for non-recourse carveouts pursuant to the loan documents between Bank of America f/k/a Nationsbank, N.A. and Borrower.

17. Western U.S. Hotel Portfolio

(a) Guaranty given by Insignia Hotels, L.L.C. in favor of Boutique Hotel Company, L.L.C., Realty Equity Ventures Holding LLC, REV – Tranche II Holding LLC, Boutique Hotel Investors Inc., and Boutique Hotel Investors II Inc., pursuant to Section 3.6 of the Operating Agreement of Boutique Hotel Company, L.L.C., dated as of December 20, 1999 (Insignia Realty Investors, L.L.C. and Altamont Properties each own 50% of Insignia Hotels, L.L.C. Pursuant to the Operating Agreement of Insignia Hotels L.L.C., Insignia and Altamont will each be responsible for 50% of any amounts paid under (a) and (b) above, subject to any indemnification provisions set forth therein).

Letters of Credit Provided by Seller or its Subsidiaries Relating to any Asset or Covered Interest

18. Glades Plaza

Irrevocable Standby Letter of Credit #SM419743C, issued January 18, 2002 by First Union National Bank, in the amount of $200,000 for the account of Insignia Financial Group Inc., on behalf of ICIG Directives, LLC, for the benefit of Lone Star Opportunity Fund, L.P.

19. 1201 Lloyd

Irrevocable Letter of Credit #SM413842C, issued September 11, 2000 and amended September 18, 2002 by First Union National Bank, in the amount of $1,500,000 for the account of ICIG Lloyd Investors II, LLC, for the benefit of Bank of America, N.A.

20. Peakview Place

(a) Irrevocable Standby Letter of Credit #SM410958C, issued December 2, 1999, by First Union National Bank, in the amount of $4,000,000 for the account of Insignia Financial Group Inc., on behalf of Peakview Place, L.P., for the benefit of Principal Life Insurance Company.

(b) Irrevocable Standby Letter of Credit #SM409237C, issued June 3, 1999, by First Union National Bank, in the amount of $2,000,000, for the account of Insignia Financial Group Inc., on behalf of ICIG Peakview Place, LLC, for the benefit of Principal Life Insurance Company.

21. SunTech Commerce Park

Letter of Credit #SM413841C, issued August 17, 2000, by Wachovia Bank, N.A., in the amount of $1,000,000, for the account of ICIG Hillsboro Investors II, LLC, for the benefit of Washington Capital Joint Master Trust Mortgage Income Fund.

22. Gateway Commerce

Letter of Credit #S165631, issued on November 9, 1995 and amended from time to time, by Wachovia Bank, N.A., in the amount of $400,000 on behalf of Insignia/ESG Holdings, Inc., for the benefit of Bank of America, N.A. (f/k/a Nationsbank NA).

23. Centennial Tower

Irrevocable Standby Letter of Credit #SM410989C, issued on December 3, 1999 and amended on March 27, 2002, by First Union National Bank, in the amount of $1,312,500, for the account of Insignia Financial Group, Inc., on behalf of Centennial Directives, LLC, for the benefit of First Union National Bank, Miami, FL.

SCHEDULE 4.1

A) Guarantors of certain obligations:

1. Insignia Commercial Investments Group, Inc.
2. Insignia Development Corporation
3. Insignia Realty Investors III, LLC
4. ICIG Directives, L.L.C.
5. Centennial Directives, LLC
6. ICIG 101 Marietta, L.L.C.
7. IFS Acquisition LLC II
8. IFS Southland Investors, LLC
9. Insignia Realty Investors, LLC
10. ICIG Brookhaven, L.L.C.
11. Insignia Hotels, L.L.C.
12. Insignia Hotels, II, L.L.C.
13. Insignia Hotels III, L.L.C.
14. Insignia Hotels IV, L.L.C.
15. Insignia Hotels V, L.L.C.
16. ICIG Country Club Manor, L.L.C.
17. IFS Acquisition Directives, LLC
18. ICIG Lloyd Investors II, LLC
19. ICIG Peakview Place, LLC
20. ICIG Hillsboro Investors, LLC

B) Covered Entities (as defined in the Merger Agreement) not otherwise listed above:

1. Insignia Hotels VI, L.L.C.
2. Insignia Opportunity Directives, LLC
3. Insignia Opportunity Directives II, LLC
4. ICII-WV Holdings, LLC
5. WV Funding, LLC
6. IFC Acquisition Corp. I
7. IFC Acquisition Corp. II
8. ICIG Santa Rosa, LLC
9. Insignia Hotels VII, L.L.C.
10. Bluffs Investors, LLC
11. Insignia Residential Investment Corporation
12. Mosby Fairfax Investors, LLC
13. Insignia Realty Investors II, LLC
14. First Clayton Properties, L.P.

C) Covered Interests which represent general partner interests not otherwise listed above:

1. RAQZ Corp. (to be converted)

2. Westville Properties, Inc. (to be converted)
3. Oppenheimer-West Village Properties, Inc. (to be converted)
4. ICIG Oakhill Directives, LLC
5. 894,600 Common Shares of Insignia Opportunity Trust held by Insignia/ESG Capital Corporation

SCHEDULE 4.3

Brookhaven Village Shopping Center

West Village Houses Apartment Complex

SCHEDULE 4.9(a)

Name of Employee
General
Marc Levy
Elie Finegold
Eddie Caskey
Tara Currin
Laura Helfert
Greg Arrell
Melanie Spinella
John Meloney
Joseph Viggiano
Wanda Dickson
Allison Brown
Elmer Jones
Shirley Bolden
Jana Pisani
Suzanne Nugent
Natalie Antoinette
Co-Investment
Jeffrey Goldberg
Deb Botzenhart
Steve Schoenbachler
Doug Plyler
Tom Molina
Shawn Veldhouse
Marjorie Coco
Christi Hendrix
Heather Zapart

SCHEDULE 4.9(a)
(continued)

Name of Employee
Development / Yacht Haven
Barry Nelson
Scott Tubbs
Todd Kenny
John Stadler
Vicki Gorka
Gwen Hoehne
Christa Huss
Gerard Auguiste
Mitra Bickraj
Abby Davison
Joseph Cortwright
Leroy Knight
John Madden III
Frederick Matthew
Debt Funds
George Carleton
Brenda Mixson
Joseph Lytle
Neil McLeod
Sharon Summers

SCHEDULE 4.9(b)

Jeffrey P. Cohen

SCHEDULE 4.12

RAQZ Corp.

Westville Properties Inc.

Oppenheimer-West Village Properties, Inc.

SCHEDULE 5.5

Required Consents

1. YACHT HAVEN

A. Consent of Lehman Brothers Holdings Inc. ("Lehman") to the transfer of the mortgaged property or any interest therein owned by IN-USVI, LLC ("IN-USVI") to Newco or to Buyer, in connection with the Loan Agreement, dated as of July 10, 2002, between Lehman and IN-USVI.

B. Consent of The West Indian Company, Limited ("WICO"), as landlord, to a transfer of the beneficial ownership interests in IN-USVI, as tenant, owned by Insignia Yacht Haven Corp. to Newco or to Buyer pursuant to the Development and Lease Agreement, effective February 1, 2002, between WICO and IN-USVI (as assignee).

C. Consent of the Government of the Virgin Islands through its Department of Planning and Natural Resources to the assignment of the Lease Agreement relating to submerged lands to Newco or to Buyer.

D. Consent of the St. Thomas CZM Committee to transfer of CZM Permit Application, or any permit issued thereunder, to Newco or to Buyer.

2. 260 PARK AVENUE

A. Consent of the lender at the time of the Closing ("Lender") to the transfer of any direct or indirect interest in 260 Park Avenue South, LLC owned by Insignia Realty Investors, LLC ("IRI") to Newco or to Buyer, if such consent is required.

B. Consent of Max 260 Park Avenue South Holdings, LLC ("Max") to the transfer of any interest in Max 260 Park Avenue South LLC owned by IRI to Newco or to Buyer, as required by the Limited Liability Company Agreement of Max, dated as July 31, 2002.

3. INSIGNIA OPPORTUNITY PARTNERS / INSIGNIA OPPORTUNITY TRUST

A. Consent of the Board of Trustees of Insignia Opportunity Trust ("IOT") to the transfer of the common shares of IOT owned by I/ESG Capital Corporation to Newco or to Buyer, as required under (i) IOT's Declaration of Trust and (ii) the Subscription Agreement between I/ESG Capital Corporation and IOT.

B. Consent of Insignia Opportunity Partners ("IOP") to the assignment by Insignia Investment Management, Inc. ("IIMI") to Buyer or an Affiliate of Buyer of all of IIMI's rights and obligations under the Asset Management and Acquisition Services

Agreement with IOP and IOT, as required under the Investment Advisors Act of 1940, as amended.

C. Consent of the holders of the requisite number of common shares of IOT to the assignment by IIMI to Buyer or an Affiliate of Buyer of all of IIMI's rights and obligations under the Asset Management and Acquisition Services Agreement with IOP and IOT, as required under such agreement.

D. Consent of Morgan Stanley & Co. International Limited and Morgan Stanley & Co. Incorporated to the extension to June 30, 2004 of the "Repurchase Date" under that certain Master Repurchase Agreement, dated as of October 27, 2000, between IOP and Morgan Stanley & Co. International Limited, as amended.

4. INSIGNIA OPPORTUNITY PARTNERS II, L.P.

A. Consent of Insignia Opportunity Directives II, LLC, in its capacity as general partner of Insignia Opportunity Partners II, L.P. ("IOP-II"), to the transfer of the limited partner interests in IOP-II owned by Insignia Capital Investments Inc. to Newco or to Buyer, as required under IOP-II's Partnership Agreement, as amended.

B. Consent of IOP-II to the assignment by IIMI to Buyer or an Affiliate of Buyer of all of IIMI's rights and obligations under the Investment Management Agreement with IOP-II, as required under the Investment Advisors Act of 1940, as amended.

C. Consent of a majority in interest of the limited partners of IOP-II to the assignment by IIMI to Buyer or an Affiliate of Buyer of all of IIMI's rights and obligations under the Investment Management Agreement with IOP, as required under such agreement.

D. Consent of Morgan Stanley & Co. International Limited and Morgan Stanley & Co. Incorporated to the extension to June 30, 2004 of the "Repurchase Date" under that certain Master Repurchase Agreement, dated as of March 7, 2002, between IOP-II and Morgan Stanley & Co. International Limited, as amended.

SCHEDULE 5.7(ix)

(i) The proposed or actual acts of repaying any debt relating to West Village Houses apartment complex (the "**Project**") and/or the subsequent dissolution or reconstitution of Washington Village Housing Corp. under, or conversion or removal of the Project from the jurisdiction of, New York's Limited Profit Housing Law or other governmental rent regulations or (ii) the applicability of the New York City Rent Stabilization Law of 1969, as amended, to the Project, including, without limitation, the pending litigation captioned Kathryn O'Brien Bordonaro, et al., Plaintiffs, against West Village Associates and Washington Village Housing Corp., Defendants (Index No. 100523/032, IAS Part 54), in the Supreme Court of the State of New York, County of New York, relating to the Project, but solely to the extent such litigation relates to clause (i) and (ii) above.

SCHEDULE 7.1(a)

Any Consents set forth in Schedule 5.5 of the Disclosure Schedules regarding Insignia Opportunity Partners / Insignia Opportunity Trust and Insignia Opportunity Partners II, L.P. to the extent such Consents would be required in connection with the Merger.

SCHEDULE 7.1(b)

American Property Consultants, LTD (together with its successors, "APC"), commenced an action in the Supreme Court of the State of New York, County of New York, against Seller, Insignia Acquisition Corporation, Insignia/ESG, Inc., Insignia Douglas Elliman, LLC and Insignia Realty Investors III, LLC (collectively, "Insignia") (Index No. 600579/03) alleging the following two claims: (i) breach of a Confidentiality and Non-Circumvention Agreement between APC and Insignia entered into on or about February 12, 2002, and (ii) tortious interference with a Fee Agreement between APC and Max Capital Management Corp. (collectively with any of its Affiliates against whom APC shall assert a claim arising out of the alleged failure of APC to receive payments under the APC Fee Letter in respect of transactions that have occurred prior to the date hereof, "Max Capital") entered into on January 29, 2001 (the "APC Fee Letter"). In addition APC has commenced the following related actions: (1) APC against Max Capital (Index No. 603604/02), in the Supreme Court of the State of New York, County of New York alleging breach of contract and unjust enrichment; and (2) APC against YT&T Holdings, Inc. (collectively with any of its Affiliates against whom APC shall assert a claim arising out of the alleged failure of APC to receive payments under the APC Fee Letter in respect of transactions that have occurred prior to the date hereof, "YT&T") (Index No. 600730/03), in the Supreme Court of the State of New York, County of New York, alleging (i) breach of a Confidentiality and Non-Circumvention Agreement between APC and YT&T and (ii) tortious interference with a Fee Agreement between APC and Max Capital Management Corp. entered into on January 29, 2001.

Insignia, Max Capital and YT&T are herein collectively referred to as the "Defendants," and the foregoing actions commenced by APC and any other claims asserted by APC arising out of the alleged failure of APC to receive payments under the APC Fee Letter in respect of transactions that have occurred prior to the date hereof are herein collectively referred to as the "APC Claims."

For purpose of Section 7.1(a)(ii) and Section 7.1(b)(ii) of this Agreement, the Parties agree that if Buyer makes any payment, directly or indirectly (for the avoidance of doubt, any payment made by any Subsidiary of Buyer or by any partnership or joint venture owned directly or indirectly by Insignia, Max Capital and/or YT&T will be considered to be a direct or indirect payment by Buyer to the extent of Buyer's direct or indirect proportionate economic interest in such Subsidiary, partnership or joint venture (e.g., if Buyer owns one-third of such a partnership and the partnership pays $900,000 pursuant to a Settlement, then Buyer will be deemed to have paid $300,000 directly or indirectly to APC)), to APC pursuant to a Final Order or Settlement in respect of any APC Claim and/or to the SC Indemnified Parties pursuant to the provisions of the immediately following paragraph, then Seller and the CB Parties shall reimburse Buyer for, and indemnify and hold Buyer harmless from and against, the amount (if any) by which the aggregate amount of such payments to APC and/or the SC Indemnified Parties directly or indirectly made by Buyer (calculated as provided above) exceeds one-third of the Total

APC Liability Amount, but in no event shall the aggregate indemnification obligation provided in this paragraph be more than $1,333,333 in the aggregate.

For purpose of Section 7.1(c)(ii) of this Agreement, the Parties agree that in the event that any SC Indemnified Party makes any payment, directly or indirectly, to APC pursuant to a Final Order or Settlement in respect of any APC Claim, then Buyer shall reimburse the SC Indemnified Parties for, and indemnify and hold the SC Indemnified Parties harmless from and against, such payment in an amount equal to the sum of (A) one-third of the Total APC Liability Amount, minus (B) the aggregate amount of payments that Buyer has made, directly or indirectly (calculated in the manner provided in the immediately preceding paragraph), to APC in respect of any APC Claim (if any), minus (C) the aggregate amount of all previous payments to the SC Indemnified Parties pursuant to the provisions of this paragraph (if any), but in no event shall the aggregate indemnification obligation provided in this paragraph be more than the lesser of (x) the aggregate amount of such payments made directly or indirectly by the SC Indemnified Parties to APC and/or to Buyer pursuant to the immediately preceding paragraph or (y) $666,667 in the aggregate.

"Final Order" shall mean a final, non-appealable order or decree of a court of competent jurisdiction in respect of any APC Claim, provided that Final Order shall also include any payments made in respect of any judgment (whether or not final and non-appealable) by any Defendant other than Insignia, Buyer or Buyer's Subsidiaries.

"Settlement" shall mean a written settlement agreement to which any of the Defendants or SC Indemnified Parties is a party to the extent that it relates to any or all of the APC Claims.

"Total APC Liability Amount" shall mean the aggregate amount of all payments made by (or on behalf of) all Defendants and SC Indemnified Parties to APC in respect of the APC Claims pursuant to one or more (x) Final Orders or (y) Settlements .

For the avoidance of doubt, each of Seller, Buyer and the CB Parties agrees that neither it nor any of its controlled Affiliates will enter into or agree to any Settlement without the prior written consent of any Party from which it will seek indemnification from in respect of such Settlement.

The indemnity provided in this Schedule 7.1(b) is the only indemnification pursuant to Sections 7.1(a), (b) and (c) in respect of any APC Claims.

SCHEDULE 9.6

Centennial Tower

Gateway One on the Mall

Country Club Manor

Airport Corporate Center

Amberjack Portfolio

- Office Scape
- River Drive Center
- Princeton Pike Corporate Center
- Allied Distribution Center

Peakview Place (Phase One)

Gold River 4-7

Gold River 6-7

The Pointe Office Center 1

The Pointe Office Center 2

7100 Business Park

Sun Tech Commerce Park

1201 Lloyd Boulevard

Southland Office Center

Gateway Commerce

Ten/10 Post Office Square

185 Devonshire

SCHEDULE 9.7(i)

Letters of Credit Provided by Seller Relating to Assets or Covered Interests

Amount	Beneficiary	Asset
$ 400,000	Bank of America, N.A.	Gateway Commerce
2,000,000	Principal Life Insurance Company	Peakview Place
4,000,000	Principal Life Insurance Company	Peakview Place
1,312,500	First Union National Bank, Miami, FL	Centennial Tower
1,000,000	Washington Capital Joint Master Trust Mortgage Income Fund	Sun Tech Commerce Park
1,500,000	Bank of America, N.A.	1201 Lloyd Blvd.
200,000	Lone Star Opportunity Fund, LP	Glades Plaza
$ 10,412,500.00		

SCHEDULE 9.7(ii)

Centennial Guaranty

Guaranty of $1,312,500 made by Insignia Financial Group, Inc. in favor of First Union National Bank, pursuant to Amended Guaranty, dated as of November 30, 2001, relating to the Asset known as Centennial Tower (f/k/a 101 Marietta)

SCHEDULE 13.15(dddd)

Asset Book Values as of December 31, 2002

Property	12/31/2002 Book Value
Co-Investments:	
101 Marietta	$ 1,236,243
Oakhill Village	135,561
Glades Plaza	2,088,986
Campbell Centre I & II	350,107
Santa Rosa	416,838
Gateway One	1,665,608
Country Club Manor	312,871
The Bluffs	63,731
Airport Corp Center	1,616,879
Amberjack Portfolio	1,739,974
Boutique Hotel Company, LLC	517,227
The Pointe Corp	100,499
1001 S. Clinton	1,456,999
Gold River 4-5-6-7	670,909
7100 Business Park	441,623
Westward Look Resort	434,908
McAlpine Place	39,013
Southland Office Center	1,108,570
10 Post Office Square	1,496,429
Andover Woods	36,070
Celebrate VA Corp	750,000
Mack-Cali Portfolio	514,539
Cytec Research Center	339,927
260 Park Avenue	2,120,295
The Mosby	71,301
Colonial Village (Town & Country)	887,322
Brookhaven Village	926,547
EFO Realty Sponsor Fund II, LP	129,991
Praedium Peformance Fund IV	357,315
Total Co-Investment	22,026,282
Developments:	
Gateway Commerce	$ 437,186
Peakview Place One	3,395,476
Peakview Place Two	1,725,611
Sun Tech	1,448,937
1201 Lloyd Blvd	4,732,212
Nautica	19,320,798
Total Development	31,060,220
IOP Funds:	
IOP/IOT	$ 12,432,000
IOP II	3,649,000
Total Funds	16,081,000

SCHEDULE 13.15(dddd)
(continued)

Other:	
West Village	1,496,220
Internet Realty Partners (Cohen & Steers)	900,000
Total Other	2,396,220
Total Portfolio	**$ 71,563,722**

SCHEDULE 13.15(kkkk)

1. Gateway One on the Mall: Insignia/ESG, Inc. Joinder, dated July 1, 1998, given by Insignia/ESG, Inc. in favor of GEIRPIV Holding Corporation, GE Investment Realty Partners IV, Limited Partnership and St. Louis RPFIV Gateway One Associates Limited Liability Company (the “Company”), annexed to the Operating Agreement of the Company, dated as of July 1, 1998.

2. Airport Corporate Center: Insignia/ESG, Inc. Joinder, dated March 15, 1999, given by Insignia/ESG, Inc. in favor of GEIRPIV Holding Corporation, GE Investment Realty Partners IV, Limited Partnership and Miami RPFIV Airport Corporate Center Associates Limited Liability Company (the “Company”), annexed to the Operating Agreement of the Company, dated as of March 15, 1999.

3. Campbell Centre: Insignia/ESG, Inc. Joinder to Agreement of Limited Partnership of Dallas RPFIV Campbell Centre Associates Limited Partnership (the “Partnership”), dated as of May 1, 1998, given by Insignia/ESG, Inc. in favor of GEIRPIV Holding Corporation, GE Investment Realty Partners IV, Limited Partnership and the Partnership.

4. Colonial Village:

   (a) Guaranty of Recourse Obligations (Senior Loan), dated as of August 27, 2002, given by Insignia/ESG, Inc. in favor of GMAC Commercial Mortgage Corporation (“Lender”).

   (b) Guaranty of Recourse Obligations (Junior Loan), dated as of August 27, 2002, given by Insignia/ESG, Inc. in favor of Lender.

Exhibit 3.1(b)

SIXTH AMENDED AND RESTATED

BY-LAWS

OF

CB RICHARD ELLIS SERVICES, INC.

ARTICLE I

MEETING OF STOCKHOLDERS

Section 1. Place of Meeting and Notice. Meetings of the stockholders of the Corporation shall be held at such place either within or without the State of Delaware as the Board of Directors may determine.

Section 2. Annual and Special Meetings. Annual meetings of stockholders shall be held, at a date, time and place fixed by the Board of Directors and stated in the notice of meeting, to elect a Board of Directors and to transact such other business as may properly come before the meeting. Special meetings of the stockholders may be called by the President or any Vice President for any purpose and shall be called by the President or Secretary if directed by the Board of Directors or requested in writing by the holders of not less than 25% of the capital stock of the Corporation. Each such stockholder request shall state the purpose of the proposed meeting.

Section 3. Notice. Except as otherwise provided by law, at least ten and not more than 60 days before each meeting of stockholders, written notice of the time, date and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder.

Section 4. Quorum. At any meeting of stockholders, the holders of record, present in person or by proxy, of a majority of the Corporation’s issued and outstanding capital stock shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

Section 5. Voting. Except as otherwise provided by law, all matters submitted to a meeting of stockholders shall be decided by vote of the holders of record of a majority of the Corporation’s issued and outstanding capital stock present in person or by proxy.

ARTICLE II

DIRECTORS

Section 1. Number, Election and Removal of Directors. The number of Directors that shall constitute the Board of Directors shall be not more than 11. The first Board of Directors shall consist of one Director. Thereafter, within the limits specified above, the number of Directors shall be determined by the Board of Directors or by the stockholders. The Directors shall be elected by the stockholders at their annual meeting. Vacancies and newly created directorships resulting from any increase in the number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by the sole remaining Director or by the stockholders. A Director may be removed with or without cause by the stockholders.

Section 2. Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may from time to time be fixed by the Board of Directors or as may be specified in a notice of meeting. Special meetings of the Board of Directors may be held at any time upon the call of the President and shall be called by the President or Secretary if directed by at least one-third of the Directors. Telegraphic or written notice of each special meeting of the Board of Directors shall be sent to each Director not less than two days before such meeting. A meeting of the Board of Directors may be held without notice immediately after the annual meeting of the stockholders. Notice need not be given of regular meetings of the Board of Directors.

Section 3. Quorum. One-half of the total number of Directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until such a quorum is present. Except as otherwise provided by law, the Certificate of Incorporation of the Corporation, these By-Laws or any contract or agreement to which the Corporation is a party, the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

Section 4. Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees, including without limitation an Executive Committee, to have and exercise such power and authority as the Board of Directors shall specify. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in place of any such absent or disqualified member.

ARTICLE III

OFFICERS

The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other additional officers with such titles as the Board of Directors shall determine, all of whom shall be chosen by and shall serve at the pleasure of the Board of Directors. Such officers shall have the usual powers and shall perform all the usual duties incident to their respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. The authority, duties or responsibilities of any officer of the Corporation may be suspended by the President with or without cause. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause.

ARTICLE IV

INDEMNIFICATION

To the fullest extent permitted by the Delaware General Corporation Law, the Corporation shall indemnify any current or former Director or officer of the Corporation and may, at the discretion of the Board of Directors, indemnify any current or former employee or agent of the Corporation against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding brought by or in the right of the Corporation or otherwise, to which he was or is a party or is threatened to be made a party by reason of his current or former position with the Corporation or by reason of the fact that he is or was serving, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The Corporation may purchase and maintain insurance on behalf of any person described in this Article IV against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article IV or otherwise.

ARTICLE V

GENERAL PROVISIONS

Section 1. Notices. Whenever any statute, the Certificate of Incorporation or these By-Laws require notice to be given to any Director or stockholder, such notice may be given in writing by mail, addressed to such Director or stockholder at his address as it appears in the records of the Corporation, with postage thereon prepaid. Such notice shall be deemed to have been given when it is deposited in the United States mail. Notice to Directors may also be given by telegram.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

Exhibit 3.3(a)

ARTICLES OF INCORPORATION
OF
BAKER COMMERCIAL REALTY, INC.

The undersigned, acting as incorporator of a corporation under the Texas Business Corporation Act (the "Act"), does hereby adopt the following Articles of Incorporation for the corporation:

1. *NAME*. The name of the corporation is Baker Commercial Realty, Inc.

2. *DURATION*. The period of its duration is perpetual.

3. *PURPOSE*. The purposes for which the corporation is organized are to engage in business as a real estate broker under the provisions of the Texas Real Estate License Act and similar statutes in other states and for the transaction of any or all other lawful business for which corporations may be incorporated under the Act.

4. *SHARES*. The aggregate number of shares which the corporation shall have authority to issue is ONE THOUSAND (1,000) shares of Common Stock of the par value of ONE DOLLAR ($1.00) each.

5. *COMMENCEMENT OF BUSINESS*. The corporation will not commence business until it has received for the issuance of its shares consideration of the value of at least One Thousand Dollars ($1,000.00), consisting of money, labor done or property actually received.

6. *REGISTERED OFFICE AND AGENT*. The post office address of its registered office is 7215 Desco Drive, Dallas, Texas 75225, and the name of its initial registered agent at such address is Philip C. Baker.

7. *INITIAL DIRECTORS*. The number of directors constituting the initial Board of Directors is two (2); thereafter, the number of directors of the corporation shall be fixed in

accordance with the Bylaws. The names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

Philip C. Baker	7215 Desco Drive Dallas, TX 75225
Pamela Baker	7215 Desco Drive Dallas, TX 75225

8. *INCORPORATOR*. The name and address of the incorporator is: Philip C. Baker, 7215 Desco Drive, Dallas, TX 75225.

9. *PRE-EMPTIVE RIGHTS*. No Shareholder shall have any pre-emptive rights to purchase shares of the corporation.

10. *NON-CUMULATIVE VOTING*. Cumulative voting is expressly prohibited. Directors shall be elected by majority vote of the shares represented at any meeting at which a quorum is present.

11. *BYLAWS*. The power to alter, amend or repeal the Bylaws or to adopt new Bylaws shall be vested in either the shareholders or the Board of Directors of the corporation.

12. *LIABILITY OF DIRECTORS*. A director of the corporation shall not be liable to the corporation or its shareholders or members for monetary damages for an act or omission in the directors capacity as director, except that this Article does not eliminate or limit liability of a director for:

(a) a breach of the director’s duty of loyalty to the corporation or its shareholders or members;

(b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

(c) a transaction for which a director received an improper benefit, whether or not the be benefit resulted from an action taken within the scope of the director's office;

(d) an act or omission for which the liability of a director is expressly provided for by statute; or

(e) an act related to an unlawful stock repurchase or payment of a dividend.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of July, 1992.

/s/ Philip C. Baker

Philip C. Baker

Exhibit 3.3(b)

BYLAWS

OF

BAKER COMMERCIAL REALTY, INC.

AUGUST 3, 1992

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BYLAWS
OF
BAKER COMMERCIAL REALTY, INC.

ARTICLE I

OFFICES

Section 1.1 *Registered Office*. The registered office shall be located in Dallas, County, Texas. The address of the registered office may be changed from time to time.

Section 1.2 *Other Offices*. The corporation may also have offices at such other places within or without the State of Texas as the Board of Directors may from time to time determine, or as the business of the corporation may require.

Section 1.3 *Registered Agent*. The corporation shall have and continuously maintain in the State of Texas a registered agent, which agent may be either an individual resident of the State of Texas whose business office is identical with the corporation's registered office, or a domestic corporation, or, a foreign corporation authorized to do business in the State of Texas which has a business office identical with the corporation's registered office. The registered agent may be change from time to time by the Board of Directors or an officer of the corporation so authorized by the Board of Directors. The present registered agent of the corporation is Philip C. Baker.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 2.1 *Annual Shareholder Meetings*. An annual meeting of shareholders shall be held on the first Friday in June in each year, commencing in the year 1993, if not a legal holiday, and if a legal holiday, then on the next business day following. The date and time of the annual meeting of shareholders may be changed by appropriate resolutions of the Board of Directors, to a time within sixty (60) days before or following the date and time stated herein. At this meeting, the shareholders shall elect a Board of Directors, and may transact other business properly brought before the meeting.

Section 2.2 *Special Shareholder Meetings*. Special meetings of the shareholders, for any purpose or purposes, described in the meeting notice, may be called by the President, the Board of Directors, or the Chairman of the Board of Directors, and shall be called by the President at the request of the holders of not less than one-tenth of all outstanding shares of the corporation entitled to be cast on any issue at such meetings.

Section 2.3 *Location of Shareholder Meetings*. Meetings of shareholders shall be held in the County of Dallas, State of Texas, or at the location specified in the notice of the meeting or in a duly executed waiver thereof. Meetings of shareholders may be held by means of conference telephone or similar communications equipment by means of which all persons

participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 2.4 *List of Shareholders*. At least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at said meeting arranged in alphabetical order, with the address of each and the number of voting shares held by each, shall be prepared by the officer or agent having charge of the stock transfer book. This list shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours for a period of ten (10) days prior to such meeting. This list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting.

Section 2.5 *Notice of Shareholder Meetings*. A written or printed notice stating the place, day and hour of any annual or special shareholder meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the officer or person calling the meeting, to each shareholder of record entitled to vote at the meeting and to any shareholder entitled by the Texas Business Corporation Act or the articles of incorporation to receive notice of the meeting. If mailed, notice shall be deemed to be delivered when deposited, postage prepaid, in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation.

Section 2.6 *Waiver of Notice*. Whenever any notice is required to be given to any shareholder under the provisions of applicable statutes, the Articles of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time therein, shall be equivalent to the giving of notice.

Section 2.7 *Quorum*. The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of shareholders except as otherwise provided by statute, the Articles of Incorporation or these Bylaws. If, however, a quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be represented. At any adjourned and reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.8 *Majority May Conduct Business*. When a quorum is present at any meeting, the vote of the holders of a majority of all the shares present, whether in person or by proxy, shall be the act of the shareholders' meeting, unless the vote of a greater number is required by statute, the Articles of Incorporation or these Bylaws.

Section 2.9 *Voting of Shares*. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of the shareholders, except to

the extent that the voting rights of the shares of any class shall be limited or denied by the Articles of Incorporation and except as otherwise provided by statute. Redeemable shares are not entitled to vote after the date fixed for redemption by Board of Directors resolution.

Section 2.10 *Voting for Directors*. Unless otherwise provided in the articles of incorporation, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Cumulative voting is prohibited.

Section 2.11 *Proxies*. A shareholder may vote either in person or by proxy executed in writing by the shareholder or which is executed by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law. Each proxy shall be filed with the secretary to the corporation prior to, or at the time of, the meeting.

Section 2.12 *Shareholder Action Without Meeting.* Any action required by statute to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of the shareholders, may be taken without a meeting if one or more consents in writing, setting forth the action so taken, shall be signed by a majority of the shareholders entitled to vote with respect to the subject matter thereof and are delivered to the corporation for inclusion in the minute book.

Section 2.13 *Voting of Shares of Certain Holders.*

(a) Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may authorize, or in the absence of such authorization, as the Board of Directors of such corporation may determine.

(b) Shares held by an administrator, executor, guardian or conservator may be voted by him, so long as such shares are in the possession and forming a part of the estate being served by him, either in person or by proxy, without a transfer of the shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of the shares into his name as trustee.

(c) Shares standing in the name of a receiver may be voted by the receiver, and shares held by or under the control of a receiver may be voted by him without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which he was appointed.

(d) A shareholder whose shares are pledged shall be entitled to vote such shares until they have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the transferred shares.

(e) Treasury shares, shares of its own stock owned by another corporation, the majority of the voting stock of which is owned or controlled by it, and shares of its own stock held by the corporation in a fiduciary capacity shall not be voted, directly or

indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

Section 2.14 *Record Dates*. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any distribution or dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period not to exceed fifty (50) days. If the stock transfer books are closed for the purpose of determining shareholders entitled to notice of, or to vote at, a meeting of shareholders, the books shall be closed for at least ten (10) days immediately preceding the meeting.

In lieu of closing the stock transfer books, the Board of Directors may fix in advance as the record date for determination of shareholders, a date in any case to be not more than fifty (50) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring the determination of shareholders is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of, or to vote at, a meeting of shareholders, or entitled to receive payment of a dividend, the date on which notice of the meeting is mailed and the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made, as provided in this section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of stock transfer books and the stated period of closing has expired.

Section 2.15 *Nominations of Directors.* Any shareholder proposing to nominate a person for election to the Board of Directors shall provide the Corporation 120 days prior written notice of such nomination, stating the name and address of the nominee and describing his qualifications for being a Director of the Corporation. Such notice shall be sent or delivered to the principal office of the Corporation to the attention of the Board of Directors, with a copy to the President and Secretary of the Corporation.

Section 2.16 *Chairman of Meeting*. At any meeting of shareholders, the Chairman or President of the Corporation (in such order) shall act as the chairman of the meeting, and the shareholders shall not have the right to elect a different person as chairman of the meeting. The chairman of the meeting shall have the authority to determine (i) when the election polls shall be closed in connection with any vote to be taken at the meeting; and (ii) when the meeting shall be recessed. No action taken at a meeting shall become final and binding if any group of shareholders representing 20% or more of the shares entitled to be voted for such act on shall contest the validity of any proxies or the outcome of any election.

Section 2.17 *Order of Business.* The order of business at annual meetings, and so far as practicable at other meetings of shareholders, shall be as follows unless changed by the Board of Directors:

(a) Call to order

(b) Proof of due notice of meeting

(c) Determination of quorum and examination of proxies

(d) Announcement of availability of voting list

(e) Announcement of distribution of annual statement

(f) Reading and disposing of minutes of last meeting of shareholders

(g) Reports of Officers and committees

(h) Appointment of voting inspectors

(i) Unfinished business

(j) New business

(k) Nomination of Directors

(l) Opening of polls for voting

(m) Recess

(n) Reconvening; closing of polls

(o) Report of voting inspectors

(p) Other business

(q) Adjournment

ARTICLE III

DIRECTORS

Section 3.1 *Powers*. The business and affairs of the corporation shall be managed by its Board of Directors, which may exercise all powers of the corporation and do all lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 3.2 *Number and Election of Directors.* The number of directors constituting the Board of Directors of the corporation shall be fixed by the Board of Directors from time to time. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 3.4, and each director elected shall hold office until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified or until removed. Directors need not be residents of the State of Texas or shareholders of the corporation unless so required in the articles of incorporation.

Section 3.3 *Removal of Directors.* Any director may be removed by the affirmative vote of the holders of a majority of the shares represented at any shareholders' meeting at which a quorum is present, provided that the proposed removal is stated in the notice of the meeting. The removal may be with or without cause unless the Articles of Incorporation provide that directors may only be removed with cause.

Section 3.4 *Elections to Fill Vacancies.* Any vacancy occurring on the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled either by (i) election at an annual or special meeting of shareholders called for that purpose, or (ii) the

Board of Directors, provided that the term of office of such director who filled a vacancy created by an increase in the number of directors may not serve past the next election for one or more directors of the Corporation, and provided further, that no more than two such directorships may be filled by the Board of Directors resulting from an increase in the number of directors during the period between any two successive annual meetings of shareholders.

Section 3.5 *Location of Meetings of the Board of Directors*. Meetings of the Board of Directors, regular or special, may be held either within or without the County of Dallas or the State of Texas.

Section 3.6 *First Meeting of Newly Elected Board of Directors*. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the shareholders at their annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided that a quorum shall be present. In the event of failure of the shareholders to fix the time and place of the first meeting of the newly elected Board of Directors, or in the event the meeting is not held at the time and place so fixed by the shareholders, such meeting may be held at the time and place specified in a notice given as provided for special meetings of the Board of Directors, or as specified in a written waiver signed by all of the directors.

Section 3.7 *Regular Meetings of the Board of Directors*. Regular meetings of the Board of Directors may be held without notice at such times and places as shall, from time to time, be determined, by resolution, by the Board of Directors.

Section 3.8 *Special Meetings of the Board of Directors*. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the President, and shall be called by the Secretary on the written request of any two (2) directors.

Section 3.9 *Notice of, and Waiver of Notice For, Special Meetings of the Board of Directors*. Unless the articles of incorporation provide for a longer or shorter period, notice of special meetings of the Board of Directors shall be given personally, in writing or by telegram, facsimile or other electronic means to each director at least two (2) days before the date of the meeting. If mailed, notice of any director meeting shall be deemed to be effective at the earlier of: (1) when received; (2) five days after deposited in the United States mail, addressed to the director’s business office, with postage thereon prepaid; or (3) the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the director. Any director may waive notice of any meeting. Except as provided in the next sentence, the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business and at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Unless required by the Articles of Incorporation, statute or these Bylaws, neither the business to be transacted at, nor the purpose of, any special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Notice shall be given by the person calling the meeting or by the Secretary. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in any notice or waiver of notice, except as may otherwise be expressly provided by statute, the Articles of Incorporation, or these Bylaws.

Section 3.10 *Director Quorum*. A majority of the directors prescribed by resolution shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board of Directors, unless a greater number is required by statute, the Articles of Incorporation or these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.11 *Directors, Manner of Acting*. Unless the Articles of Incorporation provide otherwise, any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 3.12 *Executive Committee*. The Board of Directors, by resolution adopted by a majority of the entire Board of Directors may designate two (2) or more directors to constitute an executive committee. Vacancies in the membership of the committee shall be filled by a majority of the entire Board of Directors at a regular or special meeting. The executive committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors when required. The designation of the executive committee and the delegation thereto of authority shall not relieve the Board of Directors, or any of its members, of any responsibility imposed by law.

This committee, unless its authority is expressly limited by such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the corporation except where action of the Board of Directors is required by statute, the Articles of Incorporation or these Bylaws. Provided, however, this committee may not:

(1) amend the Articles of Incorporation pursuant to the authority of directors;

(2) propose a reduction of the stated capital of the corporation;

(3) approve a plan of merger or share exchange of the corporation;

(4) recommend to the shareholders the sale, lease, or exchange of all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course of its business;

(5) recommend to the shareholders a voluntary dissolution of the corporation or a revocation thereof;

(6) amend, alter, or repeal the Bylaws of the corporation or adopt new Bylaws of the corporation;

(7) fill vacancies in the board of directors;

(8) fill vacancies in or designate alternate members of any such committee;

(9) fill any directorship to be filled by reason of an increase in the number of directors;

(10) elect or remove officers of the corporation or members or alternate members of any such committee;

(11) fix the compensation of any member or alternate members of such committee; or

(12) alter or repeal any resolution of the board of directors that by its terms provides that it shall not be so amendable or repealable.

Section 3.13 *Other Committees*. The Board of Directors may create such other committees as it shall determine are necessary or proper to the effective governance of the Corporation or the elimination or reduction of the adverse effect of any conflict of interest. Such committees may include, without limitation, an audit committee, compensation committee, nominating committee, stock option committee and conflicts of interest committee. Each such committee, if any, shall be appointed by the Board of Directors, and membership in such committee shall be limited to members of the Board of Directors.

Section 3.14 *Director Action Without Meeting*. Unless the Articles of Incorporation provide otherwise, any action that may be taken by a committee or the Board of Directors at a meeting may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by all of the members of a committee or all of the directors. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be described as such in any document.

Section 3.15 *Compensation of Directors*. Directors, as such, shall not receive any salary for their services, but, by resolution of the Board, may receive a fixed sum and necessary expenses of attendance of each regular or special meeting of the Board. Members of a committee, by resolution of the Board of Directors, may be allowed like compensation for attending committee meetings. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

OFFICERS

Section 4.1 *Number of Officers*. The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such other officers as are contemplated by Section 4.3 hereof, each of whom shall be elected by the Board of Directors. One or more Vice Presidents may also be elected at the discretion of the Board of Directors. Any two or more offices may be held by the same person.

Section 4.2 *Election*. The Board of Directors, at its first meeting after each annual meeting of shareholder, shall elect a President, one or more Vice Presidents (if any), a Secretary and a Treasurer, none of whom needs to be a member of the Board and may appoint a member of the Board of Directors as Chairman of the Board.

Section 4.3 *Other Officers*. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 4.4 *Compensation*. The compensation of the Chairman, President, Vice Presidents, the Secretary and the Treasurer shall be fixed by the Board of Directors, but the compensation of all minor officers and all other agents and employees of the corporation may be fixed by the Chairman or President, unless by resolution the Board of Directors shall determine otherwise; provided, however, that without the express approval of the Board of Directors, the Chairman or President may not enter into any employment agreement on behalf of the corporation with any person which may not be terminated by the corporation, either at will or upon thirty (30) days written notice.

Section 4.5 *Term of Office and Removal of Officers*. Each officer of the corporation shall hold office until his successor is chosen and qualifies, or until his death or removal or resignation from office. Any officer, agent or member of a committee elected or appointed by the Board of Directors may be removed by a majority vote of the entire Board of Directors, whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in an office of the corporation for any reason may be filled by the Board of Directors. Appointment of an officer or agent shall not itself create contract rights.

Section 4.6 *Chairman of the Board and President*. The Board of Directors may designate whether the Chairman of the Board, if one is appointed, or the President shall be the chief executive officer of the corporation. In the absence of a contrary designation, the President shall be the chief executive officer. The chief executive officer shall preside at all meetings of the shareholders, and the Board of Directors unless a Chairman of the Board is appointed, and shall have such other powers and duties as usually pertain to his office or as may be assigned to him from time to time by the Board of Directors. The President shall have such powers and duties as usually pertain to that office, except as the same may be modified by the Board of Directors. Unless the Board of Directors shall otherwise direct, the President shall have general and active management responsibility for the business of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 4.7 *Added Powers of the President*. The President, and the Chairman of the Board, in the event that he shall have been designated chief executive officer, shall execute with the secretary or any other officer of the corporation authorized by the Board of Directors, certificates for shares of the corporation, and any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized for execution, except when the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed.

Section 4.8 *Vice Presidents*. In the event that the Board of Directors shall provide for Vice Presidents, then each of the Vice Presidents, in the order of his seniority, unless otherwise determined by the Board of Directors, shall in the absence or disability of the President, serve in the capacity of the President and perform the duties and exercise the powers of the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors shall from time to time prescribe.

Section 4.9 *Secretary*. The Secretary shall: (a) attend all meetings of the Board of Directors and of the shareholders, and shall record all votes and keep the minutes of all such proceedings in one or more books kept for that purpose; (b) perform like services for any committee; (c) give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors; (d) keep in safe custody the seal of the corporation, and when authorized by the Board of Directors, affix the same to any instrument requiring it and when so affixed, it shall be attested by the Secretary's signature, or by the signature of the Treasurer, any Assistant Secretary or Assistant Treasurer; and (e) perform all duties incidental to the office of Secretary and such other duties as, from time to time, may be assigned to the Secretary by the President or Board of Directors, under whose supervision the Secretary shall function.

Section 4.10 *Assistant Secretaries.* Each Assistant Secretary, if any, in the order of his seniority, unless otherwise determined by the Board of Directors, may perform the duties and exercise the powers of the Secretary, and shall perform such other duties and have such other powers as the Board of Directors may, from time to time, prescribe.

Section 4.11 *Treasurer*. The Treasurer shall have custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, shall deposit all money and other valuable effects in the name, and to the credit of, the corporation in such depositories as may be designated by the Board of Directors and shall perform all such other duties as, from time to time, may be assigned to the Treasurer by the Board of Directors.

Section 4.12 *Disbursements and Accounting*. The Treasurer shall disburse such funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for all disbursements, and shall render to the President and the Directors at the regular meetings of the Board, or whenever the Board of Directors may require, an account of all of his transactions as Treasurer, and of the financial condition of the corporation.

Section 4.13 *Treasurer's Bond.* If required by the Board of Directors, the Treasurer shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office, and for the restoration to the corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 4.14 *Assistant Treasurers*. Each Assistant Treasurer, if any, in the order of his seniority unless otherwise determined by the Board of Directors, shall in the absence or disability of the Treasurer perform the duties and exercise the powers of the Treasurer, and shall perform

such other duties and have such other powers as the Board of Directors may, from time to time, prescribe.

ARTICLE V

CERTIFICATES REPRESENTING SHARES

Section 5.1 *Description*. The corporation shall deliver certificates representing all shares to which shareholders are entitled. Certificates shall be signed by the Chairman, President or a Vice President, and the Secretary or an Assistant Secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. No certificate shall be issued for any share until the consideration therefor has been fully paid. Each certificate shall be consecutively numbered and shall be entered in the stock transfer books of the corporation as issued. Each certificate representing shares shall state upon the face thereof the name of the issuing corporation, that the corporation is organized under the laws of the State of Texas, the name of the person to whom issued, the number and class of shares and the designation of the series, if any, which such certificate represents, and the par value of each share or a statement that the shares are without par value, and shall further contain on the face or back of the certificate a statement of all additional information required by statute to be set forth.

Section 5.2 *Shares Without Certificates.*

(a) Issuing Shares Without Certificates. Unless the Articles of Incorporation or these Bylaws provide otherwise, the board of directors may authorize the issue of some or all the shares of any or all of its classes or series without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation.

(b) Information Statement Required. Within a reasonable time after the issue or transfer of shares with out certificates, the corporation shall send the shareholder a written statement containing at minimum:

(1) the name of the issuing corporation and that it is organized under the law of this state;

(2) the name of the person to whom issued;

(3) the number and class of shares and the designation of the series, if any, of the issued shares, and the par value of each share or a statement that the shares are without par value; and

(4) all additional information required by statute to be set forth or stated on certificates.

Section 5.3 *Facsimile Signatures*. The signatures of the Chairman, President or Vice President, and the Secretary or Assistant Secretary upon a certificate may be facsimiles, if the certificate is countersigned by a transfer agent or assistant transfer agent, or registered by a registrar other than the corporation or any employee of the corporation. In the event that an

officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer before the certificate is issued, the certificate may be issued by the corporation with the same effect as if he were such officer at the date of the issuance.

Section 5.4 *Lost Certificates*. The Board of Directors may direct new certificate(s) to be issued in place of any certificate(s) previously issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate(s) to be lost or destroyed. When authorizing such issuance of new certificate(s), the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of the lost or destroyed certificate(s), or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum and form and with such sureties as it may direct as an indemnity against any claim that may be made against the corporation with respect to the certificate(s) alleged to have been lost or destroyed.

Section 5.5 *Transfer of Shares.* Shares of stock shall be transferable only on the books of the corporation by the holder thereof in person or by his duly authorized attorney-in-fact. Upon surrender to the corporation or the transfer agent of the corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 5.6 *Registered Owners*. The corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Texas.

ARTICLE VI

GENERAL PROVISIONS

Section 6.1 *Distributions*. The Board of Directors may declare and the corporation may make distributions (including dividends on its outstanding shares) in cash, property or its own shares, pursuant to law and subject to the provisions of its Articles of Incorporation.

Section 6.2 *Contracts*. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver any instrument in the name, and on behalf of, the corporation. This authority may be general or confined to specific instances.

Section 6.3 *Loans*. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. This authority may be general or confined to specific instances.

Section 6.4 *Reserves*. The Board of Directors may by resolution create a reserve or reserves out of earned surplus for any purpose or purposes, and may abolish any such reserve in the same manner.

Section 6.5 *Financial Reports*. The Board of Directors must, when required by the holders of at least one-third of the outstanding shares of the corporation, present written reports concerning the situation and business of the corporation.

Section 6.6 *Signatures*. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or other person or persons as the Board of Directors may, from time to time, designate.

Section 6.7 *Fiscal Year*. The fiscal year of the corporation shall be fixed by resolution by the Board of Directors.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation shall be empowered to indemnify directors, officers, agents and employees to the maximum extent permitted by Article 2.02-1 of the Texas Business Corporation Act.

ARTICLE VIII

AMENDMENTS

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted by the affirmative vote of a majority of either the Board of Directors or the shareholders, present at any meeting at which a quorum of each respective body is present, provided that notice of the proposed alteration, amendment, repeal or adoption shall be contained in the notice of the meeting. This power to alter, amend or repeal the Bylaws, and to adopt new Bylaws, may be modified or divested by action of shareholders representing a majority of the stock of the corporation taken at any regular or special meeting of the shareholders.

ARTICLE IX

EMERGENCY BYLAWS

Unless the Articles of Incorporation provide otherwise, the following provisions of this Article X, “Emergency Bylaws” shall be effective during an emergency which is defined as when a quorum of the corporation’s directors cannot be readily assembled because of some catastrophic event.

During such emergency:

(a) Notice of Board Meetings. Anyone member of the board of directors or anyone of the following officers: president, any vice-president, secretary, or treasurer, may call a meeting of the board of directors. Notice of such meeting need be given only to those directors whom it is practicable to reach, and may be given in any practical manner, including by publication and radio. Such notice shall be given at least six hours prior to commencement of the meeting.

(b) Temporary Directors and Quorum. One or more officers of the corporation present at the emergency board meeting, as is necessary to achieve a quorum, shall be considered to be directors for the meeting, and shall so serve in order of rank, and within the same rank, in order of seniority. In the event that less than a quorum (as determined by Article III, Section 3.10) of the directors are present (including any officers who are to serve as directors for the meeting), those directors present (including the officers serving as directors) shall constitute a quorum.

(c) Actions Permitted to be Taken. The board as constituted in paragraph (b), and after notice as set forth in paragraph (a) may:

(1) Officers’ Powers. Prescribe emergency powers to any officer of the corporation;

(2) Delegation of Any Power. Delegate to any officer or director, any of the powers of the board of directors;

(3) Lines of Succession. Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;

(4) Relocate Principal Place of Business. Relocate the principal place of business, or designate successive or simultaneous principal places of business;

(5) All Other Action. Take any other action, convenient, helpful, or necessary to carry on the business of the corporation.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on October__, 2003.

CB RICHARD ELLIS SERVICES, INC.
Issuer

BY: ______________________________

Name: Kenneth J. Kay
Title: Chief Financial Officer

POWER OF ATTORNEY

Each of the undersigned officer or director, or both, of CB Richard Ellis Services, Inc. (the "Registrant"), in his capacity as set forth below, hereby constitutes and appoints, Kenneth J. Kay and Ray Wirta and each of them, his true and lawful attorney and agent, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the Registrant to comply with the Securities Act of 1933, as amended (the "Act"), and any rules, regulations an requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Act of the exchange notes (the "Securities"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission with respect to such Securities, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462 under the Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Signature	Title
______________________________ Ray Wirta	Chief Executive Officer (Principal Executive Officer)
______________________________ Kenneth J. Kay	Chief Financial Officer \ (Principal Financial and Accounting Officer)
______________________________ Brett White	Director and President
______________________________ Richard C. Blum	Chairman of the Board
______________________________ Jeffrey A. Cozad	Director

Signature	Title
Bradford M. Freeman	Director
Frederic V. Malek	Director
Jeffrey S. Pion	Director
Christian Puscasiu	Director
Gary L. Wilson	Director

Exhibit 3.7(a)

ARTICLES OF INCORPORATION
OF
D. A. MANAGEMENT CONSULTANTS, INC.

The undersigned, desiring to form a corporation under the laws of the State of California, declares:

FIRST: The name of this corporation is:

D. A. MANAGEMENT CONSULTANTS, INC.

SECOND: The purpose of the corporation is engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

THIRD: The name and address in this state of the corporation's initial agent for service of process is: David B. Ardell, 10516 La Maida Street, North Hollywood, California 91601.

FOURTH: The corporation is authorized to issue 1,000,000 shares of capital stock, all of one class, to be designated "Common Stock".

FIFTH: Each Shareholders-subscriber to shares of this corporation shall be entitled to full pre-emptive or preferential rights, as such rights have been heretofore defined at common law, to purchase and/or subscribe for his proportionate part of any shares which may be issued at any time by this corporation.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation this 28h day of March, 1978.

By: /s/ David B. Ardell

Name: David B. Ardell

I, David B. Ardell, hereby declare that I am the person who executed the foregoing Articles of Incorporation of D. A. MANAGEMENT CONSULTANTS, INC. and that said Articles of Incorporation are my own act and deed.

Executed at Los Angeles, California this 28h day of Marcy 1978.

By: /s/ David B. Ardell

Name: David B. Ardell

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

OF

D.A. MANAGEMENT CONSULTANTS, INC.,
A California Corporation

DANIEL M. ARDELL and DAVID B. ARDELL certify that:

1. They are the president and the secretary, respectively, of D.A. MANAGEMENT CONSULTANTS, INC., a California corporation.

2. Article FIRST of the Articles of Incorporation of this corporation is amended to read as follows:

"The name of this corporation is: D.A. MANAGEMENT, INC."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 2000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
D.A. MANAGEMENT, INC.

DANIEL M. ARDELL hereby certifies that:

1. He is the President and the Secretary, respectively, of D.A. MANAGEMENT, INC., a California corporation (the "Corporation").

2. The Articles of Incorporation of this Corporation are hereby amended and restated to read as follows:

I

The name of this corporation is D.A. MANAGEMENT, INC.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the California General Corporation Law other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

This corporation is authorized to issue only one class of shares of stock and such class shall be designated as "Common Stock." The total number of shares of Common Stock which this corporation is authorized to issue is one million (1,000,000).

IV

The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

V

This corporation is authorized to provide indemnification of agents, as that term is defined in Section 317 of the California Corporations Code, in excess of that expressly permitted by said Section 317, for breach of duty to the corporation and its shareholders, under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, to the fullest extent such indemnification may be authorized hereby pursuant to paragraph (11) of subdivision (a) of Section 204 of the California Corporations Code.

3. The foregoing Amendment and Restatement of Articles of Incorporation has been duly approved by the Board of Directors of the Corporation.

4. The foregoing Amendment and Restatement of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporations Code. The total number of outstanding shares of the Corporation is 2,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent (50%).

I declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of my own knowledge.

Dated: March 11, 1996

By: /s/ Daniel M. Ardell

Name: Daniel M. Ardell

Title: President and Secretary

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
D.A. MANAGEMENT, INC.

Robert H. Zerbst and Herbert L. Roth certify that:

1. They are the President and Secretary, respectively, of D.A. Management, Inc. a California corporation.

2. The following amendment to the Articles of Incorporation of the corporation has been duly approved by the board of directors of the corporation:

Article I the Articles of Incorporation is amended to read as follows:

I

The name of this corporation is CB Richard Ellis Investors, Inc.

3. The amendment was duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporations Code. The total number of outstanding shares entitled to vote with respect to the amendment was 2,000, the favorable vote of a majority of such shares is required to approve the amendment, and the number of such shares voting in favor of the amendment equaled or exceeded the required vote.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATED: April 19, 2002, at Los Angeles, California

By: /s/ Robert H. Zerbst

Name: Robert H. Zerbst

Title: President

/s/ Herbert L. Roth

Name: Herbert L. Roth

Title: Secretary

CB Richard Ellis, Inc.

CB Richard Ellis, Inc.
355 South Grand Avenue
Suite 1200
Los Angeles, CA 90071-1549
T 213 613 3309
F 213 613 3008

ereiter@cbre.com
Ellis D. Reiter, Jr.
Executive Vice President
General Counsel-Litigation

April 19, 2002

Secretary of State
Document Filing Support and Legal Review
1500 11th Street
Sacramento, CA 95814

Dear Sir:

CB Richard Ellis, Inc. hereby gives its consent to DA Management, Inc. to change its name to CB Richard Ellis Investors, Inc.

Yours very truly,

CB RICHARD ELLIS, INC.

/s/ Ellis D. Reiter, Jr.

Name: Ellis D. Reiter, Jr.
Title: Executive Vice President

Exhibit 3.7(b)

AMENDED AND RESTATED
BYLAWS
Of
D.A. MANAGEMENT, INC.
A California Corporation

ARTICLE I.
OFFICES

Section 1. Principal Executive Office.

The principal executive office of the corporation is hereby fixed and located at: 7777 Center Avenue, Suite 500, Huntington Beach, California 92647. The Board of Directors (herein called the "Board") is hereby granted full power and authority to change said principal executive office from one location to another. Any such change shall be noted on the Bylaws opposite this Section, or this Section may be amended to state the new location.

Section 2. Other Offices.

Branch or subordinate offices may at any time be established by the Board at any place or places.

ARTICLE II.
SHAREHOLDERS

Section 1. Place of Meetings.

Meetings of shareholders shall be held either at the principal executive office of the corporation or at any other place within or without the State of California which may be designated either by the Board or by the written consent of all persons entitled to vote thereat, given either before or after the meeting and filed with the Secretary.

Section 2. Annual Meeting.

The annual meetings of shareholders shall be held on: March 15, at 10:00 a.m., local time, or such other date or such other time as may be fixed by the Board; provided, however, that should said day fall upon a Saturday, Sunday, or legal holiday observed by the corporation at its principal executive office, then any such annual meeting of shareholders shall be held at the same time and place on the next day thereafter ensuing which is a full business day. At such meeting directors shall be elected and any other proper business may be transacted.

Section 3. Special Meeting.

Special meetings of the shareholders may be called at any time by the Board, the Chairman of the Board, the President or by the holders of the shares entitled to cast not less than ten percent (10%) of the votes at such meeting. Upon request in writing to the Chairman of the

Board, the President, any Vice President or the Secretary, by any person (other than the Board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons entitled to call the meeting may give the notice.

Section 4. Notice of Annual or Special Meeting.

Written notice of each annual or special meeting of shareholders shall be given no less than ten (10) nor more than sixty (60) days before the date of the meeting to each shareholder entitled to vote thereat. Such notice shall state the place, date and hour of the meeting, and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted; or (ii) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the shareholders, but, subject to the provisions of applicable law, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of the nominees intended at the time of the notice to be presented by management for election.

Notice of a shareholders meeting shall be given either personally or by mail or by other means of written communication, addressed to the shareholder at the address of such shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice; or, if no such address appears or is given, at the place where the principal executive office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United State mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission or actually transmitted by the person giving the notice by electronic means to the recipient.

Section 5. Quorum.

A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 6. Adjournment Meeting and Notice Thereof.

Any shareholders' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the shares, the holders of which are either present in person or represented by proxy thereat, but in the absence of a quorum (except as provided in Section 5 of this Article) no other business may be transacted at such meeting.

It shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at

which such adjournment is taken; provided, however, when any shareholders' meeting is adjourned for more than forty-five (45) days or, if after adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. Voting.

The shareholders entitled to notice of any meeting or to vote at any such meeting shall be only persons in whose name shares stand on the stock records of the corporation on the record date determined in accordance with Section 8 of this Article.

Voting shall in all cases be subject to the provisions of Chapter 7 of the California General Corporation Law and to the following provisions:

(a) Subject to clause (g), shares held by an administrator, executor, guardian, conservator or custodian may be voted by such holder either in person or by proxy, without a transfer of such shares into the holder's name; and shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares held by such trustee without a transfer of such shares into the trustee's name.

(b) Shares standing in the name of a receiver may be voted by such receiver; and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into the receiver's name if authority to do so is contained in the order of the court by which such receiver was appointed.

(c) Subject to the provisions of Section 705 of the California General Corporation Law, and except where otherwise agreed in writing between the parties, a shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledge, and thereafter the pledge shall be entitled to vote the shares so transferred.

(d) Shares standing in the name of a minor may be voted and the corporation may treat all rights incident thereto as exercisable by the minor, in person or by proxy, whether or not the corporation has notice, actual or constructive, of the nonage, unless a guardian of the minor's property has been appointed and written notice of such appointment given to the corporation.

(e) Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxyholder as the Bylaws of such other corporation may prescribe or, in the absence of such provision, as the Board of Directors of such other corporation may determine or, in the absence of such determination, by the Chairman of the Board, President or any Vice President of such other corporation or by any other person authorized to do so by the Board, President or any Vice President of such other corporation. Shares which are purported to be executed in the name of a corporation (whether or not any title of the person is indicated) shall be presumed to be voted or the proxy executed in accordance with the provisions of this subdivision, unless the contrary is show.

(f) Shares of the corporation owned by any subsidiary shall not be entitled to vote on any matter.

(g) Shares held by the corporation in a fiduciary capacity and shares of the corporation held in a fiduciary capacity by any subsidiary shall not be entitled to vote on any matter, except to the extent that the settler or beneficial owner possesses and exercises a right to vote or to give the corporation binding instructions as to how to vote such shares.

(h) If shares stand of record in the names of two or more person, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, voting trustees, persons entitled to vote under a shareholder voting agreement or otherwise, or if two or more persons (including proxyholders) have the same fiduciary relationship respecting the same shares, unless the Secretary of the corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall the following effect:

(i) If only one votes, such act binds all;

(ii) If more than one vote, the act of the majority so voting binds all;

(iii) If more than one vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionately.

If the instrument is so filed or the registration of the shares shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this section shall be a majority of even split in interest.

Subject to the following sentence and to the provisions of Section 708 of the California General Corporation Law, every shareholder entitled to vote at any election of directors may cumulate such shareholder’s votes and give on candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder’s shares are entitled, or distribute the shareholder’s votes on the same principle among as many candidates as the shareholder thinks fit. No shareholder shall be entitled to cumulate votes for any candidate or candidates pursuant to the preceding sentence unless such candidate or candidates’ names have been placed in nomination prior to the voting and the shareholder has given notice, at the meeting prior to the voting of the shareholder’s intention to cumulate the shareholder’s votes. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination.

Elections need not be by ballot; provided however, that all elections for directors must be by ballot upon demand made by a shareholder at the meeting and before the voting begins.

In any election of directors, the candidates receiving the highest number of votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares are elected.

Section 8. Record Date.

The Board may fix, in advance, a record date for the determination of the shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or any other distribution or any allotment of rights or to exercise rights in respect of any other lawful action. The record date so fixed shall be not more than sixty (60) nor less than ten (10) days prior to the date of the meeting nor more than sixty (60) days prior to any other action. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution or allotment of rights or to exercise of the rights, as the case may be, notwithstanding any transfer of shares on the books of the corporation after the record date. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five (45) days.

If no record date is fixed by the Board, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining shareholders for any purpose other than set forth in this Section 8 or Section 10 of this Article shall be at the closed of business on the day on which the Board adopts the resolution relating thereto or the sixtieth (60th) day prior to the date of such other action, whichever is later.

Section 9. Consent to Shareholders' Meetings.

The transactions of any meeting of shareholders, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice of a quorum be present either in person or by proxy and if, either before or after the meeting, each of the shareholders entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporation records or made a part of the minutes of the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need be specified in any written waiver of notice, except as provided in Section 601(f) of the California General Corporation Law.

Section 10. Action Without Meeting.

Subject to Section 603 of the California General Corporation Law, any action which under any provision of the California General Corporation Law, may be taken at any annual or special meeting of shareholders, may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon wee present and voted. Unless a record date for voting purposes be fixed as provided in Section 8 of this Article, the record date for determining shareholders entitled to give consent pursuant to this

Section 10, when no prior action by the Board has been taken shall be the day on which the first written consent is given.

Section 11. Proxies.

Every person entitled to vote shares has the right to do so either in person or by one or more persons authorized by a written proxy executed by such shareholders and filed with the Secretary. Any proxy duly executed is not revoked and continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto by a writing delivered to the corporation, stating that the proxy is revoked or by a subsequent proxy executed by, or by attendance at the meeting and voting in person by, the person executing the proxy; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy.

Section 12. Inspectors of Election.

In advance of any meeting of shareholders, the Board may appoint any persons other than nominees for office as inspectors of election to act at such meeting and any adjournment thereof. If inspectors of election be not so appointed or if any persons so appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any shareholder of shareholder's proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present shall determine whether one or three inspectors are to be appointed.

The duties of such inspectors shall be as prescribed by Section 707(b) of the California General Corporation Law and shall include determining the number of shares outstanding and the voting power of each; the shares represented at the meeting; the existence of a quorum; the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all shareholders. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

ARTICLE III

DIRECTORS

Section 1. Powers.

Subject to the limitations of the Articles, of these Bylaws and of the California General Corporation Law relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the day-to-day operation of the business of the corporation to a management company or other person provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby

expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a) To select and remove all the other officers, agents and employees of the corporation; prescribe the powers and duties for them as may not be inconsistent with law or with the Articles or these Bylaws; fix their compensation; and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and business of the corporation and to make such rules and regulations therefore not inconsistent with law, or with the Articles or these Bylaws, as they may deem best.

(c) To adopt, make, and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time as in their judgment they may deem best.

(d) To authorize the issuance of shares of stock of the corporation from time to time, upon such terms and for such consideration as may be lawful.

(e) To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefore.

Section 2. Number and Qualification of Directors.

The authorized number of directors shall be two (2) until changed by amendment of the Articles or by a Bylaw duly adopted by the shareholders.

Section 3. Election and Term of Office.

The directors shall be elected at each annual meeting of shareholders but if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of shareholders held for that purpose. Each director shall hold office until the next annual meeting and until a successor has been elected and qualified.

Section 4. Vacancies.

Any director may resign effective upon giving written notice to the Chairman of the Board, the President, Secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Vacancies in the Board, including those existing as a result of a removal of a director, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until the next annual meeting and until such director’s successor has been elected and qualified.

A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any director or if the authorized number of directors be increased or if the shareholders fail, at any annual or special meeting of the shareholders at which any director

or directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

The Board may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election by written consent requires the consent of a majority of the outstanding shares entitled to vote. If the Board accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

Section 5. Removal of Directors.

The entire Board of Directors or any individual director may be removed from office as provided by Section 303 of the California General Corporation Law.

Section 6. Place of Meeting.

Regular or special meetings of the Board shall be held at any place within or without the State of California which ahs been designated from time to time by the Board. In the absence of such designation regular meetings shall be held at the principal executive office of the corporation.

Section 7. Regular Meetings.

Immediately following each annual meeting of shareholders the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business.

Section 8. Special Meetings.

Special meetings of the Board for any purpose or purposes may be called at any time by the Chairman of the Board, the President or the Secretary of by any two directors.

Special meetings of the Board shall be held upon four (4) days written notice or forty-eight (48) hours notice given personally or by telephone, telegraph, telex or other similar means of communication. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held.

Notice by mail shall be deemed to have been given at the time a written notices is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission or actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office

of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

Section 9. Quorum.

A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board unless a greater number be required by law or by the Articles. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 10. Participation in Meetings by Conference Telephone.

Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment so long as all members participating in such meeting can hear one another.

Section 11. Waiver of Notice.

When all of the directors are present at any directors' meeting, however called or noticed, and sign a written consent thereto and the records of such meeting or if a majority of the directors are present and if those not present sign in writing a waiver of notice of such meeting, whether prior to or after the holding of such meeting, which said waiver shall be filed with the Secretary of the corporation, the transactions thereof are as valid as if held at a meeting regularly called and noticed.

Section 12. Adjournment.

A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 13. Fees and Compensation.

Directors and members of committees may receive such compensation, if any, for their services and such reimbursement for expenses, as may be fixed or determined by the board.

Section 14. Action Without Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 15. Rights of Inspection.

Every director shall have the absolute right at any reasonable time to inspect and copy all the books, records and documents of every kind and to inspect the physical properties of the corporation and also of its subsidiary corporations, domestic or foreign. Such inspection by a

director may be made in person or by agent or attorney and includes the right to copy and obtain extracts.

Section 16. Committees.

The Board may appoint one or more committees, each consisting of two or more directors, and delegate to such committees any of the authority of the Board except with respect to:

(a) The approval of any action for which the General Corporation Law also requires shareholders' approval or approval of the outstanding shares;

(b) The filling of vacancies on the Board or on any committee;

(c) The fixing of compensation of the directors for serving on the Board or on any committee;

(d) The amendment or repeal of Bylaws or the adoption of new Bylaws;

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) A distribution to the shareholders of the corporation except at a rate or in a periodic amount or within a price range determined by the Board;

(g) The appointment of other committees of the Board or the members thereof.

Any such committee must be appointed by resolution adopted by a majority of the authorized number of directors and may be designated an Executive Committee or by such other name as the Board shall specify. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

Section 17. Liability.

As provided in the Articles of Incorporation of the corporation, a director of the corporation shall be subject to no personal liability in an action brought by or in the right of the corporation for breach of a director's duties to the corporation and its shareholders, as set forth in Section 309 of the Corporations Code of the State of California; provided, however, that a director's personal liability shall not be limited (i) for acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) for acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director, (iii) for any transaction from which a director derived an improper personal benefit, (iv) for acts or omissions that show a reckless

disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of serious injury to the corporation or its shareholders, (v) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its shareholders, (vi) under Section 310 of the Corporations Code of the State of California, (vii) under Section 316 of the Corporations Code of the State of California, (viii) for any act or omission occurring prior to the date when the Articles of Incorporation of the Corporation containing said provision becomes effective, or (ix) with respect to a director who is also an officer of this corporation, for any act or omission as an officer, notwithstanding that his or her actions, if negligent or improper, have been ratified by the other directors of the corporation.

ARTICLE IV.

OFFICERS

Section 1. Officers.

The officers of the corporation shall be a president, a secretary and a chief financial officer. The corporation may also have, at the discretion of the Board, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant chief financial officers and such other officers as may be elected or appointed in accordance with the provisions of Section 3 of this Article.

Section 2. Election.

The officers of the corporation, except such officers as may be elected or appointed in accordance with the provisions of Section 3 of this Article, shall be chosen annually by, and shall serve at the pleasure of, the Board and shall hold their respective offices until their resignation, removal or other disqualification from service or until their respective successors shall be elected.

Section 3. Subordinate Officers.

The Board may elect, and may empower the President to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 4. Removal and Resignation.

Any officer may be removed, either with or without cause, by the Board of Directors at any time or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer.

Any officer may resign at any time by giving written notice to the corporation, but without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any

later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office.

Section 6. Chairman of the Board.

The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned by the Board.

Section 7. President.

Subject to such powers, if any, as may be given by the Board to the Chairman of the Board, if there be such an officer, the President is the general manager and chief executive officer of the corporation and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the corporation. The President shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. The President has the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed by the Board.

Section 8. Vice Presidents.

In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board or, if not ranked, the Vice President designated by the Board, shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board.

Section 9. Secretary.

The Secretary shall keep or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of all meetings of shareholders, the Board and its committees, with the time and place of holding, whether regular or special, and , if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, and number of shares present or represented at shareholders' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, a copy of the Bylaws of the corporation at the principal executive office or business office in accordance with Section 213 of the California General Corporation Law.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, if one be appointed, a share register or a duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board and of any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 10. Chief Financial Officer.

The chief financial officer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation and shall send or cause to be sent to the shareholders of the corporation such financial statements and reports as are by law of these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director.

The chief financial officers shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board. The chief financial officer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all transactions as chief financial officer and of the financial condition of the corporation and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V.

OTHER PROVISIONS

Section 1. Inspection of Corporate Records.

(a) A shareholder or shareholders holding at least five percent (5%) in the aggregate of the outstanding voting shares of the corporation or who hold at least one percent (1%) of such voting shares and have filed a Schedule 14B with the United States Securities and Exchange Commission relating to the election of directors of the corporation shall have an absolute right to do either or both of the following:

(i) Inspect and copy the record of shareholders' names and addresses and shareholdings during usual business hours upon five (5) business days' prior written demand upon the corporation; or

(ii) Obtain from the transfer agent, if any, for the corporation upon five (5) business days' prior written demand and upon the tender of its usual charges for such a list (the amount of which charges shall be stated to the shareholder by the transfer agent upon request) a list of the shareholders' names and addresses who are entitled to vote for the election of directors and their shareholdings, as of the most recent record date for which it has been complied or as of a date specified by the shareholder subsequent to the date of demand.

(b) The record of shareholders shall also be open to inspection and copying by and shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interest as a shareholder or holder of a voting trust certificate.

(c) The accounting books and records and minutes of proceedings of the shareholders and the Board and committees of the Board shall be open to inspection upon written demand on the corporation of any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to such holder's interest as a shareholder or as a holder of such voting trust certificate.

(d) Any inspection and copying under this Article may be made in person or by agent or attorney.

Section 2. Inspection of Bylaws.

The corporation shall keep in its principal executive office the original or a copy of these Bylaws as amended to date which shall be open to inspection by shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in such state, it shall upon the written notice of any shareholder furnish to such a shareholder a copy of these Bylaws as amended to date.

Section 3. Endorsement of Documents; Contracts.

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, share certificate, conveyance or other instrument in writing and any assignment or endorsements thereof executed or entered into between this corporation and any other person, when signed by the Chairman of the Board, the President or any Vice President, and the Secretary any Assistant Secretary, the Chief Financial Officer or any Assistant Financial Officer of this corporation shall be valid and binding on this corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 4. Certificates of Stock.

Every holder of shares of the corporation shall be entitled to have a certificate signed in the name of the corporation by the Chairman of the Board, the President or a Vice President and by the Chief Financial Officer or an Assistant Financial Officer of the Secretary or an Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such an officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Certificates for shares may be issued prior to full payment under such restrictions and for such purposes as the Board may provide; provided, however, that on any certificate issues to represent any partly paid shares, the total amount of the consideration to be paid therefore and the amount paid thereon shall be stated.

Except as provided in this Section, no new certificate for shares shall be issued in lieu of an old one unless the latter is surrendered and cancelled at the same time. The Board may, however, in case any certificate for shares is alleged to have been lost, stolen or destroyed, authorized the issuance of a new certificate in lieu thereof, and the corporation may require that the corporation be given a bond or other adequate security sufficient to indemnify it against any claim that may be made against it (including expense or liability) on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

Section 5. Representation of Shares of Other Corporations.

The President or any other officers or officers authorized by the Board or the President are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted may be exercised either by any such officers in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 6. Stock Purchase Plans.

The corporation may adopt and carry out a stock purchase plan or agreement or stock option plan or agreement providing for the issue and sale for such consideration as may be fixed of its unissued shares, or of issued shares acquired or to be acquired, to one or more of the employees or directors of the corporation or of a subsidiary or to a trustee on their behalf and for the payment for such shares in installments or at one time and may provide for aiding any such persons in paying for such shares by compensation for services rendered, promissory notes, or otherwise.

Any such stock purchase plan or agreement or stock option plan or agreement may include, among other feature, the fixing of eligibility for participation therein, the class and price of shares to be issued or sold under the plan or agreement, the number of shares which may be subscribed for, the method of payment therefor, the reservation of title until full payment therefor, the effect of the termination of employment and option or obligation on the part of the corporation to repurchase the shares, the time limits of and termination of the plan and any other matters not in violation of applicable law, as may be included in the plan as approved or authorized by the Board or any committee of the Board.

Section 7. Annual Report to Shareholders.

The annual report to shareholders referred to in Section 1501 of the California General Corporation Law is expressly waived, but nothing herein shall be interpreted as prohibiting the Board from issuing annual or other periodic reports to shareholders.

Section 8. Construction and Definitions.

Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Corporations Code and in the California General Corporation Law shall govern the construction of these Bylaws.

ARTICLE VI.

INDEMNIFICATION

Section 1. Definitions.

For the purposes of this Article, “agent” includes any person who is or was a director, officer, employee or other agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation of another enterprise at the request of such predecessor corporation; “proceeding” includes any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses’ includes attorneys’ fees and any expenses of establishing a right to indemnification under Section 4 of Section 5(c).

Section 2. Indemnification in Actions by Third Parties.

The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonable believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plan of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to e in the best interests of the corporation or that the person had reasonable cause to believe that the person’s conduct was unlawful.

Section 3. Indemnification in Actions by or in the Right of the Corporation.

The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

(a) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person’s duty to the corporation, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or with court approval.

Section 4. Indemnification Against Expenses.

To the extent that an agent of the corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection herewith.

Section 5. Required Determination.

Except as provided in Section 4, any indemnification under this Article shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper is in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 and 3 by:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceeding;

(b) Approval of the shareholders, with the shares owned by the person to be indemnified not being entitled to vote thereon; or

(c) The court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the corporation.

Section 6. Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 7. Other Indemnification.

No provision made by the corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of shareholders or directors, an agreement, or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8. Forms of Indemnification Not Permitted.

No indemnification or advance shall be made under this Article, except as provided in Section 4 or Section 5(c) in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Articles, Bylaws, a resolution of the shareholders or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the alleged expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. Insurance.

The corporation shall have power to purchase and maintain insurance on behalf of any agent or the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article.

Section 10. Nonapplicability to Fiduciaries of Employee Benefit Plans.

This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such even though such person may also be an agent of the corporation as defined in Section 1. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise which shall be enforceable to the extent permitted by applicable law other than Section 317 of the California General Corporation Law.

ARTICLE VIII

AMENDMENTS

These Bylaws may be amended or repealed either by approval of the outstanding shares or by the approval of the Board; provided, however, that after the issuance of shares, a Bylaw specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable Board or vice versa may only be adopted by approval of the outstanding shares.

CERTIFICATE OF SECRETARY

I, Daniel M. Ardell, do hereby certify:

1. That I am the duly elected and acting Secretary of:

D.A. MANAGEMENT, INC.,
A California corporation

2. That pursuant to an Action by Written Consent dated March 15th, 1994, the sole shareholder of this Corporation duly approved an amendment to Section 2 of Article III of the Bylaws of the Corporation, which amended section is set forth in full as follows:

Section 2. Number of Directors.

The authorized number of Directors shall be five (5) until changed by an amendment of the Articles of Incorporation or by a Bylaw duly adopted by the shareholders.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of March, 1994.

By: /s/ Daniel M. Ardell

Name: Daniel M. Ardell
Title: Secretary

Exhibit 3.9(a)

CERTIFICATE OF INCORPORATION
OF
KOLL ASIA HOLDINGS, INC.

The undersigned for the purpose of incorporating a corporation under the General Corporation Law of the State of Delaware, does hereby certify as follows:

FIRST: The name of the corporation is KOLL ASIA HOLDINGS, INC.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle, DE 19801. The name of the registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares which the Corporation shall have authority to issue is Twenty Thousand (20,000) shares of capital stock, all of which shall be designated "Common Stock," with a par value of $.01 per share.

FIFTH: The name and mailing address of the Incorporator is Thomas C. Foster, 18400 Von Karman Avenue, Fourth Floor, Irvine, California 92715.

SIXTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal the by-laws of the Corporation.

SEVENTH: A director of this corporation shall not be personally liable to the corporation or its stockholders for monetary damages for the breach of any fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

EIGHTH: Elections of directors need not be by written ballot except and to the extent provided in the by-laws of the Corporation.

NINTH: The Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this

certificate of Incorporation, as may be amended from time to time are granted subject to the rights reserved in this Article NINTH.

IN WITNESS WHEREOF, the undersigned Incorporator does hereby execute this Certificate of Incorporation this 11th day of January, 1995.

By: /s/ Thomas C. Foster

Name: Thomas C. Foster
Title: Incorporator

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE INCORPORATION
OF
KOLL ASIA HOLDINGS, INC.,
a Delaware corporation

KOLL ASIA HOLDINGS, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “DGCL”) (hereinafter, the “Corporation”), does hereby certify that:

FIRST: That pursuant to an action by Unanimous Written Consent of the Board of Directors of Corporation, the Corporation adopted resolutions setting forth a proposed amendment to the Certificate of Incorporation of the Corporation (the “Amendment”), declaring said Amendment to be advisable and authorizing the officers of the Corporation to present the proposed Amendment to the sole stockholder of the Corporation for its consideration. The Amendment is set forth below:

“RESOLVED, that Article FIRST of the Certificate of Incorporation is hereby amended to read in its entirety as follows:

FIRST: The name of the corporation is Koll Holdings International, Inc.”

SECOND: Thereafter, the proposed Amendment was approved by the Written Consent of the Sole Stockholder of the Corporation in accordance with Section 228(a) of the DGCL with the necessary number of shares as required by statute being voted in favor of the Amendment.

THIRD: This Amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by William S. Rothe, its Chairman of the Board, and attested by Devon A. Allen, its Secretary, this 1st day of June, 1995.

By: /s/ William S. Rothe

Name: William S. Rothe

Title: Chairman of the Board

ATTEST:

By: /s/ Devon A. Allen

Title: Secretary

CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE AND OF REGISTERED AGENT

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is

KOLL HOLDINGS INTERNATIONAL, INC.

2. The registered office agent of the corporation within the State of Delaware is hereby changed to 1013 Centre Road, City of Wilmington 19805, County of New Castle.

3. the registered agent of the corporation within the State of Delaware is hereby changed to CORPORATION SERVICE COMPANY, the business office of which is identical with the registered office of the corporation as hereby changed.

4. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors.

Signed on December 16, 1997.

By: /s/ Herbert L. Roth

Name: Herbert L. Roth

Title: Secretary

CERTIFICATE OF CHANGE OF REGISTERED AGENT

AND

REGISTERED OFFICE

*** * * * ***

Koll Holdings International, Inc., a corporation organized and existing under tan by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

The present registered agent of the corporation is Corporation Service Company and the present registered office of the corporation is in the county of New Castle.

The Board of Directors of Koll Holdings International, Inc. adopted the following resolution on the 23rd day of FEBRUARY, 1999

RESOLVED, that the registered office of Koll Holdings International Inc. in the state of Delaware be and it hereby is changed to Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, and the authorization of the present registered agent of this corporation be and the same is hereby withdrawn, and THE CORPORATION TRUST COMPANY, shall be and is hereby constituted and appointed the registered agent of this corporation at the address of its registered office.

IN WITNESS WHEREOF, Koll Holdings International, Inc. has caused this statement to be signed by Kelsa Jones, its Assistant Secretary, this 28th day of October, 1999.

By: /s/ Kelsa Jones

Name: Kelsa Jones

Title: Assistant Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION OF
KOLL HOLDINGS INTERNATIONAL, INC.
a Delaware corporation

Koll Holdings International, Inc., a corporation organized and existing under and by virtue of the General Corporation law of the State of Delaware (hereinafter called the "Corporation"), DOES HEREBY CERTIFY:

1. The name of the corporation is Koll Holdings International, Inc.

2. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article FIRST thereof and by substituting in lieu of said Article FIRST the following new Article FIRST:

"FIRST: The name of Corporation is "CB Richard Ellis of California, Inc."

3. The amendment of the Certificate of Incorporation herein has been duly adopted and written consent has been given in accordance with the provisions of Sections 229 and 242 of the General Corporation Law of the State of Delaware.

Signed on November 25, 2002

By: /s/ Ellis D. Reiter, Jr.

Name: Ellis D. Reiter, Jr.

Title: Vice President and Secretary

Exhibit 3.9(b)

BY-LAWS

OF

KOLL ASIA HOLDINGS, INC.

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BY-LAWS

OF

KOLL ASIA HOLDINGS, INC.

ARTICLE I

STOCKHOLDERS

Section 1.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

Section 1.2 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, or by a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority, as expressly provided in a resolution of the Board of Directors, include the power to call such meetings, but such special meetings may not be called by any other person or persons.

Section 1.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given that shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the certificate of incorporation or these by-laws, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

Section 1.4 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5 Quorum. Except as otherwise provided by law, the certificate of incorporation or these by-laws, at each meeting of stockholders the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a

quorum, the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 1.4 of these by-laws until a quorum shall attend. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including, but not limited to, its own stock, held by it in a fiduciary capacity.

Section 1.6 Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in his absence by a Vice President, or in the absence of the foregoing persons by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of the meeting shall announce at the meeting of stockholders the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote.

Section 1.7 Voting; Proxies. Except as otherwise provided by the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary of the corporation. Voting at meetings of stockholders need not be by written ballot. At all meetings of stockholders for the election of directors, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. All other elections and questions shall, unless otherwise provided by law, the certificate of incorporation by these by-laws, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock which are present in person or represented by proxy at the meeting and entitled to vote thereon.

Section 1.8 Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days

before the date of such meeting; (b) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (c) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (ii)the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business day on the day on which the Board of Directors adopts the resolution taking such prior action; and (iii) the record for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereof. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.9 List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. Upon the willful neglect or refusal of the directors to produce such a list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 1.10 Action by Consent of Stockholder. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered (by hand or by certified or registered mail, return receipt requested) to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meeting of stockholders are recorded.

Prompt notice of the taking of the corporation action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 1.11 Inspectors of Election. The corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the corporation, to act at the meeting of any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (a)ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (b) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of the stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election. If required by law, the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. To the extent required by law, no ballot, proxies or votes, nor any revocations thereof or changes thereof, shall be accepted by the inspector or inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

Section 1.12 Conduct of Meeting. The Board of Directors of the corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Number; Qualifications. The authorized number of directors shall be two (2) until changed by a duly adopted amendment to this by-law. Directors need not be stockholders.

Section 2.2 Election; Resignation; Removal; Vacancies. The Board of Directors shall initially consist of the persons elected as directors by the incorporator, and each director so elected shall hold office until the first annual meeting of stockholders or until his successor is elected and qualified. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors each of whom shall hold office for a term of one year or until his successor is elected and qualified. Any director may resign at any time upon written notice to the corporation. Any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced or until his successor is elected and qualified.

Section 2.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

Section 2.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the President, any Vice President, the Secretary, or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four hours before the special meeting.

Section 2.5 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of a whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the certificate of incorporation, these by-laws or applicable law otherwise provides, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7 Organization. Meetings of the Board of Directors shall be presided over the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in their absence by a chairman chosen at the meeting.

The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Informal Action By Directors. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writing are filed with the minutes of proceedings of the Board of Directors or such committee.

ARTICLE III

COMMITTEES

Section 3.1 Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the members or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified manner. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. No such committee shall have power or authority in reference to amending the Certificate of Incorporation of the corporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation’s property and assets, recommending to the stockholders a dissolution of the corporation or revocation of dissolution, or amending these bylaws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or adopt a certificate of ownership and merger.

Section 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these by-laws.

ARTICLE IV

OFFICERS

Section 4.1 Executive Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The Board of Directors shall elect a President, a Secretary

and a Treasurer, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his election, and until his successor is elected and qualified or until his earlier death, resignation or removal. Any officer may resign at any time upon written notice to the corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.2 Chairman of the Board. The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time prescribed by the by-laws. If there is no President, the Chairman of the Board shall in addition be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 4.3 of this Article IV.

Section 4.3 President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the corporation. He shall preside at all meetings of the stockholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the by-laws.

Section 4.4 Vice Presidents. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors, the by-laws, the President or the Chairman of the Board.

Section 4.5 Secretary. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and stockholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors’ meetings, the number of shares present or represented at stockholders’ meetings, and the proceedings.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation’s transfer agent or registrar, as determined by resolution of the

Board of Directors, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors required by the by-laws or by law to be given, and shall keep the seal of the corporation if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the by-laws, the President or the Chairman of the Board.

Section 4.6 Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the Board of Directors, the by-laws, the President or the Chairman of the Board.

ARTICLE V

STOCK

Section 5.1 Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation certifying the number of shares owned by him in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer a gent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 5.2 Lost, Stolen or Destroyed Stock Certificates: Issuance of New Certificates. The corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI

INDEMNIFICATION

Section 6.1 Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans (an "indemnitee"), against all judgments, fines, amounts paid in settlement, liabilities and losses suffered and expenses (including attorneys' fees) actually and reasonably incurred by such indemnitee in connection with such proceeding. The corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized by the Board of Directors of the corporation.

Section 6.2 Prepayment of Expenses. The corporation shall pay the expenses (including attorneys' fees) incurred by an indemnitee in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under this Article or otherwise.

Section 6.3 Claims. If a claim for indemnification or payment of expenses under this Article is not paid in full within sixty days after a written claim therefor by the indemnitee has been received by the corporation, the indemnitee may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the corporation shall have the burden of proving that the indemnitee was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 6.4 Nonexclusivity of Rights. The rights conferred on any person by this Article VI shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.5 Other Indemnification. The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit enterprise.

Section 6.6 Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 7.2 Seal. The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitle to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meetings is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 7.4 Interested Directors; Quorum. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (b) the material facts as to hw relationship or interest and as to the contracts or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 7.5 Form of Records. Any record maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs,

microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.

Section 7.6 Amendment of By-Laws. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new by-laws by contained in the notice of such special meeting. If the power to adopt, amend or repeal by-laws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal by-laws.

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY that I am the duly elected, qualified and acting Secretary of KOLL ASIA HOLDINGS, INC., a Delaware corporation, and that the above and foregoing By-laws were adopted as the By-laws of said Corporation on the 13th day of January 1995, by the Incorporator of this Corporation and were ratified by the Board of Directors of the Corporation pursuant to an Organizational Action dated January 13, 1995.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 13th day of January 1995.

/s/ Devon A. Allen

Devon A. Allen, Secretary

Exhibit 3.10(a)

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

INSIGNIA/ESG, INC.

The undersigned, being the duly elected Chief Executive Officer of Insignia/ESG, Inc., a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), pursuant to Section 228 of the General Corporation Law of the State of Delaware (the “DGCL”), DOES HEREBY CERTIFY:

FIRST: The Board of Directors of the Corporation by resolution duly adopted by unanimous written consent, declared it advisable that the Certificate of Incorporation (the “Certificate”) of the Corporation filed with the Secretary of State of the State of Delaware on December 2, 1992 be amended by amending the Article FIRST to read in its entirety as follows:

“FIRST, the name of the corporation is CB Richard Ellis Real Estate Services, Inc. (hereinafter called the “Corporation”).”

SECOND: That such amendment was duly adopted by the shareholders of the Corporation entitled to vote thereon in accordance with Section 228 of the DGCL.

THIRD: That such amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be duly executed this____ day of July 2003.

INSIGNIA/ESG, INC.

By: ______________________________

Name: Ray Wirta
Title: Chief Executive Officer

[Insignia/ESG, Inc. Certificate of Amendment]

Exhibit 3.10(b)

CERTIFICATE OF INCORPORATION
OF
INSIGNIA COMMERCIAL GROUP, INC.

FIRST, the name of the incorporation is Insignia Commercial Group, Inc.

SECOND, the address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD, the purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH, the total number of shares of stock which the Corporation shall have authority to issue is 100 shares of common stock, par value $1.00 per share amounting in the aggregate to One Hundred Dollars ($100.00).

FIFTH, (a) the name and mailing address of the incorporator is Kelley M. Buechler, One Insignia Financial Plaza, Post Office Box 1089, Greenville, South Carolina 29602.

(b) The powers of the incorporator are to terminate upon the filing of this Certificate of Incorporation. The name and mailing address of the person who is to serve as the sole director of the Corporation until the first annual meeting of stockholders or until his successor has been elected and qualified is as follows:

Name	Mailing Address
Andrew L. Farkas	Post Office Box 1089 One Insignia Financial Plaza Greenville, South Carolina 29602

SIXTH, the Corporation is to have perpetual existence.

SEVENTH, the Board of Directors is authorized to adopt, amend, or repeal the By-Laws of the Corporation except as and to the extent provided in the By-Laws.

EIGHTH, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Corporation), by reason of the fact that (s)he is or was a director, officer, incorporator, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, incorporator, employee, partner, trustee, or agent of another corporation, partnership, joint venture, trust, or other enterprise (including an employee benefit plan), shall be entitled to be indemnified by the Corporation to the fullest extent then permitted by the General Corporation Law of the State of Delaware against expenses (including attorney’s fees and disbursements), judgments, fines

(including excise taxes assessed on a person with respect to an employee benefit plan), and amounts paid in settlement incurred by him in connection with such action, suit, or proceeding. Such right of indemnification shall inure whether or not the claim asserted is based on matters which antedate the adoption of this Article EIGHTH. Such right of indemnification shall continue as to a person who has ceased to be a director, officer, incorporator, employee, partner, trustee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person. The indemnification provided by this Article EIGHTH shall not be deemed exclusive of any other rights which may be provided now or in the future under any provision currently in effect or hereafter adopted of the By-Laws, by any agreement, by vote of stockholders, by resolution of disinterested directors, by provision of law, or otherwise. Notwithstanding the foregoing, the Corporation shall be required to indemnify a person only if such proceeding was authorized by the Board of Directors.

NINTH, to the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or any of its stockholders for monetary damages fro breach of fiduciary duty as a director. Any repeal or modification of this paragraph shall be prospective only and shall not adversely affect any limitation, right, or protection of a director of the Corporation existing at the time of such repeal or modification.

TENTH, whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or calls of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH, elections of directors need not be by written ballot unless the By-Laws of the Corporation shall so provide.

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

IN WITNESS WHEREOF, I have executed this Certificate of Incorporation for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, on this 2nd day of December, 1992.

By: /s/ Kelley M. Buechler

Name: Kelley M. Buechler
Title: Incorporator

Exhibit 3.10(c)

AMENDED AND RESTATED

BY-LAWS

OF

INSIGNIA/ESG, INC.

ARTICLE I

MEETING OF STOCKHOLDERS

Section 1. Place of Meeting and Notice. Meetings of the stockholders of the Corporation shall be held at such place either within or without the State of Delaware as the Board of Directors may determine.

Section 2. Annual and Special Meetings. Annual meetings of stockholders shall be held, at a date, time and place fixed by the Board of Directors and stated in the notice of meeting, to elect a Board of Directors and to transact such other business as may properly come before the meeting. Special meetings of the stockholders may be called by the President or any Vice President for any purpose and shall be called by the President or Secretary if directed by the Board of Directors or requested in writing by the holders of not less than 25% of the capital stock of the Corporation. Each such stockholder request shall state the purpose of the proposed meeting.

Section 3. Notice. Except as otherwise provided by law, at least ten and not more than 60 days before each meeting of stockholders, written notice of the time, date and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder.

Section 4. Quorum. At any meeting of stockholders, the holders of record, present in person or by proxy, of a majority of the Corporation's issued and outstanding capital stock shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

Section 5. Voting. Except as otherwise provided by law, all matters submitted to a meeting of stockholders shall be decided by vote of the holders of record of a majority of the Corporation's issued and outstanding capital stock present in person or by proxy.

ARTICLE II

DIRECTORS

Section 1. Number, Election and Removal of Directors. The number of Directors that shall constitute the Board of Directors shall be not more than 11. The first Board of Directors shall consist of one Director. Thereafter, within the limits specified above, the number of Directors shall be determined by the Board of Directors or by the stockholders. The Directors shall be elected by the stockholders at their annual meeting. Vacancies and newly created directorships resulting from any increase in the number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by the sole remaining Director or by the stockholders. A Director may be removed with or without cause by the stockholders.

Section 2. Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may from time to time be fixed by the Board of Directors or as may be specified in a notice of meeting. Special meetings of the Board of Directors may be held at any time upon the call of the President and shall be called by the President or Secretary if directed by at least one-third of the Directors. Telegraphic or written notice of each special meeting of the Board of Directors shall be sent to each Director not less than two days before such meeting. A meeting of the Board of Directors may be held without notice immediately after the annual meeting of the stockholders. Notice need not be given of regular meetings of the Board of Directors.

Section 3. Quorum. One-half of the total number of Directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until such a quorum is present. Except as otherwise provided by law, the Certificate of Incorporation of the Corporation, these By-Laws or any contract or agreement to which the Corporation is a party, the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

Section 4. Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees, including without limitation an Executive Committee, to have and exercise such power and authority as the Board of Directors shall specify. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in place of any such absent or disqualified member.

ARTICLE III

OFFICERS

The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other additional officers with such titles as the Board of Directors shall determine, all of whom shall be chosen by and shall serve at the pleasure of the Board of Directors. Such officers shall have the usual powers and shall perform all the usual duties incident to their respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. The authority, duties or responsibilities of any officer of the Corporation may be suspended by the President with or without cause. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause.

ARTICLE IV

INDEMNIFICATION

To the fullest extent permitted by the Delaware General Corporation Law, the Corporation shall indemnify any current or former Director or officer of the Corporation and may, at the discretion of the Board of Directors, indemnify any current or former employee or agent of the Corporation against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding brought by or in the right of the Corporation or otherwise, to which he was or is a party or is threatened to be made a party by reason of his current or former position with the Corporation or by reason of the fact that he is or was serving, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The Corporation may purchase and maintain insurance on behalf of any person described in this Article IV against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article IV or otherwise.

ARTICLE V

GENERAL PROVISIONS

Section 1. Notices. Whenever any statute, the Certificate of Incorporation or these By-Laws require notice to be given to any Director or stockholder, such notice may be given in writing by mail, addressed to such Director or stockholder at his address as it appears in the records of the Corporation, with postage thereon prepaid. Such notice shall be deemed to have been given when it is deposited in the United States mail. Notice to Directors may also be given by telegram.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

Exhibit 3.11(a)

ARTICLES OF INCORPORATION
OF
LYNN SEDWAY & ASSOCIATES

FIRST: The name of this corporation is Lynn Sedway & Associates.

SECOND: The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

THIRD: The name of this corporation's initial agent for service of process is:

Lynn M. Sedway
Suite 400
1000 Fourth Street
San Rafael, California 94901

FOURTH: This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is One Million (1,000,000).

IN WITNESS WHEREOF, the undersigned has executed these Articles this 21st day of December, 1987.

By: /s/ Stafford W. Keegin

Name: Stafford W. Keegin
Title: Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

By: /s/ Stafford W. Keegin

Name: Stafford W. Keegin
Title: Incorporator

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

Lynn M. Sedway certifies that:

1. She is the President and Secretary of Lynn Sedway & Associates, a California corporation.
2. Article First of the Articles of Incorporation of this corporation is amended to read as follows:

   "The name of this corporation is: Sedway Group."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.
4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 1,040. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

Date: January 3, 1997

By: /s/ Lynn M. Sedway

Name: Lynn M. Sedway
Title: President and Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

The undersigned certify that:

1. They are, respectively, the Senior Vice President and Secretary and the Vice President and Assistant Secretary of Sedway Group, a California corporation (this "Corporation").

2. Article First of the Articles of Incorporation of this corporation is amended to read as follows:

"The name of this corporation is: CBRE Consulting Inc."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 1,108. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct to our own knowledge.

February 18, 2003

By: /s/ Ellis D. Reiter, Jr.

Name: Ellis D. Reiter, Jr.
Title: Senior Vice President and Secretary

By: /s/ Dean E. Miller

Name: Dean E. Miller
Title: Vice President and Assistant Secretary

Exhibit 3.11(b)

Bylaws

of

SEDWAY GROUP

Bylaws

of

SEDWAY GROUP

Article 1: Name, Office and Seal

Section 1.01. Name of Corporation.

The name of the corporation shall be Lynn Sedway & Associates (hereinafter referred to as the “Corporation”).

Section 1.02. Principal Office.

The principal office of the Corporation shall be located in the County of Marin, State of California. The Corporation may also have offices at such other places, both within and without the State of California, as the board of directors may from time to time determine or the business of the Corporation may require.

Section 1.03. Corporate Seal.

The corporate seal of the Corporation shall have inscribed thereon the name of the Corporation and the year and State of Incorporation.

Article 2: Shareholders

Section 2.01. Place of Meetings.

Meetings of shareholders shall be held at the time and place, within or without the State of California, stated in the bylaws or in the notice of the meeting. If no other place is stated or fixed in the bylaw, shareholder meetings shall be held at the principal executive office of the Corporation.

Section 2.02. Annual Meetings.

An annual meeting of the shareholders shall be held each year at the principal office of the Corporation on the first Thursday in January for the purpose of electing directors and transacting any other proper business. If such a day is a legal holiday then the meeting shall be on the next business day following.

Section 2.03. Special Meetings.

Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, or by these bylaws, may be called by the board, the chairman of the board, the president or the holders of shares entitled to cast not less than ten (10) percent of the votes at the meeting or such additional persons as may be provided in the articles of incorporation or these bylaws.

Section 2.04. Notice.

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting stating the place, date and hour of the meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting to each shareholder of record entitled to vote. In the case of a special meeting, such notice shall state the general nature of the business to be transacted, and no other business may be transacted. In the case of an annual meeting, such notice shall state those matters which the board, at the time of the mailing of the notice, intends to present for action by the shareholders, but subject to the provisions that any proper matter may be presented at the meeting for such action. Notice of any meeting at which directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by management for election. Notice of a shareholders' meeting shall be given either personally or by mail or other means of written communication,

addressed to the shareholder at the address of such shareholder appearing on the books of the Corporation.

Section 2.05. Quorum.

The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at meetings of the shareholders for the transaction of business. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting shall be the act of the shareholders, unless the vote of a greater number of voting by classes is otherwise provided by statute, by the articles of incorporation or these bylaws. The shareholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken is approved by at least a majority of the shares required to constitute a quorum. In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented, whether in person or by proxy, but no other business may be transacted.

Section 2.06. Voting.

Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of the shareholders, except to the extent that the voting rights are limited or denied by the articles of incorporation. At any meeting of the shareholders, every shareholder having the right to vote may vote either in person, or by proxy executed in writing by the shareholder. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law. Each

proxy shall be filed with the secretary of the Corporation prior to or at the time of the meeting. Voting for directors shall be in accordance with Section 2.06 of these bylaws.

Section 2.07. Record Date.

The board of directors may fix in advance a record date for the purpose of determining shareholders entitled to notice of any meeting or to vote at a meeting of the shareholders, the record date to be not more than sixty (60) nor less than ten (10) days prior to the date of such meeting. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which the meeting is held. Shareholders on the record date are entitled to notice and to vote or to receive the dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books after the record date, except as otherwise provided in the articles of incorporation or by agreement or by statute.

Section 2.08. Action Without Meeting.

Unless otherwise provided in the articles, any action, except election of directors, which may be taken at any annual or special meeting of the shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holder of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Any shareholder or proxy may revoke the consent by a writing received by the Corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the secretary of the Corporation. All signed consents, or signed copies thereof, shall be placed in the minute book. Except to fill a vacancy in the board of directors not filled by the directors, directors may not be

elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors. Any election of a director to fill a vacancy not filled by the directors, other than a vacancy created by removal, requires the written consent of a majority of the outstanding shares entitled to vote.

Article 3: Directors

Section 3.01. Management.

The business and affairs of the Corporation shall be managed by the board of directors who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 3.02. Number, Qualification, Election, Term. [Amended 12/31/87]

The board of directors shall consist of three directors who do not need to be residents of any particular state. The directors shall be elected at the annual meeting of the shareholders, except as provided by Bylaws Section 3.03 and 3.05. The directors including directors elected to fill vacancies shall hold office until the expiration of the term for which elected and until their successors have been elected and qualified.

Section 3.03. Removal.

The board may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony. Any or all of the directors may be removed without cause if such removal is approved by the affirmative vote of a majority of the outstanding shares entitled to vote, except that no director may be removed when the votes cast against removal would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes cast and the entire number of directors authorized at the time of the director's most recent election were then being elected; or, when the articles of

incorporation provide that the holders of the shares of any class or series, voting as a class or series, are entitled to elect one or more directors, any director so elected may be removed only by the applicable vote of the holders of the shares of that class or series or as otherwise provided by statute.

Section 3.04. Vacancies.

Any vacancy occurring in the board of directors (by death, resignation, removal or otherwise) may be filled by an affirmative vote of a majority of the remaining directors, though less than a quorum of the board of directors, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Section 3.05. Election of Directors.

(1) At each election of directors, every shareholder entitled to vote at such election has the right:

(a) to vote the number of voting shares owned by him or her for as many persons as there are directors to be elected and for whose election he or she has a right to vote; or

(b) to cumulate his or her votes by giving one candidate as many votes as the number of such directors multiplied by the number of his or her shares equal, or by distributing such votes on the same principle among any number of such candidates.

(2) A shareholder who intends to cumulate his or her votes shall give written notice of such intention to the Secretary of the Corporation on or before the day preceding the election at which such shareholder intends to cumulate his or her votes.

(3) All shareholders may cumulate their votes if any shareholder gives such notice.

Section 3.06. Place of Meetings.

Meetings of the board of directors, regular or special, may be held either within or without the State of California.

Section 3.07. Regular Meetings.

Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the board.

Section 3.08. Special Meetings.

Special meetings of the board shall be held upon four (4) days' notice by mail or 48 hours' notice delivered personally or by telephone or telegraph to each director. Except as otherwise expressly provided by statute, articles of incorporation, or these bylaws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice. Special meetings may be called by the chairman of the board or the president or any vice-president or the secretary in like manner and on like notice on the written request of one (1) director.

Section 3.09. Quorum, Majority of Vote.

At meetings of the board of directors a majority of the number of directors fixed by these bylaws shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, except as otherwise specifically provided by statute, the articles of incorporation, or these bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting. If a quorum is not present at a meeting of the board of directors, the directors may adjourn the meeting from time to time, and if the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be

given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 3.10. Compensation.

By resolution of the board of directors, the directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of the executive committee or of special or standing committees may, by resolution of the board of directors, be allowed like compensation for attending committee meetings.

Section 3.11. Procedure.

The board of directors shall keep regular minutes of its proceedings. The minutes shall be placed in the minute book of the Corporation.

Section 3.12. Action Without Meeting.

Any action required or permitted to be taken at a meeting of the board of directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members, whether individually or collectively, of the board of directors. Such consent shall have the same force and effect as a unanimous vote at a meeting. The signed consent, or a signed copy, shall be placed in the minute book.

Section 3.13. Telephone and Similar Meetings.

The directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting

to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.14. Interested Directors, Officers and Security Holders.

(a) Validity. If paragraph (B) is satisfied, no contract or other transaction between the Corporation and any of its directors, or any corporation or firm in which any of them are directly or indirectly interested, shall be invalid solely because of this relationship or because of the presence of the director or directors at the meeting authorizing the contract or transaction.

(b) Disclosure, Approval, Fairness. Paragraph (A) shall apply only if:

(1) the material facts of the relationship or interest of such director or directors are known or disclosed:

(a) to the Board of Directors and it nevertheless authorizes or ratifies in good faith the contract or transaction by a vote sufficient without counting the vote of the interested director or directors, and the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified, or

(b) to the shareholders and they nevertheless authorize or ratify in good faith the contract or transaction by a majority of the shares present, with the shares owned by the interested director or directors not being entitled to vote thereon.

(2) as to contracts or transactions not approved as provided above, the person asserting the validity of the contract or transaction sustains the burden of proving that the contract or transaction was just and reasonable as to the Corporation at the time it was authorized, approved or ratified.

(c) Non-Exclusive. This provision shall not be construed to invalidate a contract or transaction which would be valid in the absence of this provision.

Article 4: Executive Committee

Section 4.01. Designation.

The board of directors may, by resolution adopted by a majority of the authorized number of directors, designate an executive committee.

Section 4.02. Number, Qualification, Term.

The executive committee shall consist of one (1) or more directors, one of whom shall be the president. The executive committee shall serve at the pleasure of the board of directors.

Section 4.03. Authority.

The executive committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the board of directors in the management of the business and affairs of the Corporation, including authority over the use of the corporate seal. However, the executive committee shall not have the authority of the board in reference to:

(a) the approval of any action for which shareholder or outstanding share approval is required;

(b) amending, altering, or repealing these bylaws or adopting new bylaws;

(c) filing vacancies in or removing members of the board of directors or of any committee appointed of the board of directors or the creation of any new committee of the board or the members thereof;

(d) fixing the compensation of any member of such committee; or

(e) declaring a dividend.

Section 4.04. Change in Number.

The number of executive committee members may be increased or decreased from time to time by resolution adopted by a majority of the authorized number of directors.

Section 4.05. Removal.

Any member of the executive committee may be removed by the board of directors by the affirmative vote of a majority of the authorized number of directors, whenever in its judgment the best interests of the Corporation will be served thereby.

Section 4.06. Vacancies.

A vacancy occurring in the executive committee (by death, resignation, removal or otherwise) may be filled by the board of directors in the manner provided for original designation in Bylaw 4.01

Section 4.07. Meetings.

Time, place and notice (if any) of executive committee meetings shall be determined by the executive committee. See also Bylaws 5.01 and 5.02.

Section 4.08. Quorum, Majority Vote.

At meetings of the executive committee, a majority of the number of members designated by the board of directors shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the executive committee, except as otherwise specifically provided by statute, the articles of incorporation, or these bylaws. If a quorum is not present at a meeting of the executive committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present.

Section 4.09. Procedure.

The executive committee shall keep regular minutes of its proceedings and report the same to the board of directors when required. The minutes of the proceedings of the executive committee shall be placed in the minute book of the Corporation.

Section 4.10. Responsibility.

The designation of an executive committee and the delegation of authority to it shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed upon it or his or her by law.

Article 5: Notice

Section 5.01. Method.

Whenever by statute, the articles of incorporation, these bylaws, or otherwise, notice is required to be given to a director, committee member, or security holder, and no provision is made as to how the notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given: (a) in writing, by mail, postage prepaid, addressed to the director, committee member, or security holder at the address appearing on the books of the Corporation; or (b) in any other method permitted by law. Any notice required or permitted to be given by mail shall be deemed given at the time when the same is thus deposited in the United States mail.

Section 5.02. Waiver.

Whenever, by statute or the articles of incorporation or these bylaws, notice is required to be given to a security holder, committee member, or director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice shall be equivalent to the giving of such notice. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Article 6: Officers and Agents

Section 6.01. Number, Qualification, Election, Term.

(a) The Corporation shall have: (1) a president, a vice-president, a secretary and a chief financial officer, and (2) such other officers (including a chairman of the board and additional vice-presidents) and assistant officers and agents as the board of directors may think necessary.

(b) No officer or agent need be a shareholder, a director or a resident of California.

(c) Officers named by Bylaw 6.01(a)(1) shall be elected by the board of directors on the expiration of an officer's term or whenever a vacancy exists. Officers and agents named in Bylaw 6.01(a)(2) may be elected by the board at any meeting.

(d) Unless otherwise specified by the board at the time of election or appointment, or in an employment contract approved by the board, each officer's and agent's term shall end at the first meeting of directors after the next annual meeting of shareholders. He or she shall serve until the end of his or her term or, if earlier, his or her death, resignation, or removal.

(e) Any two or more officers may be held by the same person.

Section 6.02. Removal.

Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 6.03. Vacancies.

Any vacancy occurring in any office of the Corporation (by death, resignation, removal or otherwise) may be filled by the board of directors.

Section 6.04. Authority.

Officers and agents shall have such authority and perform such duties in the management of the corporation as are provided in these bylaws or as may be determined by resolution of the board of directors not inconsistent with these bylaws.

Section 6.05. Compensation.

The compensation of officers and agents shall be fixed from time to time by the board of directors.

Section 6.06. President.

The president shall be chief executive officer of the Corporation; he or she shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business and affairs of the Corporation, and shall see that all orders and resolutions of the board are carried into effect. He or she shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe.

Section 6.07. Vice-President.

The vice-presidents in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. They shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe or as the president may from time to time delegate.

Section 6.08. Secretary.

(a) The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all votes, actions and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the executive and other committee when required.

(b) He or she shall give or cause to be given notice of all meetings of the shareholders and special meetings of the board of directors.

(c) He or she shall keep in a safe custody the seal of the Corporation, and, when authorized by the board of directors or the executive committee, affix it to any instrument requiring it. When so affixed, it shall be attested by his or her signature or by the signature of the chief financial officer or an assistant secretary.

(d) He or she shall be under the supervision of the president. He or she shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe or as the president may from time to time delegate.

Section 6.09. Chief Financial Officer.

(a) The chief financial officer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Corporation and shall deposit all moneys and other valuables in the name and to the credit of the Corporation in depositories designated by the board of directors.

(b) He or she shall disburse the funds of the Corporation as ordered by the board of directors, and prepare financial statements as they direct.

(c) If required by the board of directors, he or she shall give the Corporation a bond (in such form, in such sum, and with such surety or sureties as shall be satisfactory to the board) for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

(d) He or she shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe or as the president may from time to time delegate.

Article 7: Certificates of Shareholders

Section 7.01. Certificates.

Certificates in the form determined by the board of directors shall be delivered representing all shares to which shareholders are entitled. Certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued. Each certificate shall state on its face the holder's name, the class or series of shares, the par value of shares or a statement that such shares are without par value, and such other matters as may be required by law. It shall be signed by the president or a vice-president and such other officer or officers as the board of directors shall designate, and may be sealed with the seal of the Corporation or a facsimile thereof. If a certificate is countersigned by a transfer agent, or an assistant transfer agent or registered by a registrar (either of which is other than the Corporation or an employee of the Corporation), the signature of any officer may be a facsimile.

Section 7.02. Issuance.

Shares may be issued for such consideration not less than par value and to such persons as the board of directors may determine from time to time. Shares shall not be issued until the full amount of the consideration, fixed as provided by law, has been paid. The whole or any part of the shares of the Corporation may be issued as partly paid and subject to call for the remainder of the consideration therefor.

Section 7.03. Payment for Shares.

(a) Kind. The consideration for the issuance of shares shall consist of money paid, labor done (including services actually performed for the Corporation) or property (tangible or

intangible) actually received. Neither promissory notes nor the promise of future services shall constitute payment for shares.

(b) Valuation. In the absence of fraud in the transaction, the judgment of the board of directors as the value of consideration received shall be conclusive.

(c) Effect. When the consideration fixed as provided by law, has been paid, the shares shall be deemed to have been issued and shall be considered fully paid and nonassessable.

Section 7.04. Subscriptions.

Unless otherwise provided in the subscription agreement, subscriptions for shares, whether made before or after organization of the Corporation, shall be paid in full at such time or in such installments and at such times as shall be determined by the board of directors. Any call made by the board of directors for payment on subscriptions shall be uniform as to all shares of all same series. In case of default in the payment on any installment or call when payment is due, the Corporation may proceed to collect the amount due in the same manner as any debt due to the Corporation.

Section 7.05. Lost, Stolen or Destroyed Certificates.

The Corporation shall issue a new certificate in place of any certificate for shares previously issued if the registered owned of the certificate:

(a) Claim. Makes proof in affidavit form that it has been lost, destroyed or wrongfully taken; and

(b) Timely Request. Requests the issuance of a new certificate before the Corporation has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim; and

(c) Bond. Give a bond in such form, and with such surety or sureties, with fixed or open penalty, as the Corporation may direct, to indemnify the Corporation (and its transfer agent

and registrar, if any) against any claim that may be made on account of the alleged loss, destruction, or theft of the certificate; and

(d) Other Requirements. Satisfies any other reasonable requirements imposed by the Corporation. When a certificate has been lost, apparently destroyed or wrongfully taken, and the holder of record fails to notify the Corporation within a reasonable time after he or she has notice of it, and the Corporation registers a transfer of the shares represented by the certificate before receiving such notification, the holder of record is precluded from making any claim against the Corporation for the transfer of the shares or for a new certificate.

Section 7.06. Registration of Transfer.

The Corporation shall register the transfer of a certificate for shares presented to it for transfer if:

(a) Endorsement. The certificate is properly endorsed by the registered owner or by his or her duly authorized attorney; and

(b) Adverse Claims. The Corporation has no notice of an adverse claim or has discharged any duty to inquire into such a claim; and

(c) Collection of Taxes. Any applicable law relating to the collection of taxes has been complied with.

Section 7.07. Registered Owner.

Prior to due presentment for registration of transfer of a certificate for shares, the Corporation may treat the registered owner as the person exclusively entitled to vote, to receive notices and otherwise to exercise all the rights and powers of a shareholder.

Section 7.08. Preemptive Rights.

No shareholder or other person shall have any preemptive right whatsoever.

Article 8: General Provisions

Section 8.01. Dividends and Reserves.

(a) Declaration and payment. Subject to statute and the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting and may be paid in cash, in property, or in shares of the Corporation. The declaration and payment shall be at the discretion of the board of directors.

(b) Record Date. The board of directors may fix in advance a record date for the purpose of determining shareholders entitled to receive payment of any dividend, the record date to be not more than sixty (60) days prior to the payment date of such dividend, or the board of directors may close the stock transfer books for such purpose for a period of not more than sixty (60) days prior to the payment date of such dividend. In the absence of any action by the board of directors, the close of business on the date on which the board of directors adopts the resolution declaring the dividends shall be the record date.

(c) Reserves. By resolution, the board of directors may create such reserve or reserves out of the earned surplus of the Corporation as the directors from time to time, in their discretion, think proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for any other purpose they think beneficial to the Corporation. The directors may modify or abolish any such reserve in the manner in which it was created.

Section 8.02. Books and Records.

The Corporation shall keep adequate and correct books and records of account and shall keep minutes of the proceedings of its shareholders and board of directors, and shall keep at its principal executive office or at the office of its transfer agent or registrar, a record of its

shareholders, giving the names and addresses of all shareholders and the number of class of the shares held by each.

Section 8.03. Annual Report.

The board of directors shall mail to each shareholder of record an annual report not later than one hundred twenty (120) days after the close of the fiscal year and at least fifteen (15) days prior to each annual meeting. Such report shall contain a full and clear statement of the business and condition of the Corporation, including a reasonably detailed balance sheet as of the end of each such fiscal year, an income statement, and statement of changes in financial position for such fiscal year, all prepared in conformity with generally accepted accounting principles applied on a consistent basis and accompanied by any report thereon of independent accountants, or if there is no such report, then such statements shall be accompanied by the certificate of an authorized officer of the Corporation. Moreover, when and if the Corporation shall have fewer than one hundred (100) holders of record of its shares, the financial statements required by this section are not required to be prepared in conformity with generally accepted accounting principles if they reasonably set forth the assets and liabilities and the income and expenses of the Corporation and disclose the accounting basis used in their preparation.

Section 8.04. Checks and Notes.

All checks and demands for money and notes of the Corporation shall be signed by such officer or officers or such other or persons as the board of directors may from time to time designate.

Section 8.05. Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the board of directors.

Section 8.06. Indemnification.

(a) Persons. The Corporation shall indemnify, to the extent provided in paragraphs (B), (D), or (F):

(1) any person who is or was director, officer, agent or employee of the Corporation, and

(2) any person who serves or served at the Corporation's request as a director, officer, agent, employee, partner or trustee of another corporation or of a partnership, joint venture, trust or other enterprise.

(b) Extent – Derivative Suits. In case of a suit by or in the right of the Corporation against a person named in paragraph (A) by reasons of his or her holding a position named in paragraph (A) by reasons of his or her holding a position named in paragraph (A), the Corporation shall indemnify him or her if he or she satisfied the standard in paragraph (c), for expenses (including attorney's fees but excluding amounts paid in settlement) actually and reasonably incurred by him or her in connection with the defense or settlement of the suit.

(c) Standard – Derivative Suits. In case of a suit by or in the right of the Corporation, a person named in paragraph (A) shall be indemnified only if:

(1) he or she is successful on the merits or otherwise, or

(2) he or she acted in good faith in the transaction which is the subject of the suit, and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation. However, he or she shall not be indemnified n respect of any claim, issue or matter as to which he or she has been adjudged liable to the Corporation unless (and only to the extent that) the court in which such proceeding is or was pending shall determine upon application, that despite the adjudication but in view of all the circumstances, he or she is fairly and reasonably entitled to indemnity for such expenses which the court shall determine.

(d) Extent – Nonderivative Suit. In case of a suit, action or proceeding (whether civil, criminal, administrative or investigative), other than a suit by or in the right of the Corporation, together hereafter referred to as a nonderivative suit, against a person named in paragraph (A) by reason of his or her holding a position named in paragraph (A), the Corporation shall indemnify him or her if he or she satisfies the standard in paragraph (E), for amounts actually and reasonably incurred by him or her in connection with the defense or settlement of the nonderivative suit as

(1) expenses (including attorneys' fees);

(2) amounts paid in settlement,

(3) judgments, and

(4) fines.

(e) Standard – Nonderivative Suits. In case of a nonderivative suit, a person named in paragraph (A) shall be indemnified only if:

(1) he or she is successful on the merits or otherwise, or

(2) he or she acted in good faith in the transaction which is the subject of the nonderivative suit, and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal action or proceeding, he or she had no reason to believe his or her conduct was unlawful. The termination of a nonderivative suit by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person failed to satisfy the standard of this paragraph (E)(2).

(f) Determination That Standard Has Been Met. A determination that the standard of paragraph (C) or (E) has been satisfied may be made by a court. Or, except as stated in paragraph (C)(2) (2d sentence), the determination to such proceedings.

(1) a majority vote of a quorum consisting of directors who are not parties to such proceedings.

(2) the court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation.

(3) the shareholders of the Corporation, with the shares owned by the person to be indemnified not being entitled to vote thereon.

(g) Proration. Anyone making a determination under paragraph (F) may determine that a person has met the standard as to some matters but not as to others, and may reasonably prorate amounts to be indemnified:

(h) Advance Payment. The Corporation may pay in advance any expenses (including attorneys' fees) which may become subject to indemnification under paragraph (A) – (G) if:

(1) the board of directors authorizes the specific payment; or

(2) the person receiving the payment undertakes in writing to repay such amount unless it is ultimately determined that he or she is entitled to indemnification by the Corporation under paragraphs (A) – (G).

(i) Nonexclusive. The indemnification provided by paragraphs (A) – (G) shall not be exclusive of any other rights to which a person may be entitled by law, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise.

(j) Continuation. The indemnification and advance payment provided in paragraphs (A) – (H) shall continue as to the person who has ceased to hold a position named in paragraph (A) and shall inure to his or her heirs, executors and administrators.

(k) Insurance. The Corporation may purchase and maintain insurance on behalf of any person who holds or who has held position named in paragraph (A), against any liability incurred by him or her in any such position, or arising out of his or status as such, whether or not the Corporation would have power to indemnify him or her against such liability under paragraphs (A) – (H).

(l) Reports. Indemnification payments, advance payments and insurance purchases and payments made under paragraphs (A) – (K) shall be reported in writing to the shareholders of the Corporation with the next notice of annual meeting, or within six months, whichever, is sooner.

Section 8.07. Resignation.

Any director, committee member, officer or agent may resign by giving written notice to the president or the secretary. The resignation shall taken effect at the time specified therein, or immediately if no time is specified. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.08. Amendment of Bylaws.

(a) These bylaws except as to the specifying or changing of the fixed number of directors may be altered, amended, or repealed at any meeting of the board of directors at which a quorum is present, by the affirmative vote of a majority of the directors present at such meeting, provided notice of the proposed alteration, amendment, or repeal is contained in the notice of the meeting.

(b) These bylaws may also be altered, amended or repealed at any meeting of the shareholders at which a quorum is present or represented, by the affirmative vote of the holders of a majority of the shares present or represented at the meeting and entitled to vote thereat, provided notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting.

Section 8.09. Construction.

Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural and conversely. If any portion of these bylaws shall be invalid or inoperative, then, so far as is reasonable and possible:

(a) The remainder of these bylaws shall be considered valid and operative; and

(b) Effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 8.10. Table of Contents, Headings.

The table of contents and headings are for organization, convenience and clarity. In interpreting these bylaws, they shall be subordinated in importance to the other written material.

Section 8.11. Relation to Articles of Incorporation.

These bylaws are subject to, and governed by, the Articles of Incorporation.

LYNN SEDWAY & ASSOCIATES

CERTIFICATE OF INCORPORATOR

I, the undersigned, do hereby certify:

1: That I am the incorporator of Lynn Sedway & Associates, a California corporation; and

2. That the foregoing bylaws, comprising 30 pages, constitute the bylaws of said corporation as duly adopted by me, as incorporator, on December 31, 1987, pursuant to the authority so to act contained in Section 210 of the California Corporation Code

IN WITNESS WHEREOF, I have hereunto subscribed my name this 31st day of December 1987.

/s/ Stafford W. Keegin

Stafford W. Keegin

Exhibit 3.12(a)

ARTICLES OF INCORPORATION
OF
TOTAL EMPLOYEE RELATIONS SERVICES, INC.

I.
NAME

The name of the Corporation is TOTAL EMPLOYEE RELATIONS SERVICES, INC.

II.
PURPOSES

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporation Code.

III.
INITIAL AGENT FOR SERVICE OF PROCESS

The name and address in the State of California of the Corporation's initial agent for service of process is:

JOHN HERMANN
3333 Michelson Avenue, Suite 240
Irvine, CA 92715

IV.
CAPITALIZATION

The Corporation is authorized to issue only one class of shares of stock and the total number of shares which the Corporation is authorized to issue is One Million (1,000,000).

V.
LIMITATION OF DIRECTOR LIABILITY

The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

VI.
INDEMNIFICATION OF AGENTS

The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporation Code) for breach of duty to the Corporation and its shareholders through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporation Code, subject to the limits on such excess indemnification set forth in Section 204 of the Corporation Code.

Dated: 12/8/95

/s/ John Hermann

JOHN HERMANN, Incorporator

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
TOTAL EMPLOYEE RELATIONS SERVICES, INC.
a California corporation

The undersigned certifies that:

1. He is the President and the Secretary of Total Employee Relations Services, Inc., a California corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

"The name of the Corporation is KOLL STRATEGIC HR SERVICES"

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporation Code. The total number of outstanding shares of the corporation is One Thousand (1,000). The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

I further declare under penalty of perjury under the laws of the State of California that the matter set forth in this certificate are true and correct of my own knowledge.

Date: August 13, 1996

/s/ John Hermann

John Hermann, President and Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
KOLL STRATEGIC HR SERVICES,
a California corporation

The undersigned certify that:

1. He is the President and Secretary of Koll Strategic HR Services, a California corporation.

2. Article IV of the Articles of Incorporation of this corporation is amended to read as follows:

> "The Corporation is authorized to issue only one class of shares of stock and the total number of shares which the Corporation is authorized to issue is Ten Thousand (10,000)."

3. The foregoing amendment of the Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporation Code. The total number of outstanding shares of the Corporation is One Thousand (1,000). The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

Dated: May 22, 1997

/s/ John Hermann

John Hermann, President and Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
KOLL STRATEGIC HR SERVICES

Walter V. Stafford and Trude A. Tsujimoto certify that:

1. They are the Senior Vice President and Secretary, respectively, of Koll Strategic HR Services, a California corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

"The name of the Corporation is Strategic HR Services"

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporation Code. The total number of outstanding shares of the Corporation is 1,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date as of April 6, 1998

/s/ Walter V. Stafford

Walter V. Stafford, Senior Vice President

/s/ Trude A. Tsujimoto

Trude A. Tsujimoto, Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
STRATEGIC HR SERVICES

Walter V. Stafford and Kelsa L. Jones certify that:

1. They are the Senior Vice President and Assistant Secretary, respectively, of Strategic HR Services, a California corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

"The name of the Corporation is CBRE HR, INC."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporation Code. The total number of outstanding shares of the Corporation is 1,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date as of December 22, 2000

/s/ Walter v. Stafford

Walter V. Stafford, Senior Vice President

/s/ Kelsa L. Jones

Kelsa L. Jones, Assistant Secretary

CBRE/LJM – Nevada, Inc.
5847 San Felipe, Suite 4400
Houston, TX 77057
(713) 787-1900 Fax (713) 787-1944

January 10, 2001

To: Secretary of State of the state of California
1500 11th Street
Sacramento, CA 95814

Re: Consent to Use of Name

I, the undersigned, on behalf of CBRE/LJM – Nevada, Inc., a Delaware corporation, do hereby consent to the utilization of "CBRE HR, Inc." by those who desire to register a corporation by said name in California.

I, being duly authorized to sign on behalf of CBRE/LJM – Nevada, Inc., do hereby execute this statement of January 10, 2001.

Sincerely,

/s/ Michael Melody

Michael Melody
Executive Vice President

Exhibit 3.12(b)

BYLAWS
OF
CBRE HR, INC.

A California Corporation

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BYLAWS

OF

TOTAL EMPLOYEE RELATIONS SERVICES, INC.,
a California corporation

ARTICLE I

OFFICES

Section 1. Principal Offices. The Board of Directors (hereinafter at times referred to as 'the Board') shall fix the location of the principal executive office of the Corporation at any place within or outside the State of California. If the principal executive office is located outside this state, and the Corporation has one or more business offices in this state, the Board of Directors shall likewise fix and designate a principal business office in the State of California.

Section 2. Other Offices. The Board of Directors may at any time establish branch or subordinate offices a any place or places.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meetings. Meetings of shareholders shall be held at any place within or without the State of California designated by the Board of Directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the Corporation.

Section 2. Special Meetings. Meetings of shareholders shall be held each year on a date and at a time designated by the Board of Directors. The date so designated shall be within five (5} months after the end of the fiscal year of the Corporation, and within fifteen (15) months after the last annual meeting. At each annual meeting directors shall be elected, and any other proper business may be transacted.

Section 3. Special Meetings. Special meetings of the shareholders may be called at any time by the Board, the Chairman of the Board, the President or by the holders of shares entitled to cast not less than ten percent (10%) of the votes at such meeting.

Persons other than the Board who are entitled to call a meeting may send a request in writing to the Chairman of the Board, the President, any Vice President or the Secretary. The officer shall cause notice to be given to the Shareholders entitled to vote that a meeting will be held at a time requested by the person or person; calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request the persons entitled to call the meeting may give the notice.

Section 4. Notice of Shareholders' Meetings. Written notice of any meeting of shareholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, and shall specify the place, date and hour of the meeting and the general nature of the business to be transacted.

Notice of a shareholders' meeting shall be given either personally or by mall or by other means of written communication, addressed to the shareholder at the address of such shareholder appearing on the books of the Corporation or given by the shareholder to the Corporation for the purpose of notice; or, if no such address appears or is given, at the place where the principal executive office of the Corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient.

If action is proposed to be taken al any meeting for approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) an amendment to the articles of incorporation, pursuant to Section 902 of such Code, (iii) a -reorganization of the Corporation, pursuant to Section 1201 of such Code, (iv) dissolution of the corporation, pursuant to Section 1900 of such Code, or (v) a distribution to preferred shareholders, pursuant to Section 2007 of such Code, the notice shall also state the general nature of such proposal.

Section 5. Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the voting shares at any meeting shall constitute a quorum for the transaction of business. Business may be continued after the withdrawal of enough shareholders to leave less than a quorum if any action taken (other than adjournment) is provided by at least a majority of the shares required to constitute a quorum.

Section 6. Voting. Except as otherwise provided in the California Corporations Code, shareholders on the record date fixed by the Board of Directors in accordance with Article VII, Section 1 are entitled to notice and to vote, notwithstanding the transfer of any shares on the books of the Corporation after that date. The shareholders' vote may be by voice or by ballot; provided, however, that any election for directors must be by ballot if demanded by any shareholder before the voting has begun. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote shall be the act of the shareholders.

At a shareholders' meeting at which directors are to be elected, no shareholder shall be entitled to cumulate votes unless the notice requirements of Section 708 of the California Corporations Code have been met. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination. To cumulate votes, the shareholder can give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled, or distribute the shareholder's votes on the same principle among as many candidates as the shareholder thinks fit. The

candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

Voting shall in all cases be subject to the provisions of Chapter 7 of the California Corporations Code and to the following provisions:

(a) Subject to clause (g), shares held by an administrator, executor, guardian, conservator or custodian may be voted by such holder either in person or by proxy, without a transfer of such shares into the holder's name; and shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but not trustee shall be entitled to vote shares held by such trustee without a transfer of such shares into the trustee's name.

(b) Shares standing in the name of a receiver may be voted by such receiver; and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into the receiver's name if authority to do so is contained in the order of the court by which such receiver was appointed.

(c) Subject to the provisions of Section 705 of the California Corporations' Code, and except where otherwise agreed in writing between the parties, a shareholder whose shares are pledged shall be entitle to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(d) Shares standing in the name of a minor may be voted and the Corporation may treat all rights incident thereto as exercisable by the minor, in person or by proxy, whether or not the Corporation has notice, actual or constructive, of the non-age, unless a guardian of the minor's property has been appointed and written notice of such appointment given to the Corporation.

(e) Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy holder as the bylaws of such other corporation may prescribe or, in the absence of such provision, as the Board of Directors of such other corporation may determine or, in the absence of such determination, by the chairman of the board, president or any vice president of such other corporation, or by any other person authorized to do so by the board, president or any vice president of such other corporation. Shares which are purported to be executed in the name of a corporation (whether or not any title of the person signing is indicated) shall be presumed to be voted or the proxy executed in accordance with the provisions of this subdivision, unless the contrary is shown.

(f) Shares of the Corporation owned by any subsidiary shall not be entitled to vote on any matter.

(g) Shares held by the Corporation in a fiduciary capacity, and shares of the Corporation held in a fiduciary' capacity by any subsidiary, shall not be entitled to vote on any matter, except to the extent that the settlor or beneficial owner possesses and exercises a right to vote or to give the Corporation binding instructions as to how to vote such shares.

(h) If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, voting trustees, persons entitled to vote under a shareholder voting agreement or otherwise, or if two or more persons (including proxy holders) have the same fiduciary relationship respecting be same shares, unless the Secretary of the Corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

(i) If only one votes, such act binds all;

(ii) If more than one vote, the act of the majority so voting binds all;

(iii) If more than one vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionately. If the instrument so filed or the registration of the shares shows that a any such tenancy is held in unequal interests, a majority or even split for the purpose of this section shall be a majority or even split in interest.

Section 7. Record Date. The Board may fix, in advance, a record date for the determination of the shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution, or any allotment of rights, or to exercise rights in respect of any other lawful action. The record date so fixed shall be not more than sixty (60) nor less than ten (10) days prior to the date of the meeting nor more than sixty (60) days prior to any other action. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution or allotment of rights, or to exercise of the rights, as the case may be, notwithstanding any transfer of shares on the books of the Corporation after the record date. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five (45) days.

If no record date is fixed by the Board, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining shareholders for any purpose other than set forth in this Section 7 or Section 10 of this Article shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth day prior to the date of such other action, whichever is later.

Section 8. Waiver of Notice. The transactions of any meeting of shareholders either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the shareholders entitled to vote, who was not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. The waiver of notice or

consent need not specify either the business to be transacted or the purpose of any regular or special meeting of shareholders.

Section 9. Action Without Meeting. Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors, provided, however, that a director may be elected at any time to fill a vacancy on the Board of Directors that has not been filled by the directors, by the written consent of the holders of a majority of the outstanding; shares entitled to vote for the election of directors. All such consents shall be filed with the Secretary of the Corporation and shall be maintained in the corporate records.

If the consents of all shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all such shareholders shall not have been received, the Secretary shall give prompt notice of the corporate action approved by the shareholders without a meeting. Such notice shall be given in the manner specified in Section 4 of this Article II. In the case of approval of (i) contracts or transactions in which a director bas a direct or indirect financial interest, pursuant to Section 310 of the California Corporations Code, (ii) indemnification of agent of the Corporation, pursuant to Section 317 of the California Corporations Code, (iii) a reorganization of the Corporation pursuant to Section 1201 of such Code, and (iv) a distribution to pursuant to Section 2007 of such Code, such notice shall be given at least ten (10) days before the consummation of any such action authorized by any such approval.

Section 10. Proxies. Ever shareholder entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the shareholder and filed with the Secretary of the Corporation. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless revoked by the person executing it, prior to the vote pursuant thereto, by a writing delivered to the Corporation stating that the proxy is revoked or by a subsequent proxy executed by, or attendance at the meeting and voting in person by the person executing the proxy; provided, however, that no such proxy shall be valid after the expiration of eleven (11) months from the date of such proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on it face that it is irrevocable shall be governed by the provisions of Sections 705(e) and (f) of the Corporations Code of California.

ARTICLE III

DIRECTORS

Section 1. Powers. Subject to limitations of the California General Corporation Law and any limitations in the Articles of Incorporation and these Bylaws and of the California Corporations Code relating to action required to be approved by the shareholders or

by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the day-to-day operation of the business of the Corporation to a management company or other person provided that the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a) Select and remove all officers, agents, and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or these Bylaws, fix their compensation, and require from them security for faithful service.

(b) Conduct, manage and control the affairs and business of the Corporation and to make such rules and regulations therefor not inconsistent with law, or with the Articles or these Bylaws, as they may deem best.

(c) Change the principal executive office or the principal business office in the State from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency, or foreign county and conduct business within or without the State; designate any place within or without the State for the holding of any shareholders' meeting, or meetings, including annual meetings; adopt, make and use a corporate seal, and prescribe the forms of certificates of stock, and alter the form of such seal and of such certificates from time to time as in their judgment they may deem best, provided that such forms shall at all times comply with tile provisions of law.

(d) Authorize the issuance of shares of stock of the Corporation from time to time, upon such terms and for such consideration as may be lawful.

(e) Borrow money and incur indebtedness for the purpose of the Corporation and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Section 2. Number and Qualifications of Directors. The authorized number of directors shall be one (1) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this Bylaw adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote.

Section 3. Election and Term of Office. The directors shall be elected at each annual meeting of the shareholders, but if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of shareholders held for that purpose. Each director shall hold office until the next annual meeting and until a successor has been elected and qualified.

Section 4. Resignation and Removal of Directors. Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or

the Board of Directors of the Corporation. If the resignation specifies a later time for the effectiveness of the resignation, it shall be effective at that later time. Unless such resignation specifies otherwise, its acceptance by the Corporation shall not be necessary to make it effective. The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by an order of a court or convicted of a felony. Any or all of the directors may be removed without cause if such removal is approved by the affirmative vote of a majority of the outstanding shares entitled to vote. Unless the entire Board is removed, no director may be removed if the votes cast against removal (or, if such action is taken by written consent, the shares held by persons not consenting in writing to such removal) would be sufficient to elect such director if voted cumulatively at an election a t which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the tin .e of the director's most recent election were then being elected. No reduction of the authorized number of directors shall have the effect of removing any director before his term of office expires.

Section 5. Vacancies. Vacancies on the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified.

The shareholders may elect a director or directors at any time to fill any, vacancy or vacancies not filled by the directors, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

Section 6. Place of Meetings. Regular meetings of the Board of Directors shall be held at any place within or without the State that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meeting shall be held at the principal executive office of the Corporation. Special meetings of the Board shall be held at any place within or without the State that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the Corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in such meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting.

Section 7. Organization Meeting. Immediately following each annual meeting of shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 8. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice, provided the notice of any change in the time of any such meetings shall be given to all of the directors. Notice of a change in the determination of the time shall be give to each director in the same manner as notice for special meetings of the Board of Directors.

Section 9. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President, or if he is absent or unable or refuses to act, by any Secretary or by any one (1) director.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at the director's address as it is shown on the records of the Corporation. In case such notice mailed, it shall be deposited in the United States mail at least four (4) days prior to the time of the holding of the meeting. In case the notice is delivered personally, or by telephone or telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours prior to the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the Corporation.

Section 10. Quorum. A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes thereof. The waiver or notice of consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director.

Section 12. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 13. Notice of Adjournment. Notice of the time and place of holding an adjournment meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of such tine and place shall be given prior to the time of the adjourned meeting, in the manner specified in Section 9 of this Article III, to the directors who were not present at the time of the adjournment.

Section 14. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such action by written

consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 15. Fees and Compensation of Directors. Directors may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for such services.

Section 16. Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committees who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with regard to:

(a) the approval of any action which, under the California Corporations Code, also requires shareholders approval or approval of the outstanding shares;

(b) the filling of vacancies on the Board of Directors or in any committees;

(c) the fixing of compensation of the directors for serving on the Board or on any committee;

(d) the amendment or repeal of Bylaws for the adoption of new Bylaws:

(e) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) a distribution to the shareholders of the Corporation, except at a rate or in a periodic amount or within a price range determined by the Board of Directors; or

(g) the appointment of any other committees of the Board of Directors or the members thereof.

Section 17. Meetings and Actions by Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III dealing with the place of meetings, regular meetings, special meetings and notice, quorum, waiver of notice, adjournment, notice of adjournment and action without meeting, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time or regular meetings of committees may be determined by resolutions of the Board of Directors. Notice of special meetings of committee shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors or a committee may adopt rules for the government of such committee not inconsistent with the provisions of these Bylaws.

ARTICLE IV

OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, a Secretary and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries or Assistant Treasurers. Any number of offices may be held by the same person.

Section 2. Election of Officers. The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article IV, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. Subordinate Officers, Etc. The Board of Directors may appoint, and may empower the President to appoint, such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting thereof, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power or removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the. Corporation. Any such resignation shall take effect at the date o1 the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any such resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party

Section 5. Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 6. Chairman of the Board. The Chairman of the Board, if such an officer be elected, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws. If there is no President, the Chairman of the Board shall in addition be the chief executive officer of the Corporation and shall have the powers and duties prescribed in Section 7 of this Article IV.

Section 7. President. Subject to such supervisory powers, if any as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the chief executive officer of the Corporation and shall have, subject to the control of the Board of Directors, general supervision, direction and control of the business and officers of the Corporation. The President shall preside at all meetings of the shareholders and,

in the absence of the Chairman of the Board, of if there be none, at all meetings of the Board of Directors. The President has the general powers and duties of management usually vested in the office of President and general manager of a Corporation and such other powers and duties as may be prescribed by the Board.

Section 8. Vice Presidents. In the absence or disability of the President, the Vice President, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for the respectively by the Board of Directors or the Bylaws, the President or the Chairman of the Board.

Section 9. Secretary. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board may order, a book of minutes of all meetings or shareholders, the Board and its committees, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, a copy of the Bylaws of the Corporation at the principal executive office or business office in accordance with Section 213 of the California Corporations Code.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent or registrar, if one be appointed, a share register, or a duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the shareholders and of the Board and of any committee thereof required by these Bylaws or by law to be given, shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 10. Chief Financial Officer. The Chief Financial Officer (which may also be known as 'Treasurer') shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Corporation, and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES,
AND OTHER AGENTS

Section 1. Agents, Procedures, and Expenses. For the purposes of this Article, 'agent' means any person who is or was a director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this Corporation or of another enterprise at the request of such predecessor corporation; 'proceeding' means any threatened, pending or completed action or proceedings, whether civil, criminal, administrative, or investigative; and 'expenses' includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or Section 5(d) of this Article V.

Section 2. Actions Other Than by the Corporation. The Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action by or in the right of this Corporation) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or in a manner which the person reasonably believed to be in the best interests of this Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. Actions by the Corporation. The Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of the Corporation and its shareholders. No indemnification shall be made under this Section 3:

(a) In respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to the Corporation in the performance of that person's duty to the Corporation and its shareholders, unless and only to the extent that the court in which that action was brought shall determine upon application that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for the expenses and then only to the extent that the court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a pending action which is settled or otherwise disposed of without court approval.

Section 4. Successful Defense by Agent. To the extent that an agent of the Corporation has been successful on the merits in defense by any proceeding referred to in Sections 2 or 3 of this Article, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connections therewith.

Section 5. Required Approval. Except as provided in Section 4 of this Article, any indemnification under this Article shall be made by the Corporation only if authorized in the specific case, on a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article, by any of one following:

(a) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(b) If such a quorum of directors is not obtainable, by independent legal counsel in a written opinion;

(c) Approval by the affirmative vote a majority of the shares of the Corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the outstanding shares entitled to vote. For this purpose, the shares owned by the person to be indemnified shall not be considered outstanding or entitled to vote thereon; or

(d) The courts in which the proceeding is or was pending, on application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.

Section 6. Advance of Expense. Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance if it shall be determined ultimately that the agent is not entitled to be indemnified as authorized in this Article.

Section 7. Other Contractual Rights. The indemnification provided under this Article shall not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent such additional rights to indemnification are or, at the time of the grant of such rights, were authorized in the Articles of Incorporation of the Corporation. The rights to indemnify hereunder shall continue as to a person who has ceased to be a: director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person. Nothing contained in this Article shall affect any right to

indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8. Limitations. No indemnification or advance shall be made under this Article, except as provided in Section 4 or Section 5(c), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the articles, a resolution of the shareholders, or an agreement in effect at the time of the: accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement,

Section 9. Insurance. Upon and in the event of a determination by the Board of Directors of the Corporation purchase such insurance, the Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against that liability under the provisions of this Section. The fact that the Corporation owns all or a portion of the shares of the company issuing a policy of insurance shall not render this section inapplicable if either of the following conditions are satisfied:

(a) If authorized in the Articles)f Incorporation, any policy issued is limited to the extent provided by subdivision (d) of Section 204 of the California Corporations Code; or

(b) i) The company issuing the insurance policy is organized, licensed, and operated in a manner that cc Implies with the insurance laws and regulations applicable to its jurisdiction of organization;

ii) The company issuing the policy provides procedures for processing claims that do not permit that company to be subject to the direct control of the Corporation; and

iii) The policy issued provides for some manner or risk sharing between the issuer and purchaser of the policy, on one hand, and some unaffiliated person or persons, on the other, such as by providing for more than one unaffiliated owner of the company issuing the policy or by providing that a portion of the coverage furnished will be obtained from some unaffiliated insurer or reinsurer.

Section 10. Fiduciaries of Corporate Employee Benefit Plan. This Article does not apply to any proceeding, against my trustee, investment manager or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law other than this Article.

ARTICLE VI

RECORDS AND REPORTS

Section 1. Maintenance and Inspection of Share Register. The Corporation shall keep at its principal executive office a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each shareholder. This record shall be open to inspection by any shareholder who holds at least five percent (5%) in the aggregate of the outstanding shares (or at least one percent (1%) of such voting shares and has filed a Schedule 14B with the United States Securities and Exchange Commission) upon five (5) days' prior written demand.

Section 2. Maintenance and Inspection of Bylaws. The Corporation shall keep at its principal executive office the original or a copy of the Bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours.

Section 3. Maintenance and Inspection of Other Corporate Records. The accounting books and records and minutes of proceedings of the shareholders and the Board of Directors shall be kept at such place or places designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the Corporation. The minutes and accounting books and records shall be open to inspection upon the written demand of any shareholder at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as shareholder. A copy of any financial statements and any income statements, including accompanying balance sheets, prepared by the Corporation shall be kept on file in the principal executive office of the Corporation for a period of twelve months.

Section 4. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the Corporation.

Section 5. Annual Report to Shareholders. The annual report to shareholders referred to in Section 1501 of the California Corporations Code is expressly dispensed with, but nothing herein shall be interpreted as prohibiting the Board of Directors from issuing such periodic reports to the shareholders of the Corporation as it considers appropriate or as proxy by Section 1501(c) of the California Corporations Code.

Section 6. Annual Statement of General Information. The Corporation shall, with respect to each fiscal year, file with the Secretary of State of the State of California, on the prescribed form, a Domestic Stock Statement setting forth various information, including but not limited to the authorized number of directors, the names and complete business or residence addresses of all incumbent directors, the names and complete business or residence addresses of the President, Secretary and Treasurer; the street address of its principal executive office or principal business office in this state and the general type of business constituting the principal business activity of the Corporation, together with a designation of the agent of the Corporation for the purpose of service of process, all in compliance with Section 1502 of the California Corporations Code.

ARTICLE VII

GENERAL MATTERS

Section 1. Record Date. For purpose of determining the shareholders entitled to notice of any meeting or to vote or entitle to receive payment of any dividend or other distribution or allotment of my rights or entitled to exercise any rights in respect of any other lawful action the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) clays prior to the date of any such meeting nor more than sixty (60) days prior to any other action. Only shareholders of record on the date so fixed are entitled to notice and to vote or to receive the dividend, distribution or allotment of rights or to exercise the rights, a s the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date fixed as aforesaid, except as otherwise provided in the California Corporations Code.

If no record date is fixed by the Board, the record date for determining shareholders entitled to notice of or to Vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on be business day next preceding the day on which the meeting is held. The record date for determining shareholders for any purpose other than set forth in this Section 1 of this Article stall be at the close of business on the day on which the Board adopts the resolution relating there, or the sixtieth day prior to the date of such other action, whichever is later.

Section 2. Checks, Drafts, Evidence of Indebtedness. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 3. Corporate Contracts and Instruments; How Executed. The Board of Directors, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific so authorized or ratified by the Board of Directors or within agency power to authority to bind the Corporation by any engagement or to pledge its credit or to tender it liable for any purpose or to any amount.

Section 4. Certificates of Stock. Every holder of shares of the Corporation shall be entitled to have a certificate signed in the name of the Corporation by the Chairman of the Board, the President or a Vice President and by the Chief Financial Officer or an Assistant Treasurer or the Secretary or an Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. If any officer, transfer agent or registrar who has signed on the certificate may be facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been place upon a certificate shall have ceased to be such officer, signature has been placed upon a certificate shall have ceased to be such officer, transferred agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Certificates for shares may be issued prior to full payment under such restrictions and for such purposes as the Board may provide; provided, however, that on any certificate issued to represent any partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated.

Except as provided in this Section, no new certificate for shares shall be issued in lieu of an old one unless the latter is surrendered and cancelled at the same time. The Board may, however, in case any certificate for shares is alleged to have been lost, stolen or destroyed, authorize the issuance of a new certificate in lieu thereof and the Corporation may require that the Corporation be given a bond or other adequate security sufficient to indemnify it against any claim that may be made against it (including expense or liability) on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

Section 5. Representation of Shares of Other Corporations. The President or any other officer or officers authorized by the Board or the President are each authorized to vote, represent and exercise on behalf the Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the Corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 6. Stock Purchase Plans. The Corporation may adopt and carry out a stock purchase plan or agreement or stock option plan or agreement providing for the issue and sale for such consideration as may be fixed of its unissued shares, or of issued shares acquired or to be acquired, to one or more of the employees or directors of the Corporation or of a subsidiary or to a trustee on their behalf and for the payment for such shares installments or at one time, and may provide for aiding any such persons in paying for such shares by compensation for services rendered, promissory notes, or otherwise.

Any stock purchase plan or agreement or stock option plan or agreement may include, among other features, the fixing of eligibility for participation therein, the class and price of shares to be issued or sold under the plan or agreement, the number of shares which may be subscribed for, the method of payment therefor, the reservation of title until full payment therefor, the effect of the termination of employment and option or obligation on the part of the Corporation to repurchase the shares, the time limits of and termination of the plan and any other matters, not in violation of applicable law, as may be included in the plan as approved or authorized by the Board or any committee of the Board.

Section 7. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Corporations Code shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural number includes the singular, and the term ‘person’ includes both a corporation and a natural person.

ARTICLE VIII

AMENDMENTS

Section 1. Amendment by Shareholders. New Bylaws may be adopted or these Bylaws may be amended or repealed by the affirmative vote of a majority of the outstanding shares entitled to vote, or by the written assent of shareholders entitled to vote such shares, except as otherwise provided by law or by the Articles of Incorporation.

Section 2. Amendment by Directors. Subject to the rights of the shareholders as provided in Section 1 of this Article, Bylaws other than a Bylaw or an amendment thereof changing the authorized number of directors may be adopted, amended or repealed by the Board of Directors.

C E R T I F I C A T E OF S E C R E T A R Y

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of TOTAL EMPLOYEE RELATIONS SERVICES, INC., a California corporation; and

2. That the foregoing Bylaws, comprising eighteen (18) pages, constitute the Bylaws of the Corporation as duly adopted by the Incorporator of the Corporation and as duly approved by Unanimous Written Consent of the Board of Directors dated December 11, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation this 11th day of December, 1995.

By: /s/ John Hermann

Name: JOHN HERMANN
Title: Secretary

Exhibit 3.15(a)

CERTIFICATION OF FORMATION

OF

CBREI FUNDING, L.L.C.

This Certificate of Formation of CBREI Funding, L.L.C. (the "Company"), dated as of December 4, 2001, is being duly executed and filed by the undersigned, as an authorized person on behalf of the persons forming the Company, to form a limited liability company under the Delaware Limited Liability Company Act (Del. Code §§ 18-101 *et seq.*).

1. The name of the limited liability company formed hereby is CBREI Funding, L.L.C.

2. The address of the resident office of the Company in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808, Suite 400.

3. The name and address of the resident agent for service of process on the Company in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808, in the County of New Castle, Suite 400.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on behalf of the persons forming the Company as of the date first above written.

By: /s/ Howard L. Rosenberg

Name: Howard L. Rosenberg
Title: Authorized Person

Exhibit 3.15(b)

LIMITED LIABILITY COMPANY AGREEMENT

OF

CBREI FUNDING, L.L.C.

This Limited Liability Company, Agreement (the “Agreement”) of CBREI Funding, L.L.C. (the “Company”) is entered into by CB Richard Ellis Investors, L.L.C., a Delaware limited liability company, as the sole member of the Company (the “Member”). The Member hereby forms a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act, as amended from time to time (the “Act”), and hereby agrees as follows:

1. Name — The name of the limited liability company formed hereby is CBREI Funding, L.L.C.

2. Purpose — The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing.

3. Registered Office — The address of the registered office of the Company in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808, in the County of New Castle.

4. Registered Agent — The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Wilmington, Delaware 19808, in the County of New Castle

5. Member — The name and the address of:

    CB Richard Ellis Investors, L.L.C.
    865 South Figueroa Street, Suite 3500
    Los Angeles, California 90017

6. Powers — The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Delaware. The Member shall have the authority to bind the Company.

7. Dissolution — The Company shall dissolve, and its affairs shall be wound up, upon the first to occur of the following: (a) the written consent of

		the Member, (b) the entry of a decree of judicial dissolution under Section 18-802 of the Act and (c) the bankruptcy.
8.	Capital Contributions	The Member has contributed $8,500,000 in cash, and no other property, to the Company.
9.	Additional Contributions	The Member is not required to make any additional capital contribution to the Company.
10.	Allocation of Profits and Losses	The Company's profits and losses shall be allocated in proportion to the capital contribution of the Member.
11.	Distributions	Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member.
12.	Assignments	The Member may assign his limited liability company interest in whole or in part.
13.	Admission of Additional Members	One or more additional members of the Company may be admitted to the Company with the consent of the Member and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder of this Agreement.
14.	Liability of Member	The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Act.
15.	Indemnification	The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, an action by or the in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not

opposed to the best interests of the Company and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

16.	Governing Law	This Agreement shall be governed by, and construed under, the laws of the State of Delaware, all rights and remedies being governed by said laws.
17.	Amendment	This Agreement may be amended in writing by the Member.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the 4th day of December 2001.

CB RICHARD ELLIS INVESTORS, L.L.C.

By: /s/ Vance G. Maddocks

Vance G. Maddocks
Executive Managing Director

By: /s/ Robert H. Zerbst

Robert H. Zerbst
President

Exhibit 3.16a

CERTIFICATE OF FORMATION
OF
CBREI MANAGER, L.LC.

1) The name of the limited company (the "LLC") is:

CBREI Manager, L.L.C.

2) The address of the registered office of the LLC in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent of the LLC at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of the LLC this 19h day of December 2002.

/s/ Michael J. Perlowski

Michael J. Perlowski
Authorized Person

Exhibit 3.16(b)

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF CBREI MANAGER, L.L.C.

This Amended and Restated Limited Liability Company Agreement (this "Agreement") of CBREI Manager, L.L.C., a Delaware limited liability company (the "Company"), is entered into by CB Richard Ellis Investors, L.L.C., a Delaware limited liability company, as the sole member of the Company (the "Member"), this 30th day of January 2003.

WHEREAS, the Company was formed pursuant to a Certificate of Formation, dated as of December 19, 2002, which as filed for recordation in the office of the Secretary of State of Delaware on December 19, 2002 (the "Certificate of Formation"); and

WHEREAS, the party hereto hereby amends and restates that certain Limited Liability Company Agreement of the Company, dated as of December 20, 2002, in accordance with the terms thereof.

NOW THEREFORE, the party hereto, intending to be legally bound, hereby agrees, effective as of the date and time of formation of the Company, as follows:

FIRST: The name of the Company is CBREI Manager, L.L.C.

SECOND: The business and purpose of the Company is (a) serving as the manager (within the meaning of the Delaware Limited Liability Company Act, 6 Del. C. § 18-101 *et seq.* (the "Act")) of 41st Street Holdings, L.L.C. ("41 Street"), (b) serving as a member (within the meaning of the Act) of 222 Holdings, L.L.C. and (c) engaging in such additional or other activities and conducting such other transactions related or incidental to the foregoing as the Member shall deem necessary or advisable, all upon the terms and conditions set forth in this Agreement.

THIRD: The principal place of business of the Company will initially be 865 South Figueroa Street, Suite 3500, Los Angeles, California 90017.

FOURTH: The name and the address of the Member is as follows:

CB Richard Ellis Investors, L.L.C.
865 South Figueroa Street, Suite 3500
Los Angeles, California 90017

FIFTH: The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the business and purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Delaware. The Member shall have the authority to bind the Company.

SIXTH: The Member hereby authorizes Vance G. Maddocks to execute and deliver, in the name and on behalf of the Company, any and all agreements, documents, certificates, notices or instruments as may be required or as he may deem necessary in connection with the Company being the manager of 41st Street.

SEVENTH: The Company shall dissolve, and its affairs shall be wound up, upon the first to occur of the following: (a) the written consent of the Member, (b) the entry of a decree of judicial dissolution under Section 18-802 of the Act and (c) the bankruptcy of the Member.

EIGHTH: The Member has contributed ONE HUNDRED DOLLARS (US $100) in cash to the Company, and no other property, to the Company. The Member is not required to make any additional capital contribution to the Company.

NINTH: The Company's profits and losses shall be allocated in proportion to the capital contribution of the Member.

TENTH: Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member.

ELEVENTH: One or more additional members of the Company may be admitted to the Company with the consent of the Member and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement.

TWELFTH: The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Act.

THIRTEENTH: The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member, each of its affiliates and any officer or employee of any of them, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil or criminal, administrative or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company and (ii) with respect to any criminal action or proceeding, that the person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees, and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or

proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word “Person” shall include the Member and any officer, employee or agent of the Company, the Member or any of their respective affiliates.

FOURTEENTH: This Agreement shall be governed by, and construed under, the laws of the State of Delaware, all rights and remedies being governed by said laws.

FIFTEENTH: This Agreement may be amended in writing by the Member.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the day and year first above written.

CB RICHARD ELLIS INVESTORS, L.L.C.,
a Delaware limited liability company

By: /s/ Vance G. Maddocks

Name: Vance G. Maddocks
Title: Executive Managing Director

/s/ Robert H. Zerbst

Name: Robert H. Zerbst
Title: President

Exhibit 3.17(a)

CERTIFICATE OF INCORPORATION
OF
KOLL TENDER CORPORATION III

FIRST. The name of this corporation shall be:

KOLL TENDER CORPORATION III

SECOND. Its registered office in the State of Delaware is to be located at 1013 Centre Road, in the City of Wilmington, County of New Castle and its registered agent at such address is CORPORATION SERVICE COMPANY.

THIRD. The purpose or purposes of the corporation shall be:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of stock which this corporation is authorized to issue is:

One Thousand (1,000) Shares Without Par Value.

FIFTH. The name and address of the incorporator is as follows:

Sharon J. Branscome
Corporation Service Company
1013 Centre Road
Wilmington, DE 19805

SIXTH. The Board of Directors shall have the power to adopt, amend or repeal the by-laws.

SEVENTH. No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law, (i) for breach of the director’s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article Seventh shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

IN WITNESS WHEREOF, the undersigned, being the incorporator hereinbefore named, has executed, signed and acknowledge this certificate of incorporation this third day of May, A.D., 1995.

/s/ Sharon J. Branscome

Name: Sharon J. Branscome
Title: Incorporator

CERTIFICATE OF CHANGE OF REGISTERED AGENT

AND

REGISTERED OFFICE

* * * * *

KOLL TENDER CORPORATION III , a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

The present registered agent of the corporation is Corporation Service Company and the present registered office of the corporation is in the county of New Caste.

The Board of Directors of KOLL TENDER CORPORATION III adopted the following resolution on the 9h day of January, 1996.

Resolved, that the registered office of KOLL TENDER CORPORATION III in the state of Delaware be and it hereby is changed to Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, and the authorization of the present registered agent of this corporation be and the same is hereby withdrawn, and THE CORPORATION TRUST COMPANY, shall be and is hereby constituted and appointed the registered agent of this corporation at the address of its registered office.

IN WITNESS WHEREOF, KNOWN TENDER CORPORATION III has caused this statement to be signed by /s/ William S. Rothe , this 9 day of January, 1996.

Name: William S. Rothe
Title: President

*Any authorized officer or the chairman or Vice-Chairman of the Board of Directors may execute this certificate.

CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE AND OF REGISTERED AGENT

It is hereby certified that:

1. The name of the corporation (hereinafter called the “corporation”) is

KOLL TENDER CORPORATION III

2. The registered office of the corporation within the State of Delaware is hereby changed to 1013 Centre Road, City of Wilmington 19805, County of New Castle.

3. The registered agent of the corporation within the State of Delaware is hereby changed to CORPORATION SERVICE COMPANY, the business office of which is identical with the registered office of the corporation as hereby changed.

4. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors.

Signed on December 11, 1997

/s/ Herbert L. Roth

Name: Herbert L. Roth
Title: Assistant Secretary

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

KOLL TENDER CORPORATION III

KOLL TENDER CORPORATION III, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

1. The First Article of the Certificate of Incorporation this Corporation is amended to read in its entirety as follows:

FIRST. The name of this corporation shall be:

CBRE-PROFI ACQUISITION CORP.

2. The Fourth Article of the Certificate of Incorporation of this Corporation shall be amended to read in its entirety as follows:

FOURTH. This Corporation is authorized to issue two classes of shares to be designated respectively Preferred Stock ("Preferred Stock") and Common Stock ("Common Stock"). The total number of shares of capital stock that the Corporation is authorized to issue is two thousand (2,000). The total number of shares of Preferred Stock this Corporation shall have authority to issue is one thousand (1,000). The total number of shares of Common Stock this Corporation shall have authority to issue is one thousand (1,000). The Preferred Stock shall have no par value per share and the Common Stock shall have no par value per share.

The Board of Directors of the Corporation (the "Board of Directors") is expressly authorized to adopt a resolution or resolutions providing for the issue of one ore more series of Preferred Stock, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designations, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issue of such shares and as may be permitted by the General Corporation Law of the State of Delaware. The Board of Directors is also expressly authorized to increase or decrease (but not below the n umber of shares of such series then outstanding) the number of shares of any series of Preferred Stock subsequent to the issue of shares of that series. In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

3. That the Board of Directors by unanimous written consent, and the sole shareholder of the Corporation by written consent, adopted resolutions declaring advisable and approving the amendments listed above.

4. That the aforesaid amendments were duly adopted in accordance with the Applicable provisions of the Section 242 and Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, KOLL TENDER CORPORATION III, had caused this certificate to be signed by its President, and attested by its Secretary this 25th day of February, 1999.

KOLL TENDER CORPORATION III

By: /s/ James Didion

James Didion
Its: President

Attest:

By: /s/ Walter Stafford

Walter Stafford
Its: Assistant Secretary

Exhibit 3.17(b)

BYLAWS

OF

CBRE-PROFI ACQUISITION CORP.
(formerly known as Koll Tender Corporation III)

* * * *

INCORPORATED UNDER THE LAWS
OF THE STATE OF DELAWARE
ON

May 3, 1995

* * * *

LAW OFFICES

OF

PILLSBURY MADISON & SUTRO LLP
235 MONTGOMERY STREET
SAN FRANCISCO, CA 94104

BYLAWS OF CBRE-PROFI ACQUISITION CORPORATION

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B Y L A W S

OF

CBRE-PROFI ACQUISITION CORP.

(a Delaware Corporation)

. . . .

ARTICLE I

Offices and Fiscal Year

SECTION 1.01 Registered Office. The registered office of the corporation shall be Corporation Service Company, 1013 Centre Road in the City of Wilmington, County of New Castle, State of Delaware until otherwise established by a vote of a majority of the board of directors in office, and a statement of such change is filed in the manner provided by statute.

SECTION 1.02. Other Offices. The corporation may also have offices at such other places within or without the State of Delaware as the board of directors may from time to time determine or the business of the corporation requires.

SECTION 1.03. Fiscal Year. The fiscal year of the corporation shall end on the 31st day of December in each year.

ARTICLE II

Meeting of Stockholders

SECTION 2.01. Place of Meeting. All meetings of the stockholders of the corporation shall be held at the registered office of the corporation, or at such other place within or with out the State of Delaware as shall be designated by the board of directors in the notice of such meeting.

SECTION 2.02 Annual Meeting. The board of directors may fix the date and time of the annual meeting of the stockholders, but if no such date and time is fixed by the board, the meeting for any calendar year shall be held on the 15th day of the March in such year, if not a legal holiday, and if a legal holiday then on the next succeeding business day at 10 o'clock A.M., and at said meeting the stockholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting.

SECTION 2.03. Special Meetings. Special meetings of the stockholders of the corporation for any purpose or purposes for which meetings may lawfully be called, may be called at any time by the chairman of the board, a majority of the board of directors, the president, or at the request, in writing, of stockholders owning a majority of the amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. At any time,

upon written request of any person or persons who have duly called a special meeting, which written request shall state the purpose or purposes of the meeting, it shall be the duty of the secretary to fix the date of the meeting to be held at such date and time as the secretary may fix, not less than ten nor more than sixty days after the receipt of the request, and to give due notice thereof. If the secretary shall neglect or refuse to fix the time and date of such meeting and give notice thereof, the person or persons calling the meeting may do so.

SECTION 2.04. Notice of Meetings. Written notice of the place, date and hour of every meeting of the stockholders, whether annual or special, shall be given to each stockholder of record entitled to vote at the meeting not less than ten nor more than sixty days before the date of the meeting. Every notice of a special meeting shall state the purpose or purposes thereof.

SECTION 2.05. Quorum, Manner of Acting and Adjournment. The holders of a majority of the stock issued and outstanding (not including treasury stock) and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute, by the certificate of incorporation or by these bylaws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At any such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. When a quorum is present at any meeting, the vote of the holders of the majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the applicable statute or these bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question. Except upon those questions governed by the aforesaid express provisions, the organized meeting can continue to do business until adjournment, notwithstanding withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.06 Organization. At every meeting of the stockholders, the chairman of the board, if there be one, or in the case of a vacancy in the office or absence of the chairman of the board, one of the following persons present in the order stated: the president, the vice presidents in their order or rank, a chairman designated by the board of directors or a chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to case, shall act as chairman, and the secretary, or, in his absence, an assistant secretary, or in the absence of the secretary and the assistant secretaries, a person appointed by the chairman, shall act as secretary.

SECTION 2.07 Voting. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of capital stock having voting power held by such stockholder. No proxy shall be voted on after three years from its date, unless the proxy provides for a longer period. Every proxy shall be executed in writing by

the stockholder or by his duly authorized attorney-in-fact and filed with the secretary of the corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the secretary of the corporation. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the secretary of the corporation.

SECTION 2.08. Consent of Stockholders in Lieu of Meeting. Any action required to be taken at any annual or special meeting or stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 2.09 Voting Lists. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders, entitled to vote at the meeting. The list shall be arranged in alphabetical order showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at a place within the city where the meting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.10 Judges of Election. All elections of directors shall be by written ballot, unless otherwise provided in the certificate of incorporation; the vote upon any other matter need not be by ballot. In advance of any meeting of stockholders the board of directors may appoint judges of election, who need not be stockholders, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the chairman of any such meeting may, and upon the demand of any stockholder or his proxy at the meeting and before voting begins shall, appoint judges of election. The number of judges shall be either one or three, as determined, in the case of judges appointed upon demand of a stockholder, by stockholders present entitled to cast a majority of the votes which all stockholders present are entitled to cast thereon. No person who is a candidate for office shall act as a judge. In case any person appointed as judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the board of directors in advance of the convening of the meeting, or at the meeting by the chairman of the meeting.

If judges of election are appointed as aforesaid, they shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election or vote with fairness to all stockholders. If there be three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

On request of the chairman of the meeting or of any stockholder or his proxy, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them.

ARTICLE III

Board of Directors

SECTION 3.01. Powers. The board of directors shall have full power to manage the business and affairs of the corporation; and all powers of the corporation, except those specifically reserved or granted to the stockholders by statute, the certificate of incorporation or these bylaws, are hereby granted to and vested in the board of directors.

SECTION 3.02 Number of Terms of Office. The board of directors shall consist of such number of directors, not less than one nor more than six, as may be determined from time to time by resolution of the board of directors. The first board shall consist of three directors. Each director shall serve until the next annual meeting of the stockholders and until his successor shall have been elected and qualified, except in the event of his death, resignation or removal.

SECTION 3.03 Vacancies. Vacancies and newly created directorships resulting form any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. Whenever the holders of any class or classes or stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

SECTION 3.04 Resignations. Any director of the corporation may resign at any time by giving written notice to the president or the secretary of the corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.05 Organization. At every meeting of the board of directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a chairman chose by a majority of the directors present, shall preside, and the secretary, or, in his absence, an assistant secretary, or in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting, shall act as secretary.

SECTION 3.06 Place of Meeting. The board of directors may hold its meetings, both regular and special, at such place or places within or without the State of Delaware as the board of directors may from time to time appoint, or as may be designated in the notice calling the meeting.

SECTION 3.07 Organization Meeting. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

SECTION 3.08 Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and place shall be designated from time to time by resolution of the board of directors. If the date fixed for any such regular meeting be a legal holiday under the laws of the State where such meeting is to be held, then the same shall be held on the next succeeding business day, not a Saturday, or at such other time as may be determined by resolution of the board of directors. At such meetings, the directors shall transact such business as may properly be brought before the meeting.

SECTION 3.09 Special Meetings. Special meetings of the board of directors shall be held whenever called by the president or by two or more of the directors. Notice of each such meeting shall be given to each director by telephone or in writing at least 24 hours (in the case of notice by telephone) or 48 hours (in the case of notice by telegram) or five days (in the case of notice by mail) before the time at which the meeting is to be held. Each such notice shall state the time and place of the meeting to be so held.

SECTION 3.10 Quorum, Manner of Acting and Adjournment. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be

the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting or the board of directors or of any committee thereof may be taken without a meeting, if all members of the board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board.

SECTION 3.11 Executive and Other Committees. The board of directors may, by resolution adopted by a majority of the whole board, designate an executive committee and one or more other committees, each committee to consist of two or more directors. The board may designate one or more directors as alternate members of the committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member, and the alternate or alternates, if any, designated for such member, of any committee the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

Any such committee to the extent provided in the resolution establishing such committee shall have and may exercise all the power and authority of the board of directors in the management of the business and affairs of the corporation, including the power or authority to declare a dividend or to authorize the issuance of stock, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power of authority to reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the Delaware General Corporation Law (“DGCL”), fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation), adopting an agreement of merger or consolidation under Section 251 or 252 of the DGCL, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation’s property and assets, recommending to the stockholders dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the DGCL. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee so formed shall keep regular minutes of its meetings and report the same to the board of directors when required.

SECTION 3.12 Compensation of Directors. Unless otherwise restricted by the certificate of incorporation, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each

meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

Notice – Waivers – Meetings

SECTION 4.01 Notice, What Constitutes. Whenever, under the provisions of the statutes of Delaware or the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given in accordance with Section 3.09 of Article III hereof.

SECTION 4.02 Waivers of Notice. Whenever any written notice is required to be given under the provisions of the certificate of incorporation, these bylaws, or by statute, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of stockholders, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice of such meeting.

Attendance of a person, either in person or by proxy, at any meeting, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 4.03 Conference Telephone Meetings. One or more directors may participate in a meeting of the board, or of a committee of the board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE V

Officers

SECTION 5.01 Number, Qualifications and Designation. The officers of the corporation shall be chosen by the board of directors and shall be a president, one or more vice presidents, a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.03 of this Article. One person may hold more than one office. Officers may be, but need not be, directors or stockholders of the corporation. The board of

directors may elect from among the members of the board a chairman of the board and a vice chairman of the board who shall be officers of the corporation.

SECTION 5.02 Election and Term of Office. The officers of the corporation, except those elected by delegated authority pursuant to Section 5.03 of this Article, shall be elected annually by the board of directors, and each such officer shall hold his office until his successor shall have been elected and qualified, or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation.

SECTION 5.03 Subordinate Officers, Committees and Agents. The board of directors may from time to time elect such other officers and appoint such committees, employees or other agents as it deems necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as are provided in these bylaws, or as the board of directors may from time to time determine. The board of directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

SECTION 5.04. The Chairman and Vice Chairman of the Board. The chairman of the board or in his absence, the vice chairman of the board, shall preside at all meetings of the stockholders and of the board of directors, and shall perform such other duties as may from time to time be assigned to them by the board of directors.

SECTION 5.05. The Chief Executive Officers and the President. The president shall be the chief executive officer of the corporation if a separate chief executive officer is not appointed, with the chief executive officer having authority over the president. He/they shall have general supervision over the business and operations of the corporation, subject, however, to the control of the board of directors. He/they shall sign, execute, and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the board of directors, or by these bylaws, to some other officer or agent of the corporation; and, in general, shall perform all duties incident to the office of chief executive officer and president, and such other duties as from to time may be assigned to him/them by the board of directors.

SECTION 5.06. The Vice Presidents. The vice presidents shall perform the duties of the president in his absence and such other duties as may from to time be assigned to them by the board of directors or by the president.

SECTION 5.07. The Secretary. The secretary, or an assistant secretary, shall attend all meetings of the stockholders and of the board of directors and shall record the proceedings of the stockholders and of the directors and of committees of the board in a book or books to be kept for that purpose; see that notices are given and records and reports properly kept and filed by the corporation as required by law; be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, perform all duties incident to the office of secretary, and such other duties as may from to time be assigned to him by the board of directors or the president.

SECTION 5.08. The Treasurer. The treasurer or an assistant treasure shall have or provide for the custody of the funds or other property of the corporation and shall keep a separate book account of the same to his credit as treasurer; collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received of moneys earned by or in any manner due to or received by the corporation; deposit all funds in his custody as treasure in such banks or other places of deposit as the board of directors may from time to time designate; whenever so required by the board of directors; render an account showing his transactions as treasurer and the financial condition of the corporation; and, in general, discharge such other duties as may form time to time be assigned to him by the board of directors or the president.

SECTION 5.09. Officers' Bonds. No officer of the corporation need provide a bond to guarantee the faithful discharge of his duties unless the board of directors shall by resolution so require a bond in which event such officer shall give the corporation a bond (which shall be renewed if and as required) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of this office.

SECTION 5.10. Salaries. The salaries of the officers and agents of the corporation elected by the board of directors shall be fixed from time to time by the board of directors.

ARTICLE VI

Certificate of Stock, Transfer, Etc.

SECTION 6.01. Issuance. Each stockholder shall be entitled to a certificate or certificates for shares of stock of the corporation owned by him upon his request therefor. The stock certificates of the corporation shall be numbered and registered in the stock ledger and transfer books of the corporation as they are issued. They shall be signed by the president or a vice president and by the secretary or an assistant secretary or the treasurer or an assistant treasurer, and shall bear the corporate seal, which may be a facsimile, engraved or printed. Any of or all the signatures upon such certificate may be a facsimile, engraved or printed. In case any officer, transfer agent or registrar who has been signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer, transfer agent or registrar, before the certificate is issued, it may be issued with the same affect as if he were such officer, transfer agent or registrar at the date of its issue.

SECTION 6.02. Transfer. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. No transfer shall be made which would b inconsistent with the provisions of Article 8, Title 6 of the Delaware Uniform Commercial Code-Investment Securities.

SECTION 6.03. Stock Certificates. Stock certificates of the corporation shall be in such form as provided by statute and approved by the board of directors. The stock record

books and the blank stock certificates books shall be kept by the secretary or by any agency designated by the board of directors for that purpose.

SECTION 6.04. Lost, Stolen, Destroyed or Mutilated Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors my, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 6.05. Record Holder of Shares. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 6.06. Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

If no record date is fixed:

(1) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(2) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed.

(3) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meetings; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

ARTICLE VII

Indemnification of Directors, Officers and Other Authorized Representatives

SECTION 7.01. Indemnification of Authorized Representatives in Third Party Proceedings. The corporation shall indemnify any person who was or is an "authorized representative" of the corporation (which shall mean for purposes of this Article a director or officer of the corporation, or a person serving at the request of the corporation as a director, officer, or trustee, of another corporation, partnership joint venture, trust or other enterprise) and who was or is a party" (which shall include for purposes of this Article the giving of testimony or similar involvement) or is threatened to be made a party to any "third party proceeding" (which shall mean for purposes of this Article any threatened, pending or completed action, suite or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation) by reason of the fact that such person was or is an authorized representative of the corporation, against expenses (which shall include for purposes of the Article attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such third party proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed, the best interests of the corporation and, with respect to any criminal third party proceeding (including any action or third party proceeding (including any action or investigation which could or does lead to a criminal third party proceeding) had no reasonable cause to believe such conduct was unlawful. The termination of any third party proceeding by judgment, order, settlement, indictment, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the authorized representative did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to, the best interests of the corporation, and, with respect to any criminal third party proceeding, had reasonable casue to believe that such conduct was unlawful.

SECTION 7.02. Indemnification of Authorized Representatives in Corporate Proceedings. The corporation shall indemnify any person who was or is an authorized representative of the corporation and who was or is a party or is threatened to be made a party to any "corporate proceeding" (which shall mean for purposes of this Article any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor or investigative proceeding by the corporation) by reason of the fact that such person was or is an authorized representative of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such corporate action if such person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the corporation unless and only to the extent that the Court of Chancery or the court in which such corporate proceeding was pending shall determine upon application that, despite the adjudication

of liability but in view of all the circumstances of the case, such authorized representative is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 7.03. Mandatory Indemnification of Authorized Representatives. To the extent that an authorized representative of the corporation has been successful on the merits or otherwise in defense of any third party or corporate proceeding or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

SECTION 7.04. Determination of Entitlement to Indemnification. Any indemnification under Section 7.01, 7.02 or 7.03 of this Article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the authorized representative is proper in the circumstances because such person has either met the applicable standard of conduct set forth in Section 7.01 or 7.02 or has been successful on the merits or otherwise as set forth in Section 7.03 and that the amount requested has been actually and reasonably incurred. Such determination shall be made:

(1) By the board of directors by a majority of a quorum consisting of directors who were not parties to such third party or corporate proceeding, or

(2) If such a quorum is not obtainable, or, even if obtainable, a majority vote of such a quorum so directs, by independent legal counsel in a written opinion, or

(3) By the stockholders.

SECTION 7.05. Advancing Expenses. Expenses actually and reasonably incurred in defending a third party or corporate proceeding shall be paid on behalf of an authorized representative by the corporation in advance of the final disposition of such third party or corporate proceeding as authorized in the manner provided in Section 7.04 of this Article upon receipt of an undertaking by or on behalf of the authorized representative to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the corporation as authorized in this Article. The financial ability of such authorized representative to make such repayment shall not be a prerequisite to the making of an advance.

SECTION 7.06. Employee Benefit Plans. For purposes of this Article, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this Article.

SECTION 7.07. Scope of Article. The indemnification of authorized representatives, as authorized by this Article, shall (1) not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity, (2) continue as to a person who has ceased to be an authorized representative and (3) inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7.08. Reliance on Provisions. Each person who shall act as an authorized representative of the corporation shall be deemed to be doing so in reliance upon rights of indemnification provided by this Article.

ARTICLE VIII

General Provisions

SECTION 8.01. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock of the corporation, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 8.02. Annual Statements. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

SECTION 8.03. Contracts. Except s otherwise provided in these bylaws, the board of directors may authorize any officer or officers including the chairman and vice chairman of the board of directors, or any agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the corporation and such authority may be general or confined to specific instances.

SECTION 8.04. Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the board of directors may from time to time designate.

SECTION 8.05. Corporate Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words" "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 8.06. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories

as the board of directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the board of directors shall from time to time determine.

SECTION 8.07. Corporate Records. At least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of and number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Every stockholder shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business, for any proper purpose, the stock ledger, books or records of account, and records of the proceedings of the stockholders and directors, and make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where the attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal place of business. Where the stockholder seeks to inspect the books and records of the corporation, other than its stock ledger or list of stockholders, the stockholder shall first establish (1) compliance with the provisions of this section respecting the form and manner of making demand for inspection of such document; and (2) that the inspection sought is for a proper purpose. Where the stockholder seeks to inspect the stock ledger or list of stockholders of the corporation and has compiled with the provisions of this section respecting the form and manner of making demand for inspection of such documents, the burden of proof shall be upon the corporation to establish that the inspection sought is for an improper purpose.

Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger and the stock list and to makes copies or extracts therefrom. The court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the court may deem just and proper.

SECTION 8.08. Amendment of Bylaws. These bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting.

Exhibit 3.18(a)

CERTIFICATE OF INCORPORATION

of

EDWARD S. GORDON MANAGEMENT CORPORATION

Under Section 402 of the Business Corporation Law

The undersigned, a natural person at least twenty-one years of age, for the purpose of forming a corporation pursuant to the provisions of Section 402 of the Business Corporation Law of the State of New York, does hereby certify as follows:

1. The name of the corporation is Edward S. Gordon Management Corporation.

2. The purposes for which it is formed are as follows:

Directly, or through ownership of stock in any corporation, to purchase, lease, exchange or otherwise acquire real estate and property, either improved or unimproved, and any interest therein; to own, hold, control, maintain, manage and develop the same; to erect, construct, maintain, improve, rebuild, enlarge, alter, manage, operate and control all kinds of buildings, houses, hotels, apartments, stores, offices, warehouse, mills, shops, factories, machinery and plants and all structures and erections of any description on any lands owned, held or leased by the Corporation or upon any other lands; to lease or sublet offices, stores, apartments and other space in such building or buildings, and to sell, lease, sublet, mortgage, exchange, assign, transfer, convey, pledge or otherwise alienate or dispose of any of such real estate or property and any interest therein.

Directly, or through ownership of stock in any corporation, to purchase or otherwise acquire, hold, manufacture, sell, exchange, mortgage, pledge, hypothecate, deal-in and dispose of-commodities, building materials and other personal and real property of every kind, and any interest therein.

To purchase or otherwise acquire, hold, sell, exchange, pledge, hypothecate, underwrite, deal in and dispose of stocks, bonds, notes, debentures or other evidences of indebtedness and obligations and securities of any corporation, company, association, partnership, syndicate, entity or person, domestic or foreign, or of any domestic or foreign state, government or governmental authority or of any political or administrative

subdivision or department thereof, and certificates or receipts of any kind representing or evidencing any interest in any such stocks, bonds, notes, debentures, evidences of indebtedness, obligations or securities to issue its own shares of stocks, bonds, notes debentures or other evidences of indebtedness, obligations, securities, certificates or receipts and to exercise all the rights of ownership in respect thereof, and , to the extent now or hereafter permitted by law, to aid by loan, subsidy, guaranty or otherwise those issuing, creating or responsible for any such stocks, bonds, notes, debentures, evidences of indebtedness, obligations, securities, certificates or receipts.

To purchase or otherwise acquire, hold exchange, pledge, hypothecate, sell, deal in and dispose of mortgages covering any kind of property, tax liens and transfers of tax liens or real estate.

To transact a general real estate agency and brokerage business buying, selling and dealing in real estate and real property and any interest therein, on commission or otherwise, and renting and managing real estate, and to act as agent, nominee or attorney in fact for any persons or corporations in buying, selling, holding, and dealing in real estate and any interest therein and choses in action secured thereby and other personal property, collateral thereto and in supervising, managing and protecting such property and any interest therein and claims affecting them.

To purchase or otherwise acquire, undertake, improve or develop all or any of the business, good will, rights, assets and liabilities of any person, firm, association or corporation carrying on any kind of business of a similar nature to that which this corporation is authorized to carry on pursuant to the provisions of this certificate; and to hold, utilize and in any manner dispose of the rights and property so acquired.

To make any guaranty respecting dividends, stocks, securities, indebtedness, interest, contracts or other obligations so far as the same may be permitted to be done by corporations organized under the Business Corporation law of the State of New York.

To enter into any lawful arrangements for sharing profits, union of interest, reciprocal concession or cooperations with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying on of any business which the corporation is authorized to carry on or any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the corporation.

To enter into and make all necessary contracts for its business with any person, entity, partnership, association or corporation, domestic or foreign, or of any domestic or foreign state, government or governmental authority, or of any political or administrative subdivision or department thereof, and to perform and carry out, assign, cancel or rescind any such contracts.

To exercise all or any of the corporate powers and to carry out all or any of the purposes enumerated herein or otherwise granted or permitted by law while acting as

agent, nominee or attorney in fact for any persons or corporations, and to perform any service under contract or otherwise for any corporation, joint stock company, association, partnership, firm, syndicate, individual or other entity, and in such capacity or under such arrangement to develop, improve, stabilize, strengthen or extend the property and commercial interests thereof, and to aid, assist or participate in any lawful enterprises in connection therewith or incidental to such agency representation or service, and to render any other service or assistance in so far as it lawfully may under the Business Corporation Law.

To do everything necessary, proper, advisable or convenient for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers herein set forth, either alone or associated with others and incidental to or pertaining to, or growing out of or connected with, its business or powers, provided the same be not inconsistent with the laws of the State of New York.

Nothing herein contained shall be deemed or construed as authorizing or permitting or purporting to authorize or permit the corporation to carry on any business, exercise any power or do any act which under the Business Corporation Law the corporation may not lawfully carry on, exercise or do.

The foregoing clauses shall be construed as objects, purposes and powers and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of the corporation.

3. The office of the corporation in the State of New York is to be located in the City and County of New York.

4. The aggregate number of shares which the corporation shall have authority to issue is two hundred shares of common stock without par value.

5. No holder of shares of the corporation of any class, now or hereafter authorized, shall have preferential or preemptive right to subscribe for, purchase or receive shares of the corporation of any class, now or hereafter authorized, or options or warrants for such shares, or rights to subscribe to or purchase such shares or securities convertible into or

exchangeable for such shares which may at any time be issued, sold or offered for sale by the corporation.

The Secretary of State of the State of New York is hereby designated as the agent of the corporation upon whom process in any action or proceeding against it may be served. The address to which the Secretary of State shall mail a copy of process in any action or proceeding against the corporation which may be served on him is 5 Hanover Square, New York, New York 10004.

IN WITNESS WHEREOF, I have made, signed and acknowledged this certificate of incorporation this 29[h] day of March 1974.

By: /s/ Harvey Tropp

Name: Harvey Tropp
5 Hanover Square
New York, N.Y. 10004
Title: Incorporator

Exhibit 3.18(b)

BY-LAWS

OF

EDWARD S. GORDON MANAGEMENT CORPORATION

ARTICLE 1

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of the corporation shall be located in the County of New York and State of New York.

SECTION 2. OTHER OFFICES. The corporation may have such other offices and places of business, within or without the State of New York, as shall be determined by the directors.

ARTICLE II

SHAREHOLDERS

SECTION 1. PLACE 0F MEETINGS. Meetings of the shareholders may be held at such place or places, within or without the State of New York, as shall be fixed by the directors and stated in the notice of the meeting.

SECTION 2. ANNUAL MEETING. The annual meeting of shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within five months after the close of the fiscal year of the corporation.

SECTION 3. NOTICE OF ANNUAL MEETING. Notice of the annual meeting shall be given to each shareholder entitled to vote, at least ten days prior to the meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the shareholders for any purpose or purposes may be called by the President or Secretary and must be called upon receipt by either of them of the written request of the holders of twenty-five percent of the stock then outstanding and entitled to vote.

SECTION 5. NOTICE OF SPECIAL MEETING. Notice of a special meeting, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote, at least ten days prior to the meeting. The notice shall also set forth at whose direction it is being issued.

SECTION 6. QUORUM. At any meeting of the shareholders, the holders of a majority of the shares of stock then entitled to vote shall constitute a quorum for all purposes, except as otherwise provided by law or the Certificate of Incorporation.

SECTION 7. VOTING. At each meeting of the shareholders, every holder of stock then entitled to vote may vote in person or by proxy, and, except as may be otherwise provided by the Certificate of Incorporation, shall have one vote for each share of stock registered in his name.

SECTION 8. ADJOURNED MEETINGS. Any meeting of shareholders may be adjourned to a designated time and place by a vote of a majority in interest of the shareholders present in person or by proxy and entitled to vote, even though less than a quorum is so present. No notice of such an adjourned meeting need be given, other than by announcement at the meeting, and any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 9. ACTION BY WRITTEN CONSENT OF SHAREHOLDERS. Whenever, by any provision of statute or of the Certificate of Incorporation or of these By-Laws, the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of shareholders may be dispensed with, if all the shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken.

ARTICLE III

DIRECTORS

SECTION 1. NUMBER. The number of directors of the corporation shall be determined from time to time by resolution of the directors, who shall hold office for the term of one year and until their successors are duly elected and qualify. The number of directors may be less than three when all of the shares are owned by less than three shareholders, but in such event the number of directors may not be less than the number of shareholders. Directors need not be shareholders.

SECTION 2. POWERS. The Board of Directors may adopt such rules and regulations for the conduct of its meetings, the exercise of its powers and the management of the affairs of the corporation as it may deem proper, not inconsistent with the laws of the State of New York, the Certificate of Incorporation or these By-Laws.

In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all such powers of the corporation and do such lawful acts and things except as are by statute, the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the shareholders.

SECTION. 3. MEETING, QUORUM, ACTION WITHOUT MEETING. Meetings of the Board of Directors may be held at any place, either within or without the State of New York, provided a quorum be in attendance. Except as may be otherwise provided by the Certificate of Incorporation or by the Business Corporation Law, a majority of the directors in office shall constitute a quorum at any meeting of the Board of Directors and the vote of a majority of a quorum of directors shall constitute the act of the Board of Directors.

The Board of Directors may hold an annual meeting, without notice, immediately after the annual meeting of shareholders. Regular meetings of the Board of Directors may be established by a resolution adopted by the Board of Directors. The Chairman of the Board of Directors (if any) or the President or Secretary may call, and at the request of any two directors must call, a special meeting of the Board of Directors, three days notice of which shall be given by mail, or two days notice personally or by telegraph or cable, to each director.

Any one or more members of the Board of Directors or any Committee thereof may participate in a meeting of such Board of Directors or Committee by means of a conference telephone call or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Any action required or permitted to be taken by the Board of Directors or any Committee thereof may be taken without a meeting if all members of the Board of Directors or the Committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board of Directors or Committee shall be filed with the minutes of the meetings of the Board of Directors or Committee.

SECTION 4. VACANCIES, REMOVAL. Except as otherwise provided in the Certificate of Incorporation or in the following paragraph, vacancies occurring in the membership of the Board of Directors, from whatever cause arising (including vacancies occurring by reason of the removal of directors without cause and newly created directorships resulting from any increase in the authorized number of directors), may be filled by a majority vote of the remaining directors, though less than a quorum, or such vacancies may be filled by the shareholders. Except where the Certificate of Incorporation contains provisions authorizing cumulative voting or the election of one or more directors by class or their election by holders of bonds, or requires all action by shareholders to be by a greater vote, any one or more of the directors may be removed, (a) either for or without cause, at any time, by vote of the shareholders holding a majority of the outstanding stock of the corporation entitled to vote, present in person or by proxy, at any special meeting of the shareholders or by written consent of all of the shareholders entitled to vote, or (b) for cause, by action of the Board of Directors at any regular or special meeting of the Board of Directors. A vacancy or vacancies occurring from such removal may be filled at the special meeting of shareholders or at a regular or special meeting of the Board of Directors.

SECTION 5. COMMITTEES. The Board of Directors, by resolution adopted by a majority of the entire Board of Directors, may designate from its members an Executive Committee or other committee or committees, each consisting of three or more members, with such powers and authority (to the extent permitted by law) as may be provided in said resolution.

ARTICLE IV

OFFICERS

SECTION 1. EXECUTIVE OFFICERS. The executive officers of the corporation shall be a President, one or more Vice-Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors, who shall hold office at the pleasure of the Board of Directors. In addition, the Board of Directors may elect a Chairman of the Board of Directors. Except for the offices of President and Secretary, any two or more offices may be held by one person; provided, however, when all of the issued and outstanding stock of the corporation is owned by one person, such person may hold all or any combination of offices. All vacancies occurring among any of the officers shall be filled by the Board of Directors. Any officer may be removed at any time by the affirmative majority (unless the Certificate of Incorporation requires a larger vote) of the directors present at a special meeting of the Board of Directors called for that purpose or by the unanimous written consent of the Board of Directors.

SECTION 2. OTHER OFFICERS. The Board of Directors may appoint such other officers and agents with such powers and duties as it shall deem necessary.

SECTION 3. THE CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and he shall be the Chief Executive and Chief Operation Officer of the corporation and he shall perform such other duties as from time to time may be assigned to him by the Board of Directors or the Executive Committee.

SECTION 4. THE PRESIDENT. The President, who may, but need not be director, shall, in the absence or non-election of a Chairman of the Board, preside at all meetings of the shareholders and directors. He shall be in charge of the day-to-day operations of the corporation subject to the direction of the Chairman of the Board and the Board of Directors.

SECTION 5. THE VICE-PRESIDENT. The Vice-President, or if there be more than one, the senior Vice-President as determined by the Board of Directors, in the absence or disability of the President, shall exercise the powers and perform the duties of the President, and each Vice-President shall exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

SECTION 6. THE TREASURER. The Treasurer shall have custody of all fund, securities and evidences of indebtedness of the corporation; he shall receive and give receipts and aquittances for moneys paid in on account of the corporation, and shall pay out of the funds on hand all bills, payrolls and other just debts of the corporation, of whatever nature, upon maturity; he shall enter regularly in books to be kept by him for that purpose, full and accurate accounts of all moneys received and paid out by him on account of the corporation, and he shall perform all other duties incident to the office of Treasurer and as may be prescribed by the Board of Directors.

SECTION 7. THE SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the shareholders; he shall attend to the giving and

serving of all notices to shareholders and directors or other notices required by law or by these By-Laws; he shall affix the seal of the corporation to deeds, contracts and other instruments in writing requiring a seal, when duly signed or when so ordered by the Board of Directors; he shall have charge of the certificate books and stock books and such other books and papers as the Board of Directors may direct, and he shall perform all other duties incident to the office of Secretary.

SECTION 8. SALARIES. The salaries of all officers Board of Directors, and the fact that any shall not preclude him from receiving a or from voting upon the resolution providing the same.

ARTICLE V

CAPITAL STOCK

SECTION 1. FORM AND EXECUTION OF CERTIFICATES. Certificates of stock shall be in such form as required by the Business Corporation Law of New York and as shall be adopted by the Board of Directors. They shall be numbered and registered in the order issued, shall be signed by the Chairman or a Vice Chairman of the Board of Directors (if any) or by the President or Vice-President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the corporate seal or a facsimile thereof. When such a certificate is countersigned by a transfer agent or registered by a registrar, the signature of any such officers may be facsimiles.

SECTION 2. TRANSFER. Transfer of shares shall be made only upon the books of the corporation by the registered holder in person or by attorney, duly authorized, and upon surrender of the certificate or certificates for such shares properly, assigned for transfer.

SECTION 3. LOST OR DESTROYED CERTIFICATES. The holder of any certificate representing shares of stock of the corporation may notify the corporation of any loss, theft or destruction thereof, and the Board of Directors may thereupon, in its discretion, cause a new certificate for the same number of shares to be issued to such holder upon satisfactory proof of such loss, theft or destruction, and the deposit of indemnity by way of bond or otherwise, in such form and amount and with such surety or sureties as the Board of Directors may require, to indemnify the corporation against any loss or liability by reason of the issuance of such new certificates.

SECTION 4. RECORD DATE. In lieu of closing the books of the corporation, the Board of Directors may fix, in advance, a date, not exceeding fifty days, nor less than ten days, preceding the date fixed for any action, as the record date for the determination of shareholders entitled to receive notice of, or to vote, at any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action.

ARTICLE VI

MISCELLANEOUS

SECTION 1. DIVIDENDS. The Board of Directors may declare dividends from time to time upon the capital stock of the corporation from funds legally available therefor.

SECTION 2. SEAL. The Board of Directors shall provide a suitable, corporate seal which shall be used as authorized by these By-Laws.

SECTION 3. FISCAL YEAR. The fiscal year of the corporation shall be determined by the Board of Directors.

SECTION 4. CHECKS, NOTES, ETC. Checks, notes, drafts, bills of exchange and orders for the payment of money shall be signed or endorsed in such manner as shall be determined by the Board of Directors.

The funds of the corporation shall be deposited in such bank or trust company, and checks drawn against such funds shall be signed in such manner, as may be determined from time to time by the Board of Directors.

SECTION 5. NOTICE AND WAIVER OF NOTICE. Any notice required to be given under these By-Laws may be waived by the person entitled thereto, in writing, by telegram, cable or radiogram, and the presence of any person at a meeting shall constitute waiver of notice thereof as to such person.

ARTICLE VI

AMENDMENTS

SECTION 1. BY SHAREHOLDER. These By-Laws may be amended at any meeting of the shareholders by vote of the shareholders holding a majority (unless the Certificate of Incorporation requires a larger vote of the outstanding stock having voting power, prevent either in person or by proxy, provided notice of the amendment is included in the notice or waiver of notice of such meeting.

SECTION 2. BY DIRECTORS. The Board of Directors may also amend these By-Laws at any regular or special meeting of the Board by a majority (unless the Certificate of Incorporation requires a larger vote) vote of the entire Board, but any By-Laws so made by the Board of Directors may be altered or repealed by the shareholders.

Exhibit 3.22(a)

CERTIFICATE OF FORMATION

OF

I/ESG-OCTANE HOLDINGS, LLC

ARTICLE 1.
NAME

The name of the limited liability company is I/ESG-OCTANE Holdings, LLC (the "Company").

ARTICLE 2.
REGISTERED AGENT

The address of the registered office of the Company in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle. The name of the registered agent of the Company is The Corporation Trust Company.

ARTICLE 3.
DURATION

The duration of the Company is to be perpetual, unless sooner terminated in accordance with the Limited Liability Company Act of Delaware (the "Act").

ARTICLE 4.
PURPOSE

The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

IN WITNESS WHEREOF, this Certificate has been executed this 26th day of April, 2001, by the undersigned authorized signatory who affirms that, to the best of her knowledge and belief, the facts stated herein are true.

Authorized Person:

By: /s/ Yvonne Owens

Name: Yvonne Owens

I/ESG-OCTANE HOLDINGS, LLC
(a Delaware limited liability company)

OPERATING AGREEMENT

This Operating Agreement (this "Agreement") is hereby adopted and shall be effective as of May 3, 2001 by and between Insignia Financial Group, Inc. and Insignia/ESG, Inc. (collectively, the "Members").

RECITALS

A. The Company was formed on April 26, 2001 as a limited liability company organized under the Delaware Limited Liability Company Act (the "Act").

B. The parties wish to set forth their respective rights and obligations as more particularly set forth herein.

Article I
OFFICES

Section 1. Name: The name of the company shall be "I/ESG-Octane Holdings, LLC" (the "Company").

Section 2. Registered Office. The registered office of the Company shall be established and maintained 1209 Orange Street, Wilmington, Delaware 19801, in the Counted of New Castle.

Section 3. Other Offices. The Company may have other offices, either within or without the state of Delaware, at such place or places as the Member may from time to time determine or as the business of the Company may require.

Article II
PURPOSE

Section 1. Purpose. The Company was formed for the purpose of engaging in any lawful act or activity for which a limited liability company may be organized under the Act.

Article III
MANAGERS

Section 1. Number. The number of Managers of the Company may be increased or decreased at any time and from time to time by written resolution of the Members. The number of Mangers of the Company shall initially be one. The initial Manager of the Company shall be Insignia/ESG, Inc.

Section 2. Powers. The affairs of the Company shall be managed by its Manager. Any future additional or replacement Mangers shall be appointed by written resolution of the Members. A Manager may resign at any time by serving written notice thereof to the remaining Member(s) of the Company. All powers not conferred upon the Member(s) by law or by the Certificate of Formation or by other certificate filed pursuant to law or by this Agreement shall be exercised by the Manager.

Section 3. Qualifications. Each Manager that is an individual, if any, must be at least eighteen years of age.

Article IV
MEMBERS

Section 1. Members. The name and mailing address of the Members is set forth inAttachment 1 hereto. The members are hereby admitted as the members of the Company and agree to be bound by the terms of this Agreement.

Section 2. Admission of Additional Members. One (1) or more additional Members may be admitted to the Company upon receipt of Manger's prior written consent to such admission. Upon the admission to the Company of any additional Members, the Members shall cause this Agreement to be amended and restated to reflect the admission of such additional Members(s), the initial capital contribution, if any, of such additional Members(s) and the intention of the Members to cause the Company to be classified as a partnership for federal income tax purposes, and to include such other provisions as the Members may agree. Notwithstanding the foregoing, no such additional Member shall be entitled to vote on any matter relating to the Company or the operation thereof unless consented to in writing by the Manager.

Article V
CONTRIBUTIONS AND DISTRIBUTIONS

Section 1. Capital Contributions. The members have made or will make contributions to the capital of the Company in the amounts and proportions set forth in Attachment 1.

Section 2. Additional Contributions. Each Member shall make such additional capital contributions to the Company (which capital contributions shall always be made by each Member in proportion to such Member's Percentage interest set forth on Attachment 1) as the Members, acting unanimously, may deem necessary or advisable in connection with the business of the Company.

Section 3. Capital Accounts. The Company shall maintain for each Member a separate capital account in accordance with this Section 3 and in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Each Member's capital account shall have an initial balance equal to the amount of cash constituting such Member's initial contribution to the capital of the Company. Each Member's capital account shall be increased by the sum of (a) the amount of cash constituting additional contributions by such Member to the capital of the Company, plus (b) the portion of any profits allocated to such Member's Capital Account

pursuant to Section 4. Each Member's capital account shall be reduced by the sum of (a) the amount of cash and the fair value of any property distributed by the Company to such Member, plus (b) the portion of any losses allocated to such Member's capital account pursuant to Section 4.

Section 4. Allocation of Profits and Losses. The Company's profits and losses shall be allocated in proportion to the capital contributions of the Members.

Section 5. Distributions.

(a) No Member shall (i) be entitled to interest on its capital contributions to the Company, if any, or (ii) have the right to distributions or the return of any contribution to the capital of the Company, if any, except (A) for distributions in accordance with this Section 5 or (B) upon dissolution of the Company. The entitlement to any such return at such time shall be limited to the value of the capita account of the Member. The Manager shall not be liable for the return of any such amounts.

(b) Distributions shall be made to the Members at the times and in the aggregate amounts determined by the Manager. Such distributions shall be allocated among the Members in the same proportion as their then capital account balances.

Article VI
INDEMNIFICATION

Section 1. Indemnification of Managers by the Company.

(a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a manager of the Company, or is or was serving at the specific request of the Company as a Manager, as an officer, employee or agent of another company or of a corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a Manager, officer, employee or agent or in any other capacity while serving as a Manager, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the laws of the State of Delaware, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provided broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorney's fees, judgments, fines excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith.

(b) The right to indemnification conferred in Section 1 of the Article VI shall include the right to be paid by the Company the expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); *provided*, *however*, that an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced (i) if it shall ultimately be determined by final

judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified for such expense under the provisions of the laws of the State of Delaware or (ii) by reason of a final judicial determination contained in a non-appealable order, that such indemnitee is not entitled to be indemnified under this Section 1.

Section 2. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in the Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificate of Formation, this Agreement, any other agreement or otherwise.

Section 3. Insurance. The Company may maintain insurance, at its expense, to protect itself and any Manager, officer, employee or agent of the Company or another company or corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the laws of the State of Delaware.

Article VII
FINANCE

Section 1. Checks, Drafts, etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Company shall be signed by a Manager or such other person or persons as the Manger may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Company shall be the calendar year.

Article VIII
MISCELLANEOUS PROVISIONS

Section 1. Books and Records. The Company shall keep correct and complete books and records of its accounts and its affairs, including copies of all resolutions adopted by the Mangers or by the Member.

Section 2. Governing Law. The validity, interpretation, enforceability and performance of this Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without reference to its conflicts of law rules. The provisions of this Agreement cannot be waived or modified unless such waiver or modification is in writing and signed by the Member. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, that invalidity or unenforceability shall not affect the validity or enforceability of the balance of this Agreement. Without limiting the generality of the foregoing, if a provision is held by a court of competent jurisdiction to be invalid or unenforceable by reason of the length of time during which it is to remain in effect, such provision nonetheless shall be enforceable to the maximum extent and for the maximum period of time determined by such court to be permissible.

IN WITNESS WHEREOF, the Members evidence their adoption and ratification of the foregoing Agreement of the Company, as of the 3[d] day of May, 2001.

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Frank Blanton

Name: Frank Blanton
Its: Vice President

INSIGNIA/ESG, INC.

By: /s/ Yvonne Owens

Name: Yvonne Owens
Its: Assistant Secretary

ATTACHMENT 1

Names and Addresses of Members	Initial Contribution	Percentage Interest (%)
Insignia Financial Group Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 10	1%
Insignia/ESG, Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 990	99%

Exhibit 3.23(a)

CERTIFICATE OF FORMATION

OF

IIII-BSI HOLDINGS, LLC

ARTICLE 1.
NAME

The name of the limited liability company is IIII-BSI Holdings, LLC (the “Company”).

ARTICLE 2.
REGISTERED AGENT

The address of the registered office of the Company in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle. The name of the registered agent of the Company is The Corporation Trust Company.

ARTICLE 3.
DURATION

The duration of the Company is to be perpetual, unless sooner terminated in accordance with the Limited Liability Company Act of Delaware (the “Act”).

ARTICLE 4.
PURPOSE

The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

IN WITNESS WHEREOF, this Certificate has been executed this 16th day of November, 2000, by the undersigned authorized signatory who affirms that, to the best of her knowledge and belief, the facts stated herein are true.

Authorized Person:

By: /s/ Yvonne Owens

Name: Yvonne Owens

Exhibit 3.23(b)

IIII-BSI HOLDINGS, LLC
(a Delaware limited liability company)

OPERATING AGREEMENT

This Operating Agreement (this "Agreement") is hereby adopted and shall be effective as of November 16, 2000, by an between Insignia Financial Group, Inc. and Insignia Internet Initiatives, Inc. (collectively , the "Members").

RECITALS

A. The Company was formed on November 16, 2000 as a limited liability company organized under the Delaware Limited Liability Company Act (the "Act").

B. The parties wish to sell forth their respective rights and obligations as more particularly set forth herein.

Article I
OFFICES

Section 1. Name. The name of the company shall be "III-BSI Holdings, LLC" (the "Company").

Section 2. Registered Office. The registered office of the Company shall be established and maintained at 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle.

Section 3. Other Offices. The Company may have other offices, either within or without the state of Delaware, at such place or places as the Member may from time to time determine or as the business of the Company may require.

Article II
PURPOSE

Section 1. Purpose. The Company was formed for the purpose of engaging in any lawful act or activity for which a limited liability company may be organized under the Act.

Article III
MANAGERS

Section 1. Number. The number of Managers of the Company may be increased or decreased at any time and from time to time by written resolution of the Members. The number of Managers of the Company shall initially be one. The initial Manager of the Company shall be Insignia Internet Initiatives, Inc.

Section 2. Powers. The affairs of the Company shall be managed by its Manager. Any future additional or replacement Managers shall be appointed by written resolution of the Members. A Manager may resign at any time by serving written notice thereof to the remaining Member(s) of the Company. All powers not conferred upon the Member(s) by law or by the Certificate of Formation or any other certificate filed pursuant to law or by this Agreement shall be exercised by the Manager.

Section 3. Qualifications. Each Manager that is an individual, if any, must be at least eighteen years of age.

Article IV
MEMBERS

Section 1. Members. The name and mailing address of the Members is set forth in*Attachment 1* hereto. The Members are hereby admitted as the members of the Company and agree to be bound by the terms of this Agreement.

Section 2. Admission Additional Members. One (1) or more additional Members may be admitted to the Company upon receipt of Manager's prior written consent to such admission. Upon the admission to the Company of any additional Members, the Members shall cause this Agreement to be amended and restated to reflect the admission of such additional Member(s), the initial capital contribution, if any, of such additional Member(s) and the intention of the Members to cause the Company to be classified as a partnership for federal income tax purposes, and to include such other provisions as the Members may agree. Notwithstanding the foregoing, no such additional Member shall be entitled to vote on any matter relating to the Company or the operation thereof unless consented to in writing by the Manager.

Article V
CONTRIBUTIONS AND DISTRIBUTIONS

Section 1. Capital Contributions. The Members have made or will make contributions to the capital of the Company in the amounts and proportions set forth in Attachment 1.

Section 2. Additional Contributions. Each Member shall make such additional capital contributions to the Company (which capital contributions shall always be made by each Member in proportion to such Member's percentage interest set forth on Attachment 1) as the Members, acting unanimously, may deem necessary or advisable in connection with the business of the Company.

Section 3. Capital Accounts. The Company shall maintain for each Member a separate capital account in accordance with this Section 3 and in accordance with the rules of Treasury Regulation Section 1.704-1 (b)(2)(iv). Each Member's capital account shall have an initial balance equal to the amount of cash constituting such Member's initial contribution to the capital of the Company. Each Member's capital account shall be increased by the sum of (a) the amount of cash constituting additional contributions by such Member to the capital of the Company, plus (b) the portion of any profits allocated to such Member's Capital Account pursuant to Section 4. Each Member's capital account shall be reduced by the sum of (a) the

amount of cash and the fair value of any property distributed by the Company to such Member, plus (b) the portion of any losses allocated to such member's capital account pursuant to Section 4.

Section 4. Allocation of Profits and Losses. The Company's profits and losses shall be allocated in proportion to the capital contributions of the Members.

Section 5. Distributions.

(a) No Member shall (i) be entitled to interest on its capital contributions to the Company, if any, or (ii) have the right to distributions or the return of any contribution to the capital of the Company, if any, except (A) for distributions in accordance with this Section 5 or (B) upon dissolution of the Company. The entitlement to any such return at such time shall be limited to the value of the capital account of the Member. The Manager shall not be liable for the return of any such amounts.

(b) Distributions shall be made to the Members at the times and in the aggregate amounts determined by the Manager. Such distributions shall be allocated among the Members in the same proportion as their capital account balances.

Article VI
INDEMNIFICATION

Section 1. Indemnification of Managers by the Company.

(a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a Manager of the Company, or is or was serving at the specific request of the Company as a Manager, as an officer, employee or agent of another company or of a corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a Manager, officer, employee or agent or in any other capacity while serving as a Manager, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the laws of the State of Delaware, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith.

(b) The right to indemnification conferred in Section 1 of this Article VI shall include the right to be paid by the Company the expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its formal disposition (an "Advancement of Expenses"); *provided*, *however*, that an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced (i) if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not

entitled to be indemnified for such expenses under the provisions of the laws of the State of Delaware or (ii) by reason of a final judicial determination contained in a non-appealable order, that such indemnitee is not entitled to be indemnified under this Section 1.

Section 2. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificate of Formation, this Agreement, any other agreement or otherwise.

Section 3. Insurance. The Company may maintain insurance, at its expense, to protect itself and any Manager, officer, employee or agent of the Company or another company or corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the laws of the State of Delaware.

Article VII
FINANCE

Section 1. Checks, Drafts, etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Company shall be signed by a Manager or such other person or persons as the Manager may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Company shall be the calendar year.

Article VIII
MISCELLANEOUS PROVISIONS.

Section 1. Books and Records. The Company shall keep correct and complete books and records of its accounts and its affairs, including copies of all resolutions adopted by the Managers or by the Member.

Section 2. Governing Law. The validity, interpretation, enforceability and performance of this Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without reference to its conflicts of law rules. The provisions of this Agreement cannot be waived or modified unless such waiver or modification is in writing and signed by the Member. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, that invalidity or unenforceability shall not affect the validity or enforceability of the balance of this Agreement. Without limiting the generality of the foregoing, if a provision is held by a court of competent jurisdiction to be invalid or unenforceable by reason of the length of time during which it is to remain in effect, such provision nonetheless shall be enforceable to the maximum extent and for the maximum period of time determined by such court to be permissible.

IN WITNESS WHEREOF, the Members evidence their adoption and ratification of the foregoing Agreement of the Company, as of the 16th day of November, 2000.

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Jeffrey P. Cohen

Jeffrey P. Cohen
Its: Executive Vice President

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Jeffery P. Cohen

Jeffrey P. Cohen
Its: Vice President

ATTACHMENT 1

Names and Addresses of Members:	Initial Contribution	Percentage Interest (%)
Insignia Financial Group, Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 10	1%
Insignia Internet Initiatives, Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 990	99%

Exhibit 3.24(a)

CERTIFICATE OF FORMATION

OF

IIII-SSI HOLDINGS, LLC

ARTICLE 1.
NAME

The name of the limited liability company is IIII-SSI Holdings, LLC (the "Company").

ARTICLE 2.
REGISTERED AGENT

The address of the registered office of the Company in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle. The name of the registered agent of the Company is The Corporation Trust Company.

ARTICLE 3.
DURATION

The duration of the Company is to be perpetual, unless sooner terminated in accordance with the Limited Liability Company Act of Delaware (the "Act").

ARTICLE 4.
PURPOSE

The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

IN WITNESS WHEREOF, this Certificate has been executed this 22nd day of December, 2000, by the undersigned authorized signatory who affirms that, to the best of her knowledge and belief, the facts stated herein are true.

Authorized Person:

By: /s/ Yvonne Owens

Name: Yvonne Owens

IIII-SSI HOLDINGS, LLC
(a Delaware limited liability company)

OPERATING AGREEMENT

This Operating Agreement (this “Agreement”) is hereby adopted and shall be effective as of December 22, 2000, by an between Insignia Financial Group, Inc. and Insignia Internet Initiatives, Inc. (collectively , the “Members”).

RECITALS

A. The Company was formed on December 22, 2000 as a limited liability company organized under the Delaware Limited Liability Company Act (the “Act”).

B. The parties wish to sell forth their respective rights and obligations as more particularly set forth herein.

Article I
OFFICES

Section 1. Name. The name of the company shall be “III-SSI Holdings, LLC” (the “Company”).

Section 2. Registered Office. The registered office of the Company shall be established and maintained at 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle.

Section 3. Other Offices. The Company may have other offices, either within or without the state of Delaware, at such place or places as the Member may from time to time determine or as the business of the Company may require.

Article II
PURPOSE

Section 1. Purpose. The Company was formed for the purpose of engaging in any lawful act or activity for which a limited liability company may be organized under the Act.

Article III
MANAGERS

Section 1. Number. The number of Managers of the Company may be increased or decreased at any time and from time to time by written resolution of the Members. The number of Managers of the Company shall initially be one. The initial Manager of the Company shall be Insignia Internet Initiatives, Inc.

Section 2. Powers. The affairs of the Company shall be managed by its Manager. Any future additional or replacement Managers shall be appointed by written resolution of the Members. A Manager may resign at any time by serving written notice thereof to the remaining Member(s) of the Company. All powers not conferred upon the Member(s) by law or by the Certificate of Formation or any other certificate filed pursuant to law or by this Agreement shall be exercised by the Manager.

Section 3. Qualifications. Each Manager that is an individual, if any, must be at least eighteen years of age.

Article IV
MEMBERS

Section 1. Members. The name and mailing address of the Members is set forth in Attachment 1 hereto. The Members are hereby admitted as the members of the Company and agree to be bound by the terms of this Agreement.

Section 2. Admission Additional Members. One (1) or more additional Members may be admitted to the Company upon receipt of Manager's prior written consent to such admission. Upon the admission to the Company of any additional Members, the Members shall cause this Agreement to be amended and restated to reflect the admission of such additional Member(s), the initial capital contribution, if any, of such additional Member(s) and the intention of the Members to cause the Company to be classified as a partnership for federal income tax purposes, and to include such other provisions as the Members may agree. Notwithstanding the foregoing, no such additional Member shall be entitled to vote on any matter relating to the Company or the operation thereof unless consented to in writing by the Manager.

Article V
CONTRIBUTIONS AND DISTRIBUTIONS

Section 1. Capital Contributions. The Members have made or will make contributions to the capital of the Company in the amounts and proportions set forth in Attachment 1.

Section 2. Additional Contributions. Each Member shall make such additional capital contributions to the Company (which capital contributions shall always be made by each Member in proportion to such Member's percentage interest set forth on Attachment 1) as the Members, acting unanimously, may deem necessary or advisable in connection with the business of the Company.

Section 3. Capital Accounts. The Company shall maintain for each Member a separate capital account in accordance with this Section 3 and in accordance with the rules of Treasury Regulation Section 1.704-1 (b)(2)(iv). Each Member's capital account shall have an initial balance equal to the amount of cash constituting such Member's initial contribution to the capital of the Company. Each Member's capital account shall be increased by the sum of (a) the amount of cash constituting additional contributions by such Member to the capital of the Company, plus (b) the portion of any profits allocated to such Member's Capital Account pursuant to Section 4. Each Member's capital account shall be reduced by the sum of (a) the

amount of cash and the fair value of any property distributed by the Company to such Member, plus (b) the portion of any losses allocated to such member's capital account pursuant to Section 4.

Section 4. Allocation of Profits and Losses. The Company's profits and losses shall be allocated in proportion to the capital contributions of the Members.

Section 5. Distributions.

(a) No Member shall (i) be entitled to interest on its capital contributions to the Company, if any, or (ii) have the right to distributions or the return of any contribution to the capital of the Company, if any, except (A) f or distributions in accordance with this Section 5 or (B) upon dissolution of the Company. The entitlement to any such return at such time shall be limited to the value of the capital account of the Member. The Manager shall not be liable for the return of any such amounts.

(b) Distributions shall be made to the Members at the times and in the aggregate amounts determined by the Manager. Such distributions shall be allocated among the Members in the same proportion as their capital account balances.

Article VI
INDEMNIFICATION

Section 1. Indemnification of Managers by the Company.

(a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a Manager of the Company, or is or was serving at the specific request of the Company as a Manager, as an officer, employee or agent of another company or of a corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a Manager, officer, employee or agent or in any other capacity while serving as a Manager, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the laws of the State of Delaware, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith.

(b) The right to indemnification conferred in Section 1 of this Article VI shall include the right to be paid by the Company the expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its formal disposition (an " Advancement of Expenses"); *provided*, *however*, that an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced (i) if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not

entitled to be indemnified for such expenses under the provisions of the laws of the State of Delaware or (ii) by reason of a final judicial determination contained in a non-appealable order, that such indemnitee is not entitled to be indemnified under this Section 1.

Section 2. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificate of Formation, this Agreement, any other agreement or otherwise.

Section 3. Insurance. The Company may maintain insurance, at its expense, to protect itself and any Manager, officer, employee or agent of the Company or another company or corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the laws of the State of Delaware.

Article VII
FINANCE

Section 1. Checks, Drafts, etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Company shall be signed by a Manager or such other person or persons as the Manager may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Company shall be the calendar year.

Article VIII
MISCELLANEOUS PROVISIONS.

Section 1. Books and Records. The Company shall keep correct and complete books and records of its accounts and its affairs, including copies of all resolutions adopted by the Managers or by the Member.

Section 2. Governing Law. The validity, interpretation, enforceability and performance of this Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without reference to its conflicts of law rules. The provisions of this Agreement cannot be waived or modified unless such waiver or modification is in writing and signed by the Member. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, that invalidity or unenforceability shall not affect the validity or enforceability of the balance of this Agreement. Without limiting the generality of the foregoing, if a provision is held by a court of competent jurisdiction to be invalid or unenforceable by reason of the length of time during which it is to remain in effect, such provision nonetheless shall be enforceable to the maximum extent and for the maximum period of time determined by such court to be permissible.

IN WITNESS WHEREOF, the Members evidence their adoption and ratification of the foregoing Agreement of the Company, as of the 22nd day of December, 2000.

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Jeffrey P. Cohen

Jeffrey P. Cohen
Its: Executive Vice President

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Jeffrey P. Cohen

Jeffrey P. Cohen
Its: Vice President

ATTACHMENT 1

Names and Addresses of Members:	Initial Contribution	Percentage Interest (%)
Insignia Financial Group, Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 10	1%
Insignia Internet Initiatives, Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 900	99%

Exhibit 3.25(a)

CERTIFICATE OF INCORPORATION
OF
INSIGNIA/ESG CAPITAL CORPORATION

The undersigned, having capacity to contract and acting as the incorporator of a corporation under the General Corporation Law of the State of Delaware, adopts the following Certificate of Incorporation for such corporation:

FIRST: The name of the corporation is **INSIGNIA/ESG CAPITAL CORPORATION** (hereinafter called the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is located at 300 Delaware Avenue, Suite 900, in the City of Wilmington, County of New Castle, DE 19801. The name of the registered agent of the Corporation at said address is Griffin Corporate Services, Inc.

THIRD: The nature of the business or the purpose to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware; provided that the Corporation's activities shall be confined to the maintenance and management of its intangible investments and the collection and distribution of the income from such investments or from tangible property physically located outside Delaware, all as defined in, and in such manner to qualify for exemption from income taxation under Section 1902 (b) (8) of Title 30 of the Delaware Code, or under corresponding provision of any subsequent law.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 100 shares of common stock with par value of One Dollar ($1.00) per share.

FIFTH: The name and address of the sole incorporator is as follows:

Yvonne Owens
15 South Main Street
Suite 900
Greenville, SC 29601

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

a. The board of directors of the Corporation is expressly authorized to adopt, amend or repeal the by-laws of the Corporation.

b. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner how or hereafter prescribed by statue and this Certificate of Incorporation, and all rights conferred upon the stockholders herein are granted subject to this reservation.

TENTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit.

ELEVENTH: Meetings of the stockholders will be held within the State of Delaware. The books of the Corporation will be kept (subject to the provisions contained in the General Corporation Law) in the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the Corporation.

TWELFTH: The Corporation shall have no power and may not be authorized by its stockholders or directors (1) to perform or omit to do any act that would cause the Corporation to lose its status as a corporation exempt from the Delaware Corporation Income Tax under Section 1902 (b)(8) of Title 30 of the Delaware Code, or under the corresponding provision of any subsequent law, or (ii) to conduct any activities outside of Delaware which could result in the Corporation being subject to tax outside of Delaware.

The undersigned, being the sole incorporator, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein state are true, and accordingly have hereunto set my hand this 29th day of April, 1999.

By: /s/ Yvonne Owens

Name: Yvonne Owens
Title: Sole Incorporator

Exhibit 3.25(b)

BY – LAWS OF

INSIGNIA/ESG CAPITAL CORPORATION

As Adopted: May 7, 1999

A Delaware Corporation

BY-LAWS

OF

INSIGNIA/ESG CAPITAL CORPORATION

ARTICLE I

STOCKHOLDERS

Section 1.1 **Annual Meeting**.

An annual meeting of stockholders for the purpose of electing directors and of transaction such other business as may come before it shall be held each year at such date, time, and place, either within or without the State of Delaware, as may be specified by the Board of Directors.

Section 1.2 **Special Meeting**.

Special meetings of stockholders for any purpose or purposes may be held at any time upon call of the Chairman of the Board, if any, the President, the Secretary, or a majority of the Board of Directors, at such time and place either within or without the State of Delaware as may be stated in the notice. A special meeting of stockholders shall be called by the President or the Secretary upon the written request, stating time, place and the purpose or purposes of the meeting of stockholders who together own of record a majority of the outstanding stock of all classes entitled to vote at such meeting.

Section 1.3 **Notice of Meetings**.

Written notice of stockholders meetings, stating the place, date, and hour thereof, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Chairman of the Board, if any, the President, any Vice President, the Secretary, or an Assistant Secretary, to each stockholder entitled to vote thereat at least ten (10) days but not more than sixty (60) days before the date of the meeting, unless a different period is prescribed by law.

Section 1.4 **Quorum**.

Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, at any meeting of stockholders, the holders of a majority of the outstanding shares of each class of stock entitled to vote at the meeting

shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. In the absence of a quorum, a majority in interest of the stockholders present or the chairman of the meeting may adjourn the meeting form time to time in the manner provided in Section 1.5 of these By-Laws until a quorum shall attend.

Section 1.5 **Adjournment**.

Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.6 **Organization**.

The Chairman of the Board, if any, or in his absence the President, or in their absence any Vice President, shall call to order meetings of stockholders and shall act as chairman of such meetings. The Board of Directors or, if the Board fails to act, the stockholders may appoint any stockholder, director or officer of the Corporation to act as chairman of any meeting in the absence of the Chairman of the Board, the President, and all Vice Presidents.

The Secretary of the Corporation shall act as secretary of all meetings of stockholders, but in the absence of the Secretary, the chairman of the meeting may appoint any other person to act as secretary of the meeting.

Section 1.7 **Voting**.

Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, and except for the election of directors, at any meeting duly called and held at which a quorum is present, a majority of the votes cast at such meeting upon a given question by the holders of outstanding shares of stock of all classes of stock of the Corporation entitled to vote thereon who are present in person or by proxy shall decide such questions. At any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the votes cast by the holders (acting as such) of shares of stock of the Corporation entitled to elect such directors.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 **Number and Term of Office**.

The business, property, and affairs of the corporation shall be managed by or under the direction of a Board of one director, provided, however, that the Board, by resolution adopted by vote of a majority of the then authorized number of directors, may increase or decrease the number of directors. The directors shall be elected by the holders of shares entitled to vote thereon at the annual meeting of stockholders, and each shall serve (subject to the provisions of Article IV) until the next succeeding annual meeting of stockholders and until his respective successor has been elected and qualified.

Section 2.2 **Chairman of the Board**.

The directors may elect one of their members to Chairman of the Board of Directors. The Chairman shall be subject to the control of and may be removed by the Board of Directors. He shall perform such duties as may from time to time be assigned to him by the Board.

Section 2.3 **Meetings**.

The annual meeting of the Board of Directors, for the election of officers and the transaction of such other business as may come before the meeting, shall be held without notice at the same place as, and immediately following, the annual meeting of the stockholders.

Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

Special meetings of the Board of Directors shall be held at such time and place as shall be designated in the notice of the meeting whenever called by the President, or by a majority of the directors then in office.

Section 2.4 **Notice of Special Meetings**.

The Secretary, or in his absence any other officer of the Corporation, shall give each director notice of the time and place of holding of special meetings of the Board of Directors by mail at least five (5) days before the meeting, or by telegram, cable, facsimile, telecopy, telephone or personal service at least one (1) day before the meeting. Unless otherwise stated in the notice thereof, any and all business may be transacted at any meeting without specification of such business in the notice.

Section 2.5 **Quorum an Organization of Meetings**.

A majority of the total number of members of the Board of Directors as constituted from time to time shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors (whether or not adjourned from a previous meeting) there shall be less than a quorum present, a majority of those present may

adjourn the meeting to another time and place, and the meeting may be held as adjourned without further notice or waiver. Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, a majority of the directors present at any meeting at which a quorum is present may decide any question brought before such meeting. Meetings shall be presided over by the Chairman of the Board, if any, or in his absence by the President, or in the absence of both, by such other person as the directors may select. The Secretary of the Corporation shall act as secretary of the meeting, but in his absence, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.6 **Committees**.

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business, property, and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Certificate of Incorporation of the Corporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors pursuant to authority expressly granted to the Board of Directors by the Corporation's Certificate of Incorporation, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation, or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), adopting an agreement of merger or consolidation under Section 251 or 252 of the General Corporation Law of the State of Delaware, recommending to the stockholders the sale, lease, or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these By-Laws; and, unless the resolution expressly so provided, no such committee shall have the power or authority to

declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of the State of Delaware. Each committee which may be established by the Board of Directors pursuant to these By-Laws may fix its own rules and procedures. Notice of meetings of committees, other than of regular meetings provided for by the rules, shall be given to committee members. All action taken by committees shall be recorded in minutes of the meetings.

Section 2.7 **Action Without Meeting**.

Nothing contained in these By-Laws shall be deemed to restrict the power of members of the Board of Directors or any committee designated by the Board to take any action required or permitted to be taken by them with a meeting.

Section 2.8 **Telephone Meetings**.

Nothing contained in these By-Laws shall be deemed to restrict the power of members of the Board of Directors, or any committee designated by the Board, to participate in a meeting of the Board, or committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

ARTICLE III

OFFICERS

Section 3.1 **Executive Officers**.

The executive officers of the Corporation shall be a President, one or more Vice Presidents, a Treasurer, and a Secretary, each of whom shall be elected by the Board of Directors. The Board of Directors may elect or appoint such other officers (including a Controller and one or more Assistant Treasurers and Assistant Secretaries) as it may deem necessary or desirable. Each officer shall hold office for such term as may be prescribed by the Board of Directors from time to time. Any person may hold at one time two or more offices.

Section 3.2 **Powers and Duties**.

The Chairman of the Board, if any, or, in his absence, the President, shall preside at all meetings of the stockholders and of the Board of Directors. The President shall be the chief executive officer of the Corporation. In the absence of the President, a Vice President appointed by the President, or, if the President fails to make such appointment, by the Board, shall perform all the duties of the President. The officers and agents of the Corporation shall each have such powers and authority and shall perform such duties in the management of the business,

property, and affairs of the Corporation as generally pertain to their respective offices, as well as such powers and authorities and such duties as from time to time may be prescribed by the Board of Directors.

ARTICLE IV

RESIGNATIONS, REMOVALS, AND VACANCIES

Section 4.1 **Resignation**.

Any director or officer of the Corporation, or any member of any committee, may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified therein, then upon receipt thereof. The acceptance of such resignation shall not be necessary to make it effective.

Section 4.2 **Removal**.

The Board of Directors, but a vote of not less than a majority of the entire Board, at any meeting thereof, or by written consent, at any time, may, to the extent permitted by law, remove, with or without cause, disband any committee.

Any director or the entire Board of Directors may be removed with or without cause, by the holders of a majority of the shares entitled at the time to vote at an election of directors.

Section 4.3 **Vacancies**.

Any vacancy in the office of any director or officer through death, resignation, removal, disqualification, or other cause, and any additional directorship resulting from increase in the number of directors, may be filled at any time by a majority of the directors then in office (even though less than a quorum remains) or, in the case of any vacancy in the office of any director, by the stockholders, and, subject to the provisions of the Article IV, the person so chosen shall hold office until his successor shall have been elected and qualified; or, if the person so chosen is a director elected to fill a vacancy, he shall (subject to the provisions of this Article IV) hold office for the unexpired term of his predecessor.

ARTICLE V

INDEMNIFICATION

To the full extent authorized, permitted by law, or allowed by law, whether or not specifically required or permitted by Section 145 of the Delaware General Corporation Law or any successor or supplemental provision, the Corporation shall indemnify any person made or threatened to be made a party in any threatened, pending or

completed civil, criminal or other action, suit, or proceeding by reason of the fact that he, his testator or intestate is or was a director, officer, employee or agent of the Corporation or any subsidiary of the Corporation, or is or was serving at the request of the Corporation, confirmed in writing, as a director, officer, employee or agent of, or in a comparable capacity for, another corporation or any partnership, joint venture, trust or other enterprise against all judgments fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement, which consent shall not be unreasonably withheld) and reasonable expenses, including attorneys' fees and costs of investigation incurred with respect to any such threatened, pending or completed action, suit or proceeding.

ARTICLE VI
CAPITAL STOCK

Section 5.1 **Stock Certificates**.

The certificates for shares of the capital stock of the Corporation shall be in such form as shall be prescribed by law and approved, from time to time, by the Board of Directors.

Section 5.2 **Transfer of Shares**.

Shares of the capital stock of the Corporation may be transferred on the books of the Corporation only by the holder of such shares, or by his duly authorized attorney, upon the surrender to the Corporation or its transfer agent of the certificate such stock properly endorsed.

Section 5.3 **Fixing Record Date**.

In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof [or to express consent to corporate action in writing without a meeting], or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange or stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance a record date, which unless otherwise provided by law, shall not be more than sixty (60) days or less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

Section 5.4 **Lost Certificates**.

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates representing stock of the Corporation to be issued in place of any certificate or certificates theretofore issued by the

Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as the Board of Directors (or any transfer agent so authorized) shall direct to indemnify the Corporation against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed or the issuance of such new certificates, and such requirement may be general or confined to specific instances.

Section 5.5 **Regulations**.

The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration cancellation, and replacement of certificates representing stock of the Corporation.

ARTICLE VII

MISCELLANEOUS

Section 6.1 **Corporation Seal**.

The corporate seal shall be in such form as may be approved from time to time by the Board of Directors.

Section 6.2 **Fiscal Year**.

The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 6.3 **Notices and Waivers Thereof**.

Whenever any notice is required by law, the Certificate of Incorporation, or these By-Laws, to be given to any stockholder, director, or officer, such notice, except as otherwise provided by law, may be given personally, or by mail, or, in the case of directors or officers, by telegram, cable, or facsimile addressed to such address as appears on the books of the Corporation. Any notice given by telegram, cable, or facsimile shall be deemed to have been given when it shall have been delivered for transmission, and any notice given by mail shall be deemed to have been given when it shall have been deposited in the United States mail with postage thereon prepaid.

Whenever any notice is required to be given by law, the Certificate of Incorporation, or these By-Laws, a written waiver thereof, signed by the person entitled to such notice, whether before or after the meeting or the time stated therein, shall be deemed equivalent in all respects to such notice to the full extent permitted by law.

Section 6.4 **Stock of Other Corporations or Other Interests**

Unless otherwise ordered by the Board of Directors, the Secretary, and such attorneys or agents of the Corporation as may be from time to time authorized by the Board of Directors or the President, shall have full power and authority on behalf of this Corporation to attend and to act and vote in person or by proxy at any meeting of the holders of securities of any corporation or other entity in which this Corporation may own or hold shares or other securities, and at such meetings shall possess and may exercise all the rights and powers incident to the ownership of such shares or other securities which this Corporation, as the owner or holder thereof, might have possessed and exercised if present. The President, the Secretary, or such attorneys or agents, may also execute and delivery on behalf of this Corporation powers of attorney, proxies, consents, waivers, and other instruments relating to the shares or securities owned or held by this Corporation.

ARTICLE VIII

AMENDMENTS

The holders of shares entitled at the time to vote for the election of directors shall have power to adopt, amend, or repeal the By-Laws of the Corporation by vote of not less than a majority of such shares, and except as otherwise provided by law, the Board of Directors shall have power equal in all respects to that of the stockholders to adopt, amend, or repeal the By-Laws by vote of not less than a majority of the entire Board. However, any By-Law adopted by the Board may be amended or repealed by vote of the holders of a majority of the shares entitled at the time to vote for the election of directors.

Exhibit 3.26(a)

CERTIFICATE OF INCORPORATION
OF
INSIGNIA/ESG NORTHEAST, INC.

The undersigned, having capacity to contract and acting as the incorporator of a corporation under the General Corporation Law of the State of Delaware, adopts the following Certificate of Incorporation for such corporation:

FIRST: The name of the corporation is **Insignia/ESG Northeast, Inc.** (hereinafter called the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is located at 1209 Orange Street in the City of Wilmington, County of New Castle, DE 19801. The name of the registered agent of the Corporation at said address is The Corporation Trust Company.

THIRD: The nature of the business or the purpose to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 100 shares of common stock with par value of $.01 per share.

FIFTH: The name and address of the sole incorporator is as follows:

Jeannine Smith
15 South Main Street, Suite 900
Greenville, South Carolina 29601

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

a. The board of directors of the Corporation is expressly authorized to adopt, amend or repeal the By-Laws of the Corporation.

b. Elections of directors need not be by written ballot unless the By-Laws of the Corporation shall so provide.

c. The books of the Corporation may be kept at such place within or without the State of Delaware as the By-Laws of the Corporation may provide or as may be designated from time to time by the board of directors of the Corporation.

EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner how or hereafter prescribed by statue and this Certificate of Incorporation, and all rights conferred upon the stockholders herein are granted subject to this reservation.

TENTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit.

The undersigned, being the sole incorporator, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein state are true, and accordingly have hereunto set my hand this 26th day of January, 2001.

By: /s/ Jeannine Smith

Name: Jeannine Smith
Title: Sole Incorporator

Exhibit 3.26(b)

BY-LAWS OF

Insignia/ESG Northeast, Inc.

As Adopted: 1-26-01

A Delaware: Corporation

BY-LAWS

ARTICLE I
STOCKHOLDERS

Section 1.1 Annual Meeting.

An annual meeting of stockholders for the purpose of electing directors and of transacting such other business as may come before it shall be held each year at such date, time, and place, either within or without the State of Delaware, as may be specified by the Board of Directors.

Section 1.2 Special Meeting.

Special meeting of stockholders for any purpose or purposes may be held at any time upon call of the Chairman of the Board, if any, the President, the Secretary, or a majority of the Board of Directors, at such time and place either within or without the State of Delaware as may be stated in the notice. A special meeting of stockholders shall be called by the President or the Secretary upon the written request, stating time, place and the purpose or purposes of the meeting of stockholders who together own of record a majority of the outstanding stock of all classes entitled to vote at such meeting.

Section 1.3 Notice of Meetings.

Written notice of stockholders meetings, stating the place, date, and hour thereof, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Chairman of the Board, if any, the President, any Vice President, the Secretary, or an Assistant Secretary, to each stockholder entitled to vote thereat at least ten (10) days but not

more than sixty (60) days before the date of the meeting, unless a different period is prescribed by law.

Section 1.4 Quorum.

Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, at any meeting of stockholders, the holders of a majority of the outstanding shares of each class of stock entitled to vote at the meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. In the absence of a quorum, a majority in interest of the stockholders present or the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 1.5 of these By-Laws until a quorum shall attend.

Section 1.5 Adjournment.

Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.6 Organization

The Chairman of the Board, if any, or in his absence the President, or in their absence any Vice President, shall call to order meetings of stockholders and shall act as chairman of such meetings. The Board of Directors or, if the Board fails to act, the stockholders may appoint any stockholder, director or officer of the Corporation to act as chairman of any meeting in the absence of the Chairman of the Board, the President, and all Vice Presidents. The Secretary of

the Corporation shall act as secretary of all meetings of stockholders, but, in the absence of the Secretary, the chairman of the meeting may appoint any other person to act as secretary of the meeting.

Section 1.7 Voting.

Except as otherwise provided by law, the Certificate of Incorporation, or these by-laws, and except for the election of directors, at any meeting duly called and held at which a quorum is present, a majority of the votes cast at such meeting upon a given question by the holders of outstanding shares of stock of all classes of stock of the Corporation entitled to vote thereon who are present in person or by proxy shall decide such questions. At any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the votes cast by the holders (acting as such) of shares of stock of the Corporation entitled to elect such director.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Number and Term of Office.

The business, property, and affairs of the Corporation shall be managed by or under the direction of a Board of one director; provided, however, that the Board, by resolution adopted by vote of a majority of the then authorized number of directors, may increase or decrease the number of directors. The directors shall be elected by the holders of shares entitled to vote thereon at the annual meeting of stockholders, and each shall serve (subject to the provisions of Article IV) until the next succeeding annual meeting of stockholders and until his respective successor has been elected an qualified.

Section 2.2 **Chairman of the Board.**

The directors may elect one of their members to be Chairman of the Board of Directors. The Chairman shall be subject to the control of and may be removed by the Board of Directors. He shall perform such duties as may from time to time be assigned to him by the Board.

Section 2.3 **Meetings.**

The annual meeting of the Board of Directors, for the election of officers and the transaction of such other business as may come before the meeting, shall be held without notice at the same place as, and immediately following, the annual meeting of the stockholders.

Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

Special meetings of the Board of Directors shall be held at such time and place as shall be designated in the notice of the meeting whenever called by the President, or by a majority of the directors then in office.

Section 2.4 **Notice of Special Meeting**

The Secretary, or in his absence any other officer of the Corporation, shall give each director notice of the time and place of holding of special meetings of the Board of Directors by mail at least five (5) days before the meeting, or by telegram, cable, facsimile, telecopy, telephone or personal service at least one (1) day before the meeting. Unless otherwise stated in the notice thereof, any and all business may be transacted at any meeting without specification of such business in the notice.

Section 2.5 **Quorum an Organization of Meetings.**

A majority of the total number of members of the Board of Directors as constituted from time to time shall constitute a quorum for the transaction of business, but, if at any meeting of the Board of Directors (whether or not adjourned from a previous meeting) there shall be less than a

quorum present, a majority of those present may adjourn the meeting to another time and place, and the meeting may be held as adjourned without further notice or waiver. Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, a majority of the directors present at any meeting at which a quorum is present may decide any question brought before such meeting. Meetings shall be presided over the Chairman of the Board, if any, or in his absence by the President, or in the absence of both, by such other person as the directors may select. The Secretary of Corporation shall act as secretary of the meeting, but in his absence, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.6 **Committee**

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business, property, and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Certificate of Incorporation of the Corporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors pursuant to authority expressly granted to the Board of

Directors by the Corporation's Certificate of Incorporation, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation, or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), adopting an agreement of merger or consolidation under Section 251 or 252 of the General Corporation Law of the State of Delaware, recommending to the stockholders the sale, lease, or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these By-Laws, and, unless the resolution expressly so provided, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of the State of Delaware. Each committee which may be established by the Board of Directors pursuant to these By-Laws may fix its own rules and procedures. Notice of meetings of committees, other than of regular meetings provided for by the rules, shall be given to committee members. All action taken by committees shall be recorded in minutes of the meetings.

Section 2.7 Action Without Meeting

Nothing contained in these By-Laws shall be deemed to restrict the power of members of the Board of Directors or any committee designated by the Board to take any action required or permitted to be taken by them without a meeting.

Section 2.8 Telephone Meetings.

Nothing contained in these By-Laws shall be deemed to restrict the power of members of the Board of Directors, or any committee designated by the Board, to participate in a meeting of

the Board, or committee, by means of conference telephone or similar communications equipment by means of which all persons participating the meeting can hear each other.

ARTICLE III

OFFICERS

Section 3.1 **Executive Officers**

The executive officers of the Corporation shall be a President, one or more Vice Presidents, a Treasurer, and a Secretary, each of whom shall be elected by the Board of Directors. The Board of Directors may elect or appoint such other officers (including a Controller and one or more Assistant Treasurers and Assistant Secretaries) as it may deem necessary or desirable. Each officer shall hold office for such term as may be prescribed by the Board of Directors from time to time. Any person may hold at one time two or more offices.

Section 3.2 **Powers and Duties.**

The Chairman of the Board, if any, or, in his absence, the President, shall preside at all meetings of the stockholders and of the Board of Directors. The President shall be the chief executive officer of the Corporation. In the absence of the President, a Vice President appointed by the President, or, if the President fails to make such appointment, by the Board, shall perform all the duties of the President. The officers and agents of the Corporation shall each have such powers and authority and shall perform such duties in the management of the business, property, and affairs of the Corporation as generally pertain to their respective offices, as well as such powers and authorities and such duties as from time to time may be prescribed by the Board of Directors.

ARTICLE IV

REGISTRATIONS, REMOVALS, AND VACANCIES

Section 4.1 **Resignations.**

Any director or officer of the Corporation, or any member of any committee, may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified therein, then upon receipt thereof. The acceptance of such resignation shall not be necessary to make if effective.

Section 4.2 **Removals.**

The Board of Directors, by a vote of not less than a majority of the entire Board, at any meeting thereof, or by written consent, at any time, may, to the extent permitted by law, remove, with or without cause, from office or terminate the employment of any officer or member of any committee and may, with or without cause, disband any committee.

Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares entitled at the time to vote at an election of directors.

Section 4.3 **Vacancies**

Any vacancy in the office of any director or officer through death, resignation, removal, disqualification, or other cause, and any additional directorship, resulting from increase in the number of directors, may be filled at any time by a majority of the directors then in office (even though less than a quorum remains) or, in the case of any vacancy in the office of any director, by the stockholders, and, subject to the provisions of this Article IV, the person so chosen shall hold office until his successor shall have been elected and qualified; or, if the person so chosen is a director elected to fill a vacancy, he shall (subject to the provisions of this Article IV) hold office for the unexpired term of his predecessor.

ARTICLE V

CAPITAL STOCK

Section 5.1 **Stock Certificates.**

The certificates for shares of the capital stock of the Corporation shall be in such form as shall be prescribed by law and approved, from time to time, by the Board of Directors.

Section 5.2 **Transfer of Shares.**

Shares of the capital stock of the Corporation may be transferred on the books of the Corporation only by the holder of such shares, or by his duly authorized attorney, upon the surrender to the Corporation or its transfer agent of the certificate representing such stock properly endorsed.

Section 5.3 **Fixing Record Date.**

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof [or to express consent to corporate action in writing without a meeting], or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any change, conversion, or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance a record date, which, unless otherwise provided by law, shall not be more than sixty days (60) days or less than (10) days before the date of such meeting, nor more than (60) days prior to any other action.

Section 5.4 **Lost Certificates.**

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates representing stock of the Corporation to be issued in place of any certificate or certificates theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to

be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as the Board of Directors (or any transfer agent so authorized) shall direct to indemnify the Corporation against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed or the issuance of such new certificates, and such requirement may be general or confined to specific instances.

Section 5.5 **Regulations.**

The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration, cancellation, and replacement of certificates representing stock of the Corporation.

ARTICLE VI

MISCELLANEOUS

Section 6.1 **Corporate Seal**

The corporate seal shall be in such form as may be approved from time to time by the Board of Directors.

Section 6.2 **Fiscal Year.**

The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 6.3 **Notices and Waivers Thereof.**

Whenever any notice is required by law, the Certificate of Incorporation, or these By-Laws, to be given to any stockholder, director, or officer, such notice, except as otherwise

provided by law, may be given personally, or by mail, or, in the case of directors or offices, by telegram, cable, or facsimile addressed to such address as appears on the books of the Corporation. Any notice given by telegram, cable, or facsimile shall be deemed to have been given when it shall have been delivered for transmission, and any notice given by mail shall be deemed to have been given when it shall have been deposited in the United States mail with postage thereon prepaid.

Whenever any notice is required to be given by law, the Certificate of Incorporation, or these By-Laws, a written waiver thereof, signed by the person entitled to such notice, whether before or after the meeting or the time stated therein, shall be deemed equivalent in all respects to such notice to the full extent permitted by law.

Section 6.4 **Stock of Other Corporations or Other Interests.**

Unless otherwise ordered by the Board of Directors, the Secretary, and such attorneys or agents of the Corporation as may be from time to time authorized by the Board of Directors or the President, shall have full power and authority on behalf of this Corporation to attend and to act and vote in person or by proxy at any meeting of the holders of securities of any corporation or other entity in which this corporation may own or hold shares or other securities, and at such meetings shall possess and may exercise all the rights and powers incident to the ownership of such shares or other securities which this Corporation, as the owner or holder thereof, might have possessed and exercised if present. The President, the Secretary, or such attorneys or agents, may also execute and deliver on behalf of this corporation powers of attorney, proxies, consents, waivers, and other instruments relating to the shares or securities owned or held by this Corporation.

ARTICLE VII

AMENDMENTS

The holders of shares entitled at the time to vote for the election of directors shall have power to adopt, amend, or repeal he By-Laws of the Corporation by vote of not less than a majority of such shares, and except as otherwise provide by law, the Board of Directors shall have power equal in all respects to that of the stockholders to adopt, amend, or repeal the By-Laws by vote of not less than a majority of the entire Board. However, any By-Law adopted by the Board may be amended or repealed by vote of the holders of a majority of the shares entitled at the time to vote for the election of directors.

Exhibit 3.27(a)

RESTATED

CERTIFICATE OF INCORPORATION

OF

INSIGNIA FINANCIAL GROUP, INC.

Insignia Financial Group, Inc., a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY:

1. The name of the corporation is Insignia Financial Group, Inc. The original name under which the corporation was incorporated in the State of Delaware is Insignia/ESG Holdings, Inc. The date the corporation filed its original Certificate of Incorporation with the Secretary of State was May 6, 1998.

2. This Restated Certificate of Incorporation was duly adopted in accordance with Sections 103, 242 and 245 of the General Corporation Law of the State of Delaware.

3. The text of the corporation's Certificate of Incorporation is hereby amended and restated to read as herein set forth in full:

FIRST: The name of the corporation is Insignia Financial Group, Inc.

SECOND: The registered office of the corporation in the State of Delaware is located in the County of New Castle, Delaware, at 1209 Orange Street, Wilmington, DE 19801. The name of the registered agent of the corporation at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended.

FOURTH: The total number of shares of stock that the corporation is authorized to issue is 100 shares of Common Stock, par value $0.01 per share.

FIFTH: A director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any repeal or modification of the foregoing sentence shall not adversely affect any right or protection of a director of the corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

SIXTH:

1. To the fullest extent permitted by the laws of the State of Delaware:

(a) The Corporation shall indemnify any person (and such person's heirs, executors or administrators) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (brought in the right of the Corporation or otherwise), whether civil, criminal, administrative or investigative, and whether formal or informal, including appeals, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, limited liability company or other enterprise, for and against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or such heirs, executors or administrators in connection with such action, suit or proceeding, including appeals. Notwithstanding the preceding sentence, the Corporation shall be required to indemnify a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the Board of Directors of the Corporation. The Corporation may indemnify any person (and such person's heirs, executors or administrators) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (brought in the right of the Corporation or otherwise), whether civil, criminal, administrative or investigative, and whether formal or informal, including appeals, by reason of the fact that such person is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, limited liability company or other enterprise, for and against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or such heirs, executors or administrators in connection with such action, suit or proceeding, including appeals.

(b) The Corporation shall promptly pay expenses incurred by any person described in the first sentence of subsection (a) of this Article SIXTH, Section 1 in defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of appropriate documentation.

(c) The Corporation may purchase and maintain insurance on behalf of any person described in subsection (a) of this Article SIXTH, Section 1 against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article SIXTH, Section 1 or otherwise.

(d) The provisions of this Article SIXTH, Section 1 shall be applicable to all actions, claims, suits or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Article SIXTH, Section 1 shall be deemed to be a contract between the Corporation and each director, officer, employee or agent who serves in such capacity at any time while this Article SIXTH, Section 1 and the relevant provisions of the laws of the State of Delaware and other

applicable law, if any, are in effect, and any repeal or modification hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Article SIXTH, Section 1 shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Article SIXTH, Section 1 shall neither be exclusive of, nor be deemed in limitation of, any rights to which an officer, director, employee or agent may otherwise be entitled or permitted by contract, this Certificate of Incorporation, vote of stockholders or directors or otherwise, or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity while holding such office, it being the policy of the Corporation that indemnification of any person whom the Corporation is obligated to indemnify pursuant to the first sentence of subsection (a) of this Article SIXTH, Section 1 shall be made to the fullest extent permitted by law.

(e) For purposes of this Article SIXTH, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

SEVENTH: The Board of Directors is authorized to adopt, amend, or repeal the By-laws of the corporation, without any action on the part of the stockholders, solely by the affirmative vote of at least a majority of the directors of the corporation then in office.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been executed by its Chief Executive Officer this____ day of July 2003.

INSIGNIA FINANCIAL GROUP, INC.

By: ______________________________

Name: Ray Wirta
Title: Chief Executive Officer

[IFG Restated Charter]

Exhibit 3.27(b)

AMENDED AND RESTATED

BY-LAWS

OF

INSIGNIA FINANCIAL GROUP, INC.

ARTICLE I

MEETING OF STOCKHOLDERS

Section 1. Place of Meeting and Notice. Meetings of the stockholders of the Corporation shall be held at such place either within or without the State of Delaware as the Board of Directors may determine.

Section 2. Annual and Special Meetings. Annual meetings of stockholders shall be held, at a date, time and place fixed by the Board of Directors and stated in the notice of meeting, to elect a Board of Directors and to transact such other business as may properly come before the meeting. Special meetings of the stockholders may be called by the President or any Vice President for any purpose and shall be called by the President or Secretary if directed by the Board of Directors or requested in writing by the holders of not less than 25% of the capital stock of the Corporation. Each such stockholder request shall state the purpose of the proposed meeting.

Section 3. Notice. Except as otherwise provided by law, at least ten and not more than 60 days before each meeting of stockholders, written notice of the time, date and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder.

Section 4. Quorum. At any meeting of stockholders, the holders of record, present in person or by proxy, of a majority of the Corporation's issued and outstanding capital stock shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

Section 5. Voting. Except as otherwise provided by law, all matters submitted to a meeting of stockholders shall be decided by vote of the holders of record of a majority of the Corporation's issued and outstanding capital stock present in person or by proxy.

ARTICLE II

DIRECTORS

Section 1. Number, Election and Removal of Directors. The number of Directors that shall constitute the Board of Directors shall be not more than 11. The first Board of Directors shall consist of one Director. Thereafter, within the limits specified above, the number of Directors shall be determined by the Board of Directors or by the stockholders. The Directors shall be elected by the stockholders at their annual meeting. Vacancies and newly created directorships resulting from any increase in the number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by the sole remaining Director or by the stockholders. A Director may be removed with or without cause by the stockholders.

Section 2. Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may from time to time be fixed by the Board of Directors or as may be specified in a notice of meeting. Special meetings of the Board of Directors may be held at any time upon the call of the President and shall be called by the President or Secretary if directed by at least one-third of the Directors. Telegraphic or written notice of each special meeting of the Board of Directors shall be sent to each Director not less than two days before such meeting. A meeting of the Board of Directors may be held without notice immediately after the annual meeting of the stockholders. Notice need not be given of regular meetings of the Board of Directors.

Section 3. Quorum. One-half of the total number of Directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until such a quorum is present. Except as otherwise provided by law, the Certificate of Incorporation of the Corporation, these By-Laws or any contract or agreement to which the Corporation is a party, the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

Section 4. Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees, including without limitation an Executive Committee, to have and exercise such power and authority as the Board of Directors shall specify. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in place of any such absent or disqualified member.

ARTICLE III

OFFICERS

The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other additional officers with such titles as the Board of Directors shall determine, all of whom shall be chosen by and shall serve at the pleasure of the Board of Directors. Such officers shall have the usual powers and shall perform all the usual duties incident to their respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. The authority, duties or responsibilities of any officer of the Corporation may be suspended by the President with or without cause. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause.

ARTICLE IV

INDEMNIFICATION

To the fullest extent permitted by the Delaware General Corporation Law, the Corporation shall indemnify any current or former Director or officer of the Corporation and may, at the discretion of the Board of Directors, indemnify any current or former employee or agent of the Corporation against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding brought by or in the right of the Corporation or otherwise, to which he was or is a party or is threatened to be made a party by reason of his current or former position with the Corporation or by reason of the fact that he is or was serving, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The Corporation may purchase and maintain insurance on behalf of any person described in this Article IV against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article IV or otherwise.

ARTICLE V

GENERAL PROVISIONS

Section 1. Notices. Whenever any statute, the Certificate of Incorporation or these By-Laws require notice to be given to any Director or stockholder, such notice may be given in writing by mail, addressed to such Director or stockholder at his address as it appears in the records of the Corporation, with postage thereon prepaid. Such notice shall be deemed to have been given when it is deposited in the United States mail. Notice to Directors may also be given by telegram.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

Exhibit 3.28(a)

CERTIFICATE OF FORMATION

OF

INSIGNIA ML PROPERTIES, LLC

ARTICLE 1.
NAME

The name of the limited liability company is Insignia ML Properties, LLC (the "Company").

ARTICLE 2.
REGISTERED AGENT

The address of the registered office of the Company in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle. The name of the registered agent of the Company is The Corporation Trust Company.

ARTICLE 3.
DURATION

The duration of the Company is to be perpetual, unless sooner terminated in accordance with the Limited Liability Company Act of Delaware (the "Act").

ARTICLE 4.
PURPOSE

The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

IN WITNESS WHEREOF, this Certificate has been executed this 12th day of December, 2001, by the undersigned authorized signatory who affirms that, to the best of her knowledge and belief, the facts stated herein are true.

Authorized Person:

By: /s/ Yvonne Owens

Name: Yvonne Owens

Exhibit 3.28(b)

INSIGNIA ML PROPERTIES, LLC
(a Delaware limited liability company)

OPERATING AGREEMENT

This Operating Agreement (this "Agreement") is hereby adopted and shall be effective as of December 13, 2001 by Insignia/ESG, Inc. (the "Member").

Article I
OFFICES

Section 1. Name. The name of the company shall be "Insignia ML Properties, Inc." (the "Company").

Section 2. Formation. The Company was organized as a limited liability company on December 12, 2001 pursuant to the Delaware Limited Liability Company Act (the "Act").

Section 3. Registered Office. The registered office of the Company shall be established and maintained at 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle.

Section 4. Other Offices. The Company may have other offices, either within or without the state of Delaware, at such place or places as the Member may from time to time determine or as the business of the Company may require.

Article II
PURPOSE

Section 1. Purpose. The Company was formed for the purpose of engaging in any lawful act or activity for which a limited liability company may be organized under the Act.

Article III
MANAGERS

Section 1. Number. The number of Managers of the Company may be increased or decreased at any time and from time to time by written resolution of the Member. The number of Managers of the Company shall initially be one. The initial Manager of the Company shall be Insignia/ESG, Inc.

Section 2. Powers. The affairs of the Company shall be managed by its Manager. Any future additional or replacement Managers shall be appointed by written resolution of the Member(s). A Manager may resign at any time by serving written notice thereof to the remaining Member(s) of the Company. All powers not conferred upon the

Member(s) by law or by the Certificate of Formation or any other certificate filed pursuant to law or by this Agreement shall be exercised by the Manager.

Section 3. Qualifications. Each Manager that which is a natural person must be at least eighteen years of age.

Article IV
MEMBER

Section 1. Member. The name and mailing address of the Members is set forth in Attachment 1 hereto. The Member is hereby admitted as the member of the Company and agrees to be bound by the terms of this Agreement.

Section 2. Admission of Additional Members. One (1) or more additional Members may be admitted to the Company upon receipt of Manager's prior written consent to such admission. Upon the admission to the Company of any additional Members, the Members shall cause this Agreement to be amended and restated to reflect the admission of such additional Member(s), the initial capital contribution, if any, of such additional Member(s) and the intention of the Members to cause the Company to be classified as a partnership for federal income tax purposes, and to include such other provisions as the Members may agree. Notwithstanding the foregoing, no such additional Member shall be entitled to vote on any matter relating to the Company or the operation thereof unless consented to in writing by the Manager.

Article V
CONTRIBUTIONS AND DISTRIBUTIONS

Section 1. Capital Contributions. The Member has made or will make contributions to the capital of the Company in the amounts and proportions set forth in Attachment I.

Section 2. Additional Contributions. Each Member shall make such additional capital contributions to the Company (which capital contributions shall always be made by each Member in proportion to such Member's Percentage Interest set forth on Attachment 1) as the Member(s), acting unanimously, may deem necessary or advisable in connection with the business of the Company.

Section 3. Capital Accounts. The Company shall maintain for each Member a separate capital account in accordance with this Section 3 and in accordance with the rules of Treasury Regulation Section 1.704-1 (b)(2)(iv). Each Member's capital account shall have an initial balance equal to the amount of cash constituting such Member's initial contribution to the capital of the Company. Each Member's capital account shall be increased by the sum of (a) the amount of cash constituting additional contributions by such Member to the capital of the Company, plus (b) the portion of any profits allocated to such Member's Capital Account pursuant to Section 4. Each Member's capital account shall be reduced by the sum of (a) the amount of cash and the fair value of any property distributed by the Company to such Member, plus (b) the portion of any losses allocated to such member's capital account pursuant to Section 4.

Section 4. Allocation of Profits and Losses. The Company's profits and losses shall be allocated in proportion to the capital contributions of the Members.

Section 5. Distributions.

(a) No Member shall (i) be entitled to interest on its capital contributions to the Company, or (ii) have the right to distributions or the return of any contribution to the capital of the Company, except (A) for distributions in accordance with this Section 5 or (B) upon dissolution of the Company. The entitlement to any such return at such time shall be limited to the value of the capital account of the Member. The Manager shall not be liable for the return of any such amounts.

(b) Distributions shall be made to the Member(s) at the times and in the aggregate amounts determined by the Manager. Such distributions shall be allocated among the Members in the same proportion as their capital account balances.

Article VI
INDEMNIFICATION

Section 1. Indemnification of Managers by the Company.

(a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a Manager of the Company, or is or was serving at the specific request of the Company as a Manager, as an officer, employee or agent of another company or of a corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a Manager, officer, employee or agent or in any other capacity while serving as a Manager, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the laws of the State of Delaware, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith.

(b) The right to indemnification conferred in Section 1 of this Article VI shall include the right to be paid by the Company the expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its formal disposition (an " Advancement of Expenses"); *provided*, *however*, that an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced (i) if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under the provisions of the laws of the State of Delaware or (ii) by reason of a final judicial determination contained in a non-appealable order, that such indemnitee is not entitled to be indemnified under this Section 1.

Section 2. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificate of Formation, this Agreement, any other agreement or otherwise.

Section 3. Insurance. The Company may maintain insurance, at its expense, to protect itself and any Manager, officer, employee or agent of the Company or another company or corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the laws of the State of Delaware.

Article VII
FINANCE

Section 1. Checks, Drafts, etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Company shall be signed by a Manager or such other person or persons as the Manager may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Company shall be the calendar year.

Article VIII
MISCELLANEOUS PROVISIONS.

Section 1. Books and Records. The Company shall keep correct and complete books and records of its accounts and its affairs, including copies of all resolutions adopted by the Managers or by the Member.

Section 2. Governing Law. The validity, interpretation, enforceability and performance of this Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without reference to its conflicts of law rules. The provisions of this Agreement cannot be waived or modified unless such waiver or modification is in writing and signed by the Member. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, that invalidity or unenforceability shall not affect the validity or enforceability of the balance of this Agreement. Without limiting the generality of the foregoing, if a provision is held by a court of competent jurisdiction to be invalid or unenforceable by reason of the length of time during which it is to remain in effect, such provision nonetheless shall be enforceable to the maximum extent and for the maximum period of time determined by such court to be permissible.

IN WITNESS WHEREOF, the Members evidence their adoption and ratification of the foregoing Agreement of the Company, as of the 13th day of December 2001.

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Yvonne Owens

Yvonne Owens
Its: Assistant Secretary

ATTACHMENT 1

Names and Addresses of Members:	Initial Contribution	Percentage Interest (%)
Insignia/ESG, Inc. 15 South Main Street, Suite 900 Greenville, SC 29601	$ 100.00	100%

Exhibit 3.35(a)

CERTIFICATE OF FORMATION

OF

LJMGP, LLC

This Certificate of Formation has been duly executed and is being filed to form a limited liability company under the Delaware Limited Liability Company Act, 6 *Delaware*. C. § 18-101, *et seq.*

1. The name of the limited liability company (the "Company") is LJMGP, LLC.

2. The address of the registered office of the Company is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 and the name and address of the registered agent of the Company for the service of process is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

3. The only member of the Company is L. J. Melody & Company, a Texas corporation.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this the 29th day of June 2001.

Authorized Person:

By: /s/ Gray Jennings

Name: Gray Jennings
Title: Authorized Person

EXECUTION COPY

Exhibit 4.1

CBRE Escrow, Inc.
Issuer

9 3/4% Senior Notes Due May 15, 2010

INDENTURE

Dated as of May 22, 2003

U.S. Bank National Association
Trustee

CROSS-REFERENCE TABLE

TIA Section		Indenture Section
310	(a) (1)	7.10
	(a) (2)	7.10
	(a) (3)	N.A.
	(a) (4)	N.A.
	(b)	7.08; 7.10
	(c)	N.A.
311	(a)	7.11
	(b)	7.11
	(c)	N.A.
312	(a)	2.05
	(b)	11.03
	(c)	11.03
313	(a)	7.06
	(b) (1)	N.A.
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	(c)	7.06; 11.02
	(d)	7.06
314	(a)	4.02; 11.02
	(b)	N.A.
	(c) (1)	11.04
	(c) (2)	11.04
	(c) (3)	N.A.
	(d)	N.A.
	(e)	11.05
	(f)	N.A.
315	(a)	7.01
	(b)	7.05; 11.02
	(c)	7.01
	(d)	7.01
	(e)	6.11
316	(a) (last sentence)	11.06
	(a) (1) (A)	6.05
	(a) (1) (B)	6.04
	(a) (2)	N.A.
	(b)	6.07
317	(a) (1)	6.08
	(a) (2)	6.09
	(b)	2.04
318	(a)	11.01

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be part of the Indenture.

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INDENTURE dated as of May 22, 2003, between CBRE Escrow, Inc., a Delaware corporation (the "Company"), and U.S. Bank National Association (together with any successor appointed pursuant to the terms of this Indenture, the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of the Securities (as defined below):

ARTICLE 1

Definitions and Incorporation by Reference

Section 1.01. Definitions.

"Additional Assets" means (1) any property or other assets (other than Indebtedness and Capital Stock) used in a Related Business; (2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary; provided, however, that any such Restricted Subsidiary described in clause (2) or (3) above is primarily engaged in a Related Business.

"Additional Securities" means, subject to the Company's compliance with Section 4.03, additional 9$^{3}/_{4}$% Senior Notes Due May 15, 2010 in an unlimited aggregate principal amount issued from time to time after the Issue Date under the terms of this Indenture (other then pursuant to Section 2.06, 2.07, 2.09 or 3.06 of this Indenture and other than Exchange Securities or Private Exchange Securities issued pursuant to an exchange offer for other Securities outstanding under this Indenture).

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings

correlative to the foregoing. For purposes of Sections 4.04, 4.06 and 4.07 of this Indenture only, "Affiliate" shall also mean any beneficial owner of Capital Stock representing 10% or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Capital Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary; or

(3) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary

(other than, in the case of (1), (2) and (3) above, (A) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary, (B) for purposes of Section 4.06 only, a disposition that constitutes a Restricted Payment permitted by Section 4.04 of this Indenture or a Permitted Investment, (C) the sale by Melody of assets purchased and/or funded pursuant to the Melody Mortgage Warehousing Facility or the Melody Loan Arbitrage Facility, (D) any sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary, (E) a disposition of Temporary Cash Investments in the ordinary course of business, (F) the disposition of property or assets that are obsolete, damaged or worn out, (G) the lease or sublease of office space in the ordinary course of

business, (H) sales by Melody of debt servicing rights not in excess of $5.0 million per calendar year and (I) a disposition of assets with a fair market value of less than $750,000 (a “de minimis disposition”), so long as the sum of such de minimis disposition plus all other de minimis dispositions previously made in the same calendar year does not exceed $3.0 million in the aggregate); provided, however, that a disposition of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by Section 4.12 and/or Section 5.01 and not by Section 4.06.

“Attributable Debt” in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Securities, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); provided, however, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capital Lease Obligation”.

“Average Life” means, as of the date of determination, with respect to any Indebtedness the quotient obtained by dividing (1) the sum of the products of the number of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by (2) the sum of all such payments.

“Bank Indebtedness” means all Obligations pursuant to the Credit Agreement.

“Blum Funds” means (1) Blum Strategic Partners, L.P., (2) Blum Strategic Partners II, L.P., (3) Blum Strategic Partners II GmbH & Co. KG, (4) Blum Capital Partners, L.P. and its successors and (5) any investment fund that is an Affiliate of Blum Capital Partners, L.P. or its successors.

“Blum Strategic Investment” means the contribution described in clause (2) of the definition of Cash Equity Contributions.

“Board of Directors” means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board.

“Business Day” means each day which is not a Legal Holiday.

“Capital Lease Obligation” means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of Section 4.10 of this Indenture, a Capital Lease Obligation will be deemed to be secured by a Lien on the property being leased.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Cash Equity Contributions” means (1) the contribution by the Blum Funds (and/or one or more designees) and other stockholders of Parent to Parent of not less than $100.0 million in cash in the form of equity, (2) the contribution by the Blum Funds (and/or one or more designees) and other stockholders of Parent to Parent or Asset Sub (as defined below) of up to $45.0 million (which $45.0 million amount may be reduced dollar-for-dollar to the extent Net Proceeds (as defined in the Merger Agreement) are Deemed Received by the Company (as defined in the Merger Agreement) on or prior to the Merger Date) in the form of common or preferred equity or debt (each having terms providing that such obligations are recourse only to the issuer thereof) to either a newly formed subsidiary of Parent (“Asset Sub,” which subsidiary shall be designated as an Unrestricted Subsidiary if it is a subsidiary of CB Richard Ellis Services) or Parent, (3) the contribution by Parent of the amount described in clause (1) above to CB Richard Ellis Services as equity in exchange for Capital Stock (other than Disqualified Stock) of CB Richard Ellis

Services and (4) the contribution by CB Richard Ellis Services of the amount described in clause (1) above to Apple Acquisition Corp. as equity in exchange for Capital Stock (other than Disqualified Stock) of Apple Acquisition Corp.

"CB Richard Ellis Services" means CB Richard Ellis Services, Inc., a Delaware corporation.

"Change of Control" means the occurrence of any of the following events:

(1) prior to the earlier to occur of (A) the first underwritten public offering of common stock of Parent or (B) the first underwritten public offering of common stock of the Company, (x) the Permitted Holders cease to be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of a majority in the aggregate of the total voting power of the Voting Stock of the Company, whether as a result of issuance of securities of Parent or the Company, any merger, consolidation, liquidation or dissolution of Parent or the Company, or any direct or indirect transfer of securities by Parent or otherwise and (y) the Blum Funds cease to (i) beneficially own, directly or indirectly, at least 35% of the total voting power of the Voting Stock of the Company or (ii) have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for purposes of this clause (1) and clause (2) below, the Permitted Holders shall be deemed to beneficially own any Voting Stock of a Person (the "specified person") held by any other Person (the "parent entity") so long as the Permitted Holders beneficially own (as so defined), directly or indirectly, (1) in the case of a parent entity that is Parent, in the aggregate at least 35% of the voting power of the Voting Stock of Parent, and have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors or (2) in the case of any other parent entity, in the aggregate a majority of the voting power of the Voting Stock of such parent entity);

(2) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in clause (1) above, except that for purposes of this clause (2) such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, and except that any Person that is deemed to have beneficial ownership of shares solely as the result of being part of a group pursuant to Rule 13d-5(b)(1) shall be deemed not to have beneficial ownership of any shares held by a Permitted Holder forming a part of such group), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company; provided, however, that the Permitted Holders beneficially own (as defined in clause (1) above, except that in the event the Permitted Holders are part of a group pursuant to Rule 13d-5(b)(1), the Permitted Holders shall be deemed not to have beneficial ownership of any shares held by persons other than Permitted Holders forming a part of such group), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company than such other person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for the purposes of this clause (2), such other person shall be deemed to beneficially own any Voting Stock of a specified Person held by a parent entity, if such other person is the beneficial owner (as defined in this clause (2)), directly or indirectly, of more than 35% of the voting power of the Voting Stock of such parent entity and the Permitted Holders beneficially own (as defined in clause (1) above), directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent entity);

(3) individuals who on the Merger Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors on the Merger Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;

(4) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(5) the merger or consolidation of the Company with or into another Person or the merger of another Person with or into the Company, or the sale of all or substantially all the assets of the Company (determined on a consolidated basis) to another Person (other than, in all such cases, a Person that is controlled by the Permitted Holders), other than a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100% of the Voting Stock of the Company immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction and (B) in the case of a sale of assets transaction, the transferee Person becomes the obligor in respect of the Securities and a Subsidiary of the transferor of such assets.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the Securities.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its Restricted Subsidiaries for such period, plus, to the extent not included in such total interest expense, and to the extent incurred by the Company or its Restricted Subsidiaries during such period, without duplication:

(1) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(2) net payments pursuant to Hedging Obligations in respect of Indebtedness; and

(3) interest incurred in connection with Investments in discontinued operations.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (1) (A) the aggregate amount of Indebtedness (excluding Melody Permitted Indebtedness and Non-Recourse Indebtedness) of the Company and its Restricted Subsidiaries as of such date of determination, less (B) Total Cash, to (2) EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available ending prior to such date of determination (the "Reference Period"); provided, however, that:

(1) if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Incurrence of Indebtedness, the amount of such Indebtedness shall be calculated after giving effect on a pro forma basis to such Indebtedness;

(2) if the Company or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness that was outstanding as of the end of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged on the date of the transaction giving rise to the need to calculate the Consolidated Leverage Ratio (other than, in each case, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), the aggregate amount of Indebtedness shall be calculated on a pro forma basis and EBITDA shall be calculated as if the

Company or such Restricted Subsidiary had not earned the interest income, if any, actually earned during the Reference Period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(3) if since the beginning of the Reference Period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the EBITDA for the Reference Period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for the Reference Period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for the Reference Period;

(4) if since the beginning of the Reference Period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA for the Reference Period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of the Reference Period; and

(5) if since the beginning of the Reference Period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such Reference Period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (3) or (4) above if made by the Company or a Restricted Subsidiary during the Reference Period, EBITDA for the Reference Period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition occurred on the first day of the Reference Period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company (and shall include any applicable Pro Forma Cost Savings). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months).

"Consolidated Net Income" means, for any period, the sum of, without duplication, (1) the net income of the Company and its consolidated Subsidiaries, (2) to the extent deducted in calculating net income of the Company and its consolidated Subsidiaries, (A) any nonrecurring fees, expenses or charges related to the Transactions and (B) any nonrecurring charges related to severance or lease termination costs incurred in connection with the Transactions and (3) cash received during such period by the Company or any of its consolidated Restricted Subsidiaries in respect of commissions receivable (net of related commissions payable to brokers) on leasing transactions that were completed by any acquired business (including Insignia Financial Group, Inc. and its subsidiaries) prior to the acquisition of such business and which purchase accounting rules under GAAP would require to be recognized as an intangible asset purchased; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that

(A) subject to the exclusion contained in clause (4) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other

distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(B) the Company's equity in a net loss of any such Person to the extent accounted for pursuant to the equity method of accounting for such period shall be included in determining such Consolidated Net Income;

(2) any net income (or loss) of any Person acquired by the Company or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) any net income of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, except that:

(A) subject to the exclusion contained in clause (4) below, the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to another Restricted Subsidiary, to the limitation contained in this clause); and

(B) the Company's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(4) any gain (or loss) realized upon the sale or other disposition of any assets of the Company, its consolidated Subsidiaries or any other Person (including pursuant to any sale-and-leaseback arrangement) which is not sold or otherwise disposed of in the ordinary course of

business and any gain (or loss) realized upon the sale or other disposition of any Capital Stock of any Person;

(5) extraordinary gains or losses;

(6) the cumulative effect of a change in accounting principles;

(7) any income or losses attributable to discontinued operations (including operations disposed of during such periods whether or not such operations were classified as discontinued);

(8) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date; and

(9) if the Successor Company is not the Company, the aggregate net income (or loss) of such Successor Company prior to the consolidation, merger or transfer resulting in such Successor Company.

Notwithstanding the foregoing, for the purposes of Section 4.04 of this Indenture only, there shall be excluded from Consolidated Net Income any repurchases, repayments or redemptions of Investments, proceeds realized on the sale of Investments or return of capital to the Company or a Restricted Subsidiary to the extent such repurchases, repayments, redemptions, proceeds or returns increase the amount of Restricted Payments permitted under such Section pursuant to Section 4.04(a)(3)(D).

"Consolidated Secured Debt Ratio" means, as of any date of determination, the ratio of (1) (A) the aggregate amount of Indebtedness (excluding Melody Permitted Indebtedness and Non-Recourse Indebtedness) of the Company and its Restricted Subsidiaries that is secured by Liens as of such date of determination, less (B) Total Cash, to (2) EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available, with such pro forma and other adjustments to each of Indebtedness and EBITDA as are appropriate and consistent with the pro forma and other

adjustment provisions set forth in the definition of Consolidated Leverage Ratio.

"Credit Agreement" means the Amended and Restated Credit Agreement to be entered into among CB Richard Ellis Services, Parent, as guarantor, the lenders referred to therein, Credit Suisse First Boston, as Administrative Agent, Sole Lead Arranger and Sole Book Manager, and the Syndication Agent and Documentation Agent named therein, together with the related documents thereto (including the term loans and revolving loans thereunder, any guarantees and security documents), as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any agreement (and related document) governing Indebtedness incurred to Refinance, in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such Amended and Restated Credit Agreement or a successor Credit Agreement, whether by the same or any other lender or group of lenders.

"Currency Agreement" means in respect of a Person any foreign exchange contract, currency swap agreement or other similar agreement designed to protect such Person against fluctuations in currency values.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(3) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the Securities; provided, however, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of the Company or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company in order to satisfy obligations as a result of such employee's death or disability; and provided further, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the Stated Maturity of the Securities shall not constitute Disqualified Stock if (1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the terms applicable to the Securities in Sections 4.06 and 4.12 of this Indenture and (2) any such requirement only becomes operative after compliance with such terms applicable to the Securities, including the purchase of any Securities tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to this Indenture; provided, however, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"EBITDA" for any period means the sum of Consolidated Net Income, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) all income tax expense of the Company and its consolidated Restricted Subsidiaries;

(2) Consolidated Interest Expense;

(3) any nonrecurring fees, expenses or charges related to any Equity Offering, Permitted Investment, acquisition or Incurrence of Indebtedness permitted to be Incurred by the Indenture (in each case, whether or not successful), including any such fees, expenses or charges related to the Transactions, in each case not exceeding $10.0 million in the aggregate for all such nonrecurring fees, expenses and charges attributable to the same transaction or event (or group of related transactions or events);

(4) depreciation and amortization expense of the Company and its consolidated Restricted Subsidiaries (excluding amortization expense attributable to a prepaid operating activity item that was paid in cash in a prior period);

(5) all other noncash losses, expenses and charges of the Company and its consolidated Restricted Subsidiaries (excluding any such noncash loss, expense or charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period); and

(6) any nonrecurring charges that are incurred and associated with the restructuring of the operations of the Company and its consolidated Subsidiaries announced prior to the Merger Date and implemented within one year after the Merger Date;

in each case for such period. Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and noncash charges of, a Restricted Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"Equity Offering" means any primary offering of Capital Stock of Parent or the Company (other than Disqualified Stock) to Persons who are not Affiliates of the Company other than (1) public offerings with respect to the Company's Common Stock registered on Form S-8 and (2) issuances upon exercise of options by employees of the Company or any of its Restricted Subsidiaries.

"Escrow Agreement" means the Escrow Agreement dated May 22, 2003, among CBRE Escrow, Inc., CB Richard Ellis Services and U.S. Bank National Association, as escrow agent.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Securities" means the Company's 9 3/4% Senior Notes Due May 15, 2010 issued pursuant to a registered exchange for the Initial Securities.

"Exempt Subsidiary" means any Restricted Subsidiary that shall have had aggregate EBITDA of less than $250,000 for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available ending prior to the date of the issuance or sale of its Capital Stock giving rise to such determination; provided, however, that such sale or issuance is pursuant to a plan or program for the sale or issuance of Capital Stock a majority of which is sold to local management or to local strategic investors.

"Facilities" means the Term Loan Facilities and the Revolving Credit Facilities.

"Foreign Restricted Subsidiary" means any Restricted Subsidiary not incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"Freeman Spogli" means collectively, (1) FS Equity Partners III, L.P., (2) FS Equity Partners International L.P., (3) any investment fund that is affiliated with Freeman Spogli & Co. Incorporated and (4) Freeman Spogli & Co. Incorporated and any successor entity thereof controlled by the principals of Freeman Spogli & Co. Incorporated or any entity controlled by, or under common control with, Freeman Spogli & Co. Incorporated.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Issue Date, including those set forth in:

(1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants;

(2) statements and pronouncements of the Financial Accounting Standards Board;

(3) such other statements by such other entity as approved by a significant segment of the accounting profession; and

(4) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. Except as otherwise provided herein, all ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means Parent and/or a Subsidiary Guarantor.

"Guaranty" means the Parent Guaranty and/or a Subsidiary Guaranty.

"Guaranty Agreement" means a supplemental indenture, in a form satisfactory to the Trustee, pursuant to which a Guarantor guarantees the Company's obligations with respect to the Securities on the terms provided for in this Indenture.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement or similar agreement.

"Holder" or "Securityholder" means the Person in whose name a Security is registered on the Registrar's books.

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Section 4.03 of this Indenture, (1) amortization of debt discount or the accretion of principal with respect to a noninterest bearing or other discount security and (2) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms will not be deemed to be the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, including, in each case, any premium on such indebtedness to the extent such premium has become due and payable;

(2) all Capital Lease Obligations of such Person and all Attributable Debt in respect of Sale/Leaseback Transactions entered into by such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the twentieth Business Day following payment on the letter of credit);

(5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person or, with respect to any Preferred Stock of any Subsidiary of such Person, the principal amount of such Preferred Stock to be determined in accordance with Section 1.04(7) of this Indenture (but excluding, in each case, any accrued dividends);

(6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of

which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;

(7) all obligations of the type referred to in clauses (1) through (6) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets and the amount of the obligation so secured; and

(8) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

Notwithstanding the foregoing, in connection with the purchase by the Company or any Restricted Subsidiary of any business, the term "Indebtedness" will exclude post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter. Indebtedness of any Person shall include all Indebtedness of any partnership or other entity in which such Person is a general partner or other equity holder with unlimited liability other than Indebtedness which by its terms is nonrecourse to such Person and its assets.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; provided, however, that the principal amount of any noninterest bearing or other discount security at any date will be the principal amount thereof that would be shown on a balance sheet of such Person dated such date prepared in accordance with GAAP.

"Indenture" means this Indenture as amended, supplemented or otherwise modified from time to time.

"Independent Qualified Party" means an investment banking firm, accounting firm or appraisal firm of national standing; provided, however, that such firm is not an Affiliate of the Company.

"Initial Purchasers" means, collectively, Credit Suisse First Boston LLC, Credit Lyonnais Securities (USA) Inc. and HSBC Securities (USA) Inc.

"Initial Securities" means the Company's 9 3/4% Senior Notes Due May 15, 2010 issued under this Indenture.

"Interest Rate Agreement" means in respect of a Person any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect such Person against fluctuations in interest rates.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. Except as otherwise provided for herein, the amount of an Investment shall be its fair market value at the time the Investment is made and without giving effect to subsequent changes in value.

For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment" and Section 4.04 of this Indenture,

(1) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (A) the Company's "Investment"

in such Subsidiary at the time of such redesignation less (B) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) and BBB- (or the equivalent) by Moody's Investors Service, Inc. (or any successor to the rating agency business thereof) and Standard & Poor's Ratings Group (or any successor to the rating agency business thereof), respectively.

"Issue Date" means May 22, 2003.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Melody" means L.J. Melody & Company, a Texas corporation.

"Melody Loan Arbitrage Facility" means a credit facility provided to Melody by any depository bank in which Melody deposits payments relating to mortgage loans for which Melody is servicer prior to distribution of such payments to or for the benefit of the holders of such loans, so long as (1) Melody applies all proceeds of loans made under such credit facility to purchase Temporary Cash Investments and (2) all such Temporary Cash Investments purchased by Melody with the proceeds of loans thereunder (and proceeds thereof and distributions thereon) are pledged to the depository bank providing such credit facility, and such bank has a first priority perfected security interest therein, to secure loans made under such credit facility.

"Melody Mortgage Warehousing Facility" means the credit facility provided by Residential Funding Corporation ("RFC") or any substantially similar facility extended to

any Mortgage Banking Subsidiary in connection with any Mortgage Banking Activities, pursuant to which RFC or another lender makes loans to Melody, the proceeds of which loans are applied by Melody (or any Mortgage Banking Subsidiary) to fund commercial mortgage loans originated and owned by Melody (or any Mortgage Banking Subsidiary) subject to an unconditional, irrevocable (subject to customary exceptions) commitment to purchase such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or any other quasi-federal governmental entity so long as loans made by RFC or such other lender to Melody (or any Mortgage Banking Subsidiary) thereunder are secured by a pledge of commercial mortgage loans made by Melody (or any Mortgage Banking Subsidiary) with the proceeds of such loans and RFC or such other lender has a perfected first priority security interest therein, to secure loans made under such credit facility.

"Melody Permitted Indebtedness" means Indebtedness of Melody under the Melody Loan Arbitrage Facility, the Melody Mortgage Warehousing Facility and the Melody Working Capital Facility and Indebtedness of any Mortgage Banking Subsidiary under the Melody Mortgage Warehousing Facility that is, in all cases, nonrecourse to the Company or any of its Subsidiaries.

"Melody Working Capital Facility" means a credit facility provided by a financial institution to Melody, so long as (1) the proceeds of loans thereunder are applied only to provide working capital to Melody, (2) loans under such credit facility are unsecured and (3) the aggregate principal amount of loans outstanding under such credit facility at no time exceeds $1.0 million.

"Merger" means the merger of Apple Acquisition Corp. with and into Insignia Financial Group, Inc. pursuant to the Merger Agreement.

"Merger Agreement" means the agreement and plan of merger dated as of February 17, 2003, among Insignia Financial Group, Inc., Parent, CB Richard Ellis Services and Apple Acquisition Corp., as such agreement may be amended (A) so long as such amendment is not adverse to Holders or (B) to the extent such amendment provides for the payment of additional merger consideration (including payments to holders of options, warrants and restricted stock awards) by CB Richard Ellis Services or Apple

Acquisition Corp. of (i) up to $3.0 million or (ii) a greater amount so long as such greater amount is funded with additional equity contributions, and all other documents entered into or delivered in connection with the Merger Agreement.

"Merger Date" means the date the Merger is consummated.

"Mortgage Banking Activities" means the origination by a Mortgage Banking Subsidiary of mortgage loans in respect of commercial and multi-family residential real property, and the sale or assignment of such mortgage loans and the related mortgages to another person (other than the Company or any of its Subsidiaries) within sixty days after the origination thereof; provided, however, that in each case prior to origination of any mortgage loan, the Company or a Mortgage Banking Subsidiary, as the case may be, shall have entered into a legally binding and enforceable purchase and sale agreement with respect to such mortgage loan with a person that purchases such loans in the ordinary course of business.

"Mortgage Banking Subsidiary" means Melody and its subsidiaries that are engaged in Mortgage Banking Activities.

"Net Available Cash" from an Asset Disposition or the disposition of any Real Estate Investment Asset means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to such properties or assets or received in any other noncash form), in each case net of:

(1) all legal, accounting, investment banking and brokerage fees, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be accrued as a liability under GAAP, as a consequence of such disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such disposition, or by applicable law, be repaid out of the proceeds from such disposition;

(3) all distributions and other payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such disposition; and

(4) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed in such disposition and retained by the Company or any Restricted Subsidiary after such disposition.

"Net Cash Proceeds", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Recourse Indebtedness" means Indebtedness of, or Guarantees by, a Co-investment Entity or a Restricted Subsidiary formed solely for the purpose of, and which engages in no business other than the business of, making Permitted Co-investments; provided, however, that (1) such Indebtedness is incurred solely in relation to the permitted investment activities of such Co-investment Entity or such Restricted Subsidiary, (2) such Indebtedness is not Guaranteed by, or otherwise recourse to, Parent, the Company or any Subsidiary of the Company other than a Restricted Subsidiary formed solely for the purpose of, and which engages solely in the business of, making Permitted Co-investments and (3) the aggregate amount of such Indebtedness (but excluding any Guarantees by such Restricted Subsidiaries of Non-Recourse Indebtedness of a Co-investment Entity) of all such Restricted Subsidiaries that shall qualify as "Non-Recourse Indebtedness" shall not exceed $10.0 million outstanding at any time.

"Obligations" means with respect to any Indebtedness all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts payable pursuant to the documentation governing such Indebtedness.

"Offering Circular" means the Confidential Offering Circular dated May 8, 2003 relating to the Securities.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Chairman of the Americas, any Executive Vice President, any Senior Vice President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Parent" means CBRE Holding, Inc., a Delaware corporation.

"Parent Guaranty" means the Guarantee by Parent of the Company's obligations with respect to the Securities contained in this Indenture.

"Parent Senior Notes" means Parent's 16% Senior Notes Due 2011.

"Permitted Co-investment" means any Investment by any Restricted Subsidiary which is formed solely to acquire up to 30% of the Capital Stock of any Person (a "Co-investment Entity") managed by such Restricted Subsidiary whose principal purpose is to invest, directly or indirectly, in commercial real estate; provided, however, that such Restricted Subsidiary is acting in such capacity pursuant to an arrangement substantially similar to arrangements entered into by Restricted Subsidiaries involved in such activities prior to the Issue Date.

"Permitted Holders" means (1) the Blum Funds and Freeman Spogli, (2) any member of senior management of the

Company on the Merger Date and (3) DLJ Investment Partners II, L.P. and its Affiliates.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary in:

(1) the Company, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that (A) the primary business of such Restricted Subsidiary is a Related Business and (B) such Restricted Subsidiary is not restricted from making dividends or similar distributions by contract, operation of law or otherwise;

(2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; provided, however, that such Person's primary business is a Related Business;

(3) cash and Temporary Cash Investments;

(4) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) payroll, travel, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) loans or advances to employees or independent contractors made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(7) loans or advances to clients and vendors made in the ordinary course of business consistent

with past practices of the Company or such Restricted Subsidiary in an aggregate amount outstanding at any time not exceeding $1.5 million;

(8) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments;

(9) any Person to the extent such Investment represents the noncash portion of the consideration received for an Asset Disposition as permitted pursuant to Section 4.06 of this Indenture;

(10) any Person where such Investment was acquired by the Company or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(11) Hedging Obligations entered into in the ordinary course of the Company's or any Restricted Subsidiary's business and not for the purpose of speculation;

(12) any Person to the extent such Investment replaces or refinances an Investment in such Person existing on the Issue Date or on the Merger Date in an amount not exceeding the amount of the Investment being replaced or refinanced; provided, however, that the new Investment is on terms and conditions no less favorable than the Investment being renewed or replaced;

(13) Investments in insurance on the life of any participant in any deferred compensation plan of the Company made in the ordinary course of

business consistent with past practices of the Company;

(14) Permitted Co-investments in an aggregate amount not exceeding (a) for the period from the day after the Merger Date to December 31, 2003, the excess of $30.0 million over the aggregate amount of all such Investments made in the period from January 1, 2003 to the Merger Date and (b) $30.0 million in each calendar year thereafter; provided, however, that such Investments made in Co-investment Entities investing in countries that are not members of the Organization for Economic Co-operation and Development shall not exceed $5.0 million in any calendar year; provided further, however, that (x) at the time of such Investment, no Default shall have occurred and be continuing (or result therefrom) and (y) immediately after giving pro forma effect to such Investment, the Company would be able to Incur an additional $1.00 of Indebtedness pursuant to Section 4.03(a) of this Indenture; and

(15) so long as no Default shall have occurred and be continuing (or result therefrom), any Person in an aggregate amount which, when added together with the amount of all the Investments made pursuant to this clause (15) which at such time have not been repaid through repayments of loans or advances or other transfers of assets, does not exceed $30.0 million (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

“Permitted Liens” means, with respect to any Person:

(1) pledges or deposits by such Person under worker’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or

appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's and repairmen's Liens and other similar Liens, in each case for sums not yet due and payable or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the Federal Reserve Board and (B) such deposit account is not intended by the Company or any Restricted Subsidiary to provide collateral to the depository institution;

(3) Liens for taxes, fees, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings;

(4) Liens in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; provided, however, that such letters of credit do not constitute Indebtedness;

(5) Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(6) survey exceptions, encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(7) Liens securing Indebtedness (including Capital Lease Obligations) Incurred to finance the construction, purchase or lease of, or repairs, improvements or additions to, property (real or personal, tangible or intangible), plant or equipment of such Person; provided, however, that the Lien may not extend to any other property owned by such Person or any of its Restricted Subsidiaries at the time the Lien is Incurred (other than assets and property affixed or appurtenant thereto), and the Indebtedness (other than any interest thereon) secured by the Lien may not be Incurred more than 180 days after the later of the acquisition, completion of construction, repair, improvement, addition or commencement of full operation of the property subject to the Lien;

(8) Liens to secure Indebtedness permitted under Sections 4.03(b)(1) and 4.03(b)(2) of this Indenture;

(9) Liens existing on the Merger Date;

(10) Liens on property (real or personal, tangible or intangible) or shares of Capital Stock of another Person at the time such other Person becomes a Subsidiary of such Person; provided, however, that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(11) Liens on property at the time such Person or any of its Subsidiaries acquires such property, including any acquisition by means of a merger or consolidation with or into such Person or a Subsidiary of such Person; provided, however, that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(12) Liens securing Indebtedness or other obligations of a Subsidiary of such Person owing to such Person or a wholly owned Subsidiary of such Person;

(13) Liens securing Hedging Obligations so long as such Hedging Obligations relate to Indebtedness that is, and is permitted to be under this Indenture, secured by a Lien on the same property securing such Hedging Obligations;

(14) Liens on commercial mortgage loans originated and owned by Melody or any Mortgage Banking Subsidiary pursuant to the Melody Mortgage Warehousing Facility;

(15) Liens on investments made by Melody in connection with the Melody Loan Arbitrage Facility, if such investments were acquired by Melody with the proceeds of such Indebtedness;

(16) Liens Incurred to secure obligations in respect of term loans or revolving loans (including principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts relating thereto) under the Credit Agreement; provided, however, that, at the time of Incurrence and after giving effect thereto, the Consolidated Secured Debt Ratio would be no greater than 2 to 1;

(17) Liens on specific items of inventory or other goods of such Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person solely to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) Liens on assets of Foreign Restricted Subsidiaries; provided, however, that such Liens (A) do not extend to or encumber Capital Stock of the Company or any Subsidiary of the Company and (B) secure Indebtedness not in excess of $20.0 million in the aggregate;

(19) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company or any Subsidiary of the Company in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System of the United States and (B) such deposit account is not intended by the Company or any Subsidiary to provide collateral to such depository institution;

(20) Liens securing Non-Recourse Indebtedness on assets of Restricted Subsidiaries formed solely for the purpose of, and which engage in no business other than the business of, making Permitted Co-investments; provided, however, that such Liens do not extend to, or encumber, the Capital Stock of such Restricted Subsidiaries;

(21) Liens on any Capital Stock of any Real Estate Investment Asset;

(22) Liens securing Indebtedness which, taken together with all other Indebtedness secured by Liens (excluding Liens permitted by clauses (1) through (21) above or clause (23) below) at the time of determination, does not exceed $15.0 million; and

(23) Liens to secure any Refinancing (or successive Refinancings) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clause (7), (9), (10) or (11); provided, however, that:

(A) such new Lien shall be limited to all

or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(B) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clause (7), (9), (10) or (11) at the time the original Lien became a Permitted Lien and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement.

Notwithstanding the foregoing, "Permitted Liens" will not include any Lien described in clause (7), (10) or (11) above to the extent such Lien applies to any Additional Assets acquired directly or indirectly from Net Available Cash pursuant to Section 4.06 of this Indenture. For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

"Permitted Real Estate Investment Asset Distribution Amount" means an amount equal to (1) the Net Available Cash from the sale of, or other cash amounts received by the Company and its Restricted Subsidiaries in respect of, the Real Estate Investment Assets minus (2) an amount equal to the sum of (A)(i) the amount of the Company's and its Restricted Subsidiaries' letter of credit support obligations outstanding on the date of determination or drawn after the Merger Date relating to the Real Estate Investment Assets minus (ii) $5.0 million plus (B) the amount of any additional merger consideration paid in the Merger pursuant to an amendment to the Merger Agreement permitted by clause (B)(i) of the definition of "Merger Agreement."

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"principal" of a Security means the principal of the Security plus the premium, if any, payable on the Security which is due or overdue or is to become due at the relevant time.

"Private Exchange Securities" means the Company's 9 3/4% Senior Notes Due May 15, 2010 issued pursuant to a private exchange for the Initial Securities.

"Pro Forma Cost Savings" means, with respect to any period, the reduction in costs that were:

(1) directly attributable to an asset acquisition and calculated on a basis that is consistent with Regulation S-X under the Securities Act in effect and applied as of the Issue Date; or

(2) implemented by the business that was (or will be, as applicable) the subject of any such asset acquisition within six months of the date of the asset acquisition and that are supportable and quantifiable by the underlying accounting records of such business;

as if, in the case of each of clause (1) and (2), all such reductions in costs had been effected as of the beginning of such period.

"Public Equity Offering" means an underwritten primary public offering of common stock of the Company pursuant to an effective registration statement under the Securities Act.

"Purchase Agreement" means the Purchase Agreement dated May 8, 2003, among CBRE Escrow, Inc., CB Richard Ellis Services, Parent, certain of the Subsidiary Guarantors and the Initial Purchasers.

"Purchase Money Indebtedness" means Indebtedness (including Capital Lease Obligations) (1) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds or similar Indebtedness, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed, and (2) Incurred to finance the acquisition by the Company or a Restricted Subsidiary of such asset, including additions and improvements; provided, however, that any Lien arising in connection with any such Indebtedness shall be limited to the specified asset being financed or, in the case of real property or fixtures, including additions and improvements, the real property on which such asset is attached; provided further, however, that such Indebtedness is Incurred within 180 days after such acquisition of such assets by the Company or any Restricted Subsidiary.

"Rating Agencies" means Standard and Poor's Ratings Group and Moody's Investors Service, Inc. or any successor to the respective rating agency business thereof.

"Real Estate Investment Asset" has the meaning assigned to such term in the Merger Agreement as in effect on the Merger Date.

"Reference Date" means December 31, 2002.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that Refinances any Indebtedness of the Company or any Restricted Subsidiary existing on the Merger Date or Incurred in compliance with this Indenture, including Indebtedness that Refinances Refinancing Indebtedness; provided, however, that:

(1) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced; and

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding or committed (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;

provided further, however, that Refinancing Indebtedness shall not include (A) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of the Company or (B) Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

“Registration Rights Agreement” means the Registration Rights Agreement dated May 8, 2003, among CBRE Escrow, Inc., CB Richard Ellis Services, Parent, certain of the Subsidiary Guarantors and the Initial Purchasers.

“Related Business” means any business in which CB Richard Ellis Services was engaged on the Merger Date and any business related, ancillary or complementary to any business of CB Richard Ellis Services in which CB Richard Ellis Services was engaged on the Merger Date.

“Restricted Payment” with respect to any Person means:

(1) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and dividends or distributions payable solely to the Company or a Restricted Subsidiary, and other than pro rata dividends or other distributions made by a

Subsidiary that is not a Wholly Owned Subsidiary to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(2) the purchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company held by any Person or of any Capital Stock of a Restricted Subsidiary held by any Affiliate of the Company (other than a Restricted Subsidiary), including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Company that is not Disqualified Stock);

(3) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Obligations of such Person (other than the purchase, repurchase, or other acquisition of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition); or

(4) the making of any Investment (other than a Permitted Investment) in any Person.

"Restricted Subsidiary" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"Revolving Credit Facility" means the revolving credit facility contained in the Credit Agreement and any other facility or financing arrangement that Refinances, in whole or in part, and such revolving credit facility.

"Sale/Leaseback Transaction" means an arrangement relating to property owned by the Company or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Company or a Restricted Subsidiary whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or a Restricted Subsidiary leases it from such Person.

"SEC" means the Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities" means the Initial Securities and, if and when issued, the Additional Securities, the Exchange Securities and the Private Exchange Securities.

"Senior Indebtedness" means with respect to any Person:

(1) Indebtedness of such Person, whether outstanding on the Issue Date or thereafter Incurred; and

(2) accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Person whether or not post-filing interest is allowed in such proceeding) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable

unless, in the case of clauses (1) and (2), in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are subordinate or pari passu in right of payment to the Securities or the Guaranty of such Person, as the case may be; provided, however, that Senior Indebtedness shall not include:

(1) any obligation of such Person to any Subsidiary;

(2) any liability for Federal, state, local or other taxes owed or owing by such Person;

(3) any accounts payable or other liability to trade creditors arising in the ordinary course

of business (including guarantees thereof or instruments evidencing such liabilities);

(4) any Indebtedness of such Person (and any accrued and unpaid interest in respect thereof) which is subordinate or junior in any respect to any other Indebtedness or other obligation of such Person; or

(5) that portion of any Indebtedness which at the time of Incurrence is Incurred in violation of this Indenture;provided, however, that such Indebtedness shall be deemed not to have been Incurred in violation of the Indenture for purposes of this clause (5) if (x) the holders of such Indebtedness or their representative or the Company shall have furnished to the Trustee an opinion of recognized independent legal counsel, unqualified in all material respects, addressed to the Trustee (which legal counsel may, as to matters of fact, rely upon an Officers' Certificate) to the effect that the Incurrence of such Indebtedness does not violate the provisions of the Indenture or (y) such Indebtedness consists of Bank Indebtedness, and the holders of such Indebtedness or their agent or representative (1) had no actual knowledge at the time of the Incurrence that the Incurrence of such Indebtedness violated this Indenture and (2) shall have received an Officers' Certificate to the effect that the Incurrence of such Indebtedness does not violate the provisions of the Indenture.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subordinated Obligation" means, with respect to a Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Securities or a Guaranty of such Person, as the case may be, pursuant to a written agreement to that effect.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by (1) such Person; (2) such Person and one or more Subsidiaries of such Person; or (3) one or more Subsidiaries of such Person.

"Subsidiary Guarantor" means each Subsidiary of the Company that executes this Indenture as a guarantor on the Merger Date and each other Subsidiary of the Company that thereafter guarantees the Securities pursuant to the terms of this Indenture.

"Subsidiary Guaranty" means a Guarantee by a Subsidiary Guarantor of the Company's obligations with respect to the Securities.

"Temporary Cash Investments" means any of the following:

(1) any investment in direct obligations of the United States of America or any agency thereof or obligations guaranteed by the United States of America or any agency thereof;

(2) investments in time deposit accounts, bankers' acceptances, certificates of deposit and money market deposits maturing within one year of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any State thereof or any foreign country recognized by the United States of America, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $50.0 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the

Securities Act) or any money-market fund sponsored by a registered broker-dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above and clauses (4) and (5) below entered into with a bank meeting the qualifications described in clause (2) above;

(4) investments in commercial paper, maturing not more than one year from the date of creation thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s Investors Service, Inc. or “A-1” (or higher) according to Standard and Poor’s Ratings Group;

(5) investments in securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by Standard & Poor’s Ratings Group or “A” by Moody’s Investors Service, Inc.; and

(6) other short-term investments utilized by Foreign Restricted Subsidiaries in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

“Term Loan Facility” means the term loan facilities contained in the Credit Agreement and any other facilities or financing arrangements that Refinance in whole or in part any such term loan facilities.

“Total Cash” means, as of any date of determination, the amount of cash and Temporary Cash Investments held by the Company and its Restricted Subsidiaries as of the last day of the most recently completed month for which internal financial statements are available.

"TIA" means the Trust Indenture Act of 1939 (15U.S.C. §§ 77aaa-77bbbb) as in effect on the date of this Indenture.

"Transactions" means, collectively, the following transactions to occur on or prior to the Merger Date: (1) the consummation of the Merger and the other transactions contemplated by the Merger Agreement, (2) the consummation of the merger of CBRE Escrow, Inc. with and into CB Richard Ellis Services, with CB Richard Ellis Services surviving the merger as a wholly owned subsidiary of Parent and assuming all the obligations of the Company under the Securities, the Indenture, the Escrow Agreement, the Purchase Agreement and the Registration Rights Agreement, (3) the execution and delivery of the Credit Agreement and the initial borrowings thereunder, (4) the repayment of certain existing long-term indebtedness and preferred stock of Insignia Financial Group, Inc., (5) the Cash Equity Contributions, (6) the sales, if any, of Real Estate Investment Assets on or prior to the Merger Date and (7) the payment of all fees and expenses then due and owing that are required to be paid on or prior to the Merger Date in connection with the offering of the Securities and the foregoing clauses (1) through (6).

"Trust Officer" means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Uniform Commercial Code" means the New York Uniform Commercial Code as in effect from time to time.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or holds any Lien on any property of, the Company or any other Subsidiary of the Company that

is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total assets of $1,000 or less or (B) if such Subsidiary has assets greater than $1,000, such designation would be permitted under Section 4.04 of this Indenture. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (A) the Company could Incur $1.00 of additional Indebtedness under Section 4.03(a) of this Indenture (irrespective of whether Section 4.03 remains in effect) and (B) no Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions. Notwithstanding the foregoing, any Subsidiary of the Company formed solely for the purpose of, and engaged solely in the business of, holding the Real Estate Investment Assets shall be deemed to be an Unrestricted Subsidiary as the Merger Date.

"U.S. Dollar Equivalent" means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in *The Wall Street Journal* in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

Except as described in Section 4.03 of this Indenture, whenever it is necessary to determine whether the Company has complied with any covenant in this Indenture or a Default has occurred and an amount is expressed in a currency other than U.S. dollars, such amount will be treated as the U.S. Dollar Equivalent determined as of the date such amount is initially determined in such currency.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the

United States of America is pledged and which are not callable at the issuer's option.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"Wholly Owned Subsidiary" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or one or more Wholly Owned Subsidiaries.

Section 1.02. Other Definitions.

Term	**Defined in Section**
"Affiliate Transaction"	4.07
"Appendix"	2.01
"Bankruptcy Law"	6.01
"Change of Control Offer"	4.12(b)
"covenant defeasance option"	8.01(b)
"Custodian"	6.01
"Event of Default"	6.01
"Guaranteed Obligations"	10.01
"Initial Lien"	4.10
"legal defeasance option"	8.01(b)
"Legal Holiday"	11.08
"Offer"	4.06(b)
"Offer Amount"	4.06(c)(2)
"Offer Period"	4.06(c)(2)
"Paying Agent"	2.03
"Purchase Date"	4.06(c)(1)
"Registrar"	2.03
"Successor Company"	5.01

Section 1.03. Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the TIA which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the SEC;

“indenture securities” means the Securities and each Guaranty;

“indenture security holder” means a Securityholder;

“indenture to be qualified” means this Indenture and each Guaranty;

“indenture trustee” or “institutional trustee” means the Trustee; and

“obligor” on the indenture securities means the Company, Parent and each Subsidiary Guarantor and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

Section 1.04. Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) “or” is not exclusive;

(4) “including” means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) unsecured Indebtedness shall not be deemed to be subordinate or junior to Secured Indebtedness merely by virtue of its nature as unsecured Indebtedness;

(7) the principal amount of any Preferred Stock shall be (i) the maximum liquidation value of such Preferred Stock or (ii) the maximum mandatory redemption or mandatory repurchase price with respect to such Preferred Stock, whichever is greater; and

(8) all references to the date the Securities were originally issued shall refer to the Issue Date.

ARTICLE 2

The Securities

Section 2.01. Form and Dating. Provisions relating to the Securities are set forth in the Rule 144A/Regulation S Appendix attached hereto (the "Appendix") which is hereby incorporated in and expressly made part of this Indenture. The Initial Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to the Appendix which is hereby incorporated in and expressly made a part of this Indenture. The Exchange Securities, the Private Exchange Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). Each Security shall be dated the date of its authentication. The terms of the Securities set forth in the Appendix and Exhibit A are part of the terms of this Indenture.

Section 2.02. Execution and Authentication. Two Officers shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Each Security shall be dated the date of its authentication.

On the Issue Date, the Trustee shall authenticate and deliver $200.0 million of 9 3/4% Senior Notes Due May 15, 2010 and, at any time and from time to time thereafter, the Trustee shall authenticate and deliver Securities for original issue in an aggregate principal amount specified in such order, in each case upon a written order of the Company signed by two Officers of the Company. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of an issuance of Additional Securities pursuant to Section 2.13 of this Indenture after the Issue Date, shall certify that such issuance is in compliance with Section 4.03 of this Indenture.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

Section 2.03. Registrar and Paying Agent. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-registrar not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07 of this Indenture. The Company or any Wholly Owned Subsidiary incorporated or organized within The United States of

America may act as Paying Agent, Registrar, co-registrar or transfer agent.

The Company initially appoints the Trustee as Registrar and Paying Agent in connection with the Securities.

Section 2.04. Paying Agent To Hold Money in Trust. Prior to each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

Section 2.05. Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

Section 2.06. Transfer and Exchange. The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When a Security is presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer as requested if the requirements of this Indenture and Section 8-401(1) of the Uniform Commercial Code are met. When Securities are presented to the Registrar or a co-registrar with a request to exchange them for an equal

principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met.

Section 2.07. Replacement Securities. If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met and the Holder satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent, the Registrar and any co-registrar from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge the Holder for their expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company.

Section 2.08. Outstanding Securities. Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

If a Security is replaced pursuant to Section 2.07 of this Indenture, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

Section 2.09. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

Section 2.10. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and destroy (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation and deliver a certificate of such destruction to the Company unless the Company directs the Trustee to deliver canceled Securities to the Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

Section 2.11. Defaulted Interest. If the Company defaults in a payment of interest on the Securities, the Company shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company may pay the defaulted interest to the persons who are Securityholders on a subsequent special record date. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Securityholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

Section 2.12. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers

printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

Section 2.13. Issuance of Additional Securities. The Company shall be entitled, subject to its compliance with Section 4.03 of this Indenture, to issue Additional Securities under this Indenture which shall have identical terms as the Initial Securities issued on the Issue Date, other than with respect to the date of issuance and issue price. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities or Private Exchange Securities issued in exchange therefor shall be treated as a single class for all purposes under this Indenture.

With respect to any Additional Securities, the Company shall set forth in a resolution of the Board of Directors and an Officers' Certificate, a copy of each which shall be delivered to the Trustee, the following information:

(1) the aggregate principal amount of such Additional Securities to be authenticated and delivered pursuant to this Indenture;

(2) the issue price, the issue date and the CUSIP number of such Additional Securities; provided, however, that no Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code (unless then applicable regulations under the Code would treat the outstanding Securities and the Additional Securities as part of the same issue); and

(3) whether such Additional Securities shall be Transfer Restricted Securities and issued in the form of Initial Securities as set forth in the Appendix to this Indenture or shall be issued in the form of Exchange Securities as set forth in Exhibit A.

ARTICLE 3

Redemption

Section 3.01. Notices to Trustee. If the Company elects to redeem Securities pursuant to paragraph 5 of the Securities or is required to redeem Securities pursuant to paragraph 6 of the Securities, it shall notify the Trustee in writing of the redemption date, the principal amount of Securities to be redeemed and the paragraph of the Securities pursuant to which the redemption will occur.

If the Company is required to redeem Securities pursuant to paragraph 6 of the Securities, it may reduce the accreted value of Securities required to be redeemed to the extent it is permitted a credit by the terms of the Securities and it notifies the Trustee of the amount of the credit and the basis for it. If the reduction is based on a credit for redeemed or canceled Securities that the Company has not previously delivered to the Trustee for cancellation, it shall deliver such Securities with the notice.

The Company shall give each notice to the Trustee provided for in this Section 3.01 at least 60 days before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate and an Opinion of Counsel from the Company to the effect that such redemption will comply with the conditions herein.

Section 3.02. Selection of Securities To Be Redeemed. If fewer than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by a method that complies with applicable legal and securities exchange requirements, if any, and that the Trustee in its sole discretion shall deem to be fair and appropriate and in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities that have denominations larger than $1,000. Securities and portions of them the Trustee selects shall be in principal amounts of $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to Securities

called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

Section 3.03. Notice of Redemption. At least 30 days but not more than 60 days before a date for redemption of Securities (except in the case of a redemption pursuant to paragraph 6 of the Securities, in which case, the notice shall be mailed within the time period specified in such paragraph), the Company shall mail a notice of redemption by first-class mail to each Holder to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price;

(3) the name and address of the Paying Agent;

(4) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(5) if fewer than all the outstanding Securities are to be redeemed, the identification and principal amounts of the particular Securities to be redeemed;

(6) that, unless the Company defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Securities pursuant to which the Securities called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. In such event, the Company shall provide the Trustee with the information required by this Section.

Section 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed, Securities called for redemption become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder. Once notice of a redemption pursuant to paragraph 6 of the Securities is mailed, the Company shall be entitled to redeem the Securities pursuant to such paragraph at the redemption price provided for therein notwithstanding the occurrence of an Event of Default after the mailing date of such notice.

Section 3.05. Deposit of Redemption Price. Prior to the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which have been delivered by the Company to the Trustee for cancellation.

Section 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate for the Holder (at the Company's expense) a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4

Covenants

Following the first day that (a) the ratings assigned to the Securities by both of the Rating Agencies

are Investment Grade Ratings and (b) no Default has occurred and is continuing under the Indenture (and notwithstanding that the Company may later cease to have an Investment Grade Rating from either or both Rating Agencies or default under this Indenture), the Company and its Restricted Subsidiaries shall not be subject to Sections 4.03, 4.04, 4.05, 4.06, 4.07 and 4.09 of this Indenture.

To the extent CB Richard Ellis Services or any Restricted Subsidiary has Incurred Indebtedness, made any Restricted Payments, consummated any Asset Dispositions, entered into any Affiliate Transactions, Incurred or permitted to exist any Lien on any of its properties, entered into Sale/Leaseback Transactions or otherwise taken any action or engaged in any activities during the period beginning the Issue Date and ending on the Merger Date, such actions and activities shall be treated and classified under this Indenture (including but not limited to impacting relevant baskets) as if this Indenture and the covenants set forth herein had applied to CB Richard Ellis Services and the Restricted Subsidiaries during such period.

Section 4.01. Payment of Securities. The Company shall promptly pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due.

The Company shall pay interest on overdue principal at the rate specified therefor in the Securities, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Section 4.02. SEC Reports. Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall file with the SEC and provide the Trustee and Securityholders within 15 days after it files them with the SEC with such annual reports and such information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and applicable to a U.S. corporation subject to such Sections, such information, documents and other reports to be so filed with the SEC at

the times specified for the filings of such information, documents and reports under such Sections; provided, however, that the Company shall not be so obligated to file such reports with the SEC if the SEC does not permit such filing, in which event the Company will make available such information to the Trustee and Securityholders within 15 days after the time the Company would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act; provided further, however, that (a) so long as Parent is the Guarantor of the Securities, the reports, information and other documents required to be filed and provided as described hereunder may, at the Company's option, be filed by and be those of Parent rather than the Company and (b) in the event that Parent conducts any business or holds any significant assets other than the capital stock of the Company at the time of filing and providing any such report, information or other document containing financial statements of Parent, Parent shall include in such report, information or other document summarized financial information (as defined in Rule 1-02(bb)of Regulation S-X promulgated by the SEC) with respect to the Company.

In addition, the Company shall furnish to the Holder of the Securities and to prospective investors, upon the requests of such Holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long any Securities are not freely transferable under the Securities Act. The Company also shall comply with the other provisions of TIA § 314(a).

Section 4.03. Limitation on Indebtedness. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Company and its Restricted Subsidiaries shall be entitled to Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto, no Default has occurred and is continuing and the Consolidated Leverage Ratio is less than (1) 4.0 to 1 if such Indebtedness is Incurred prior to July 1, 2004, (2) 3.75 to 1 if such Indebtedness is Incurred on or after July 1, 2004 and prior to July 1, 2006, (3) 3.5 to 1 if such Indebtedness is Incurred on or after July 1, 2006 and prior to July 1, 2007 and (4) 3.25 to 1 if such Indebtedness is Incurred thereafter.

(b) Notwithstanding the foregoing paragraph (a), the Company and the Restricted Subsidiaries shall be entitled to Incur any or all of the following Indebtedness:

(1) Indebtedness Incurred by the Company pursuant to any Revolving Credit Facility; provided, however, that, immediately after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (1) and then outstanding does not exceed the greater of (A) $100.0 million less the sum of all principal payments with respect to such Indebtedness pursuant to Section 4.06(a)(3)(A) of this Indenture and (B) 80% of the book value of the accounts receivable of the Company and its Restricted Subsidiaries;

(2) Indebtedness Incurred by the Company pursuant to any Term Loan Facility; provided, however, that, after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (2) and then outstanding does not exceed $295.0 million less the aggregate sum of all principal payments actually made from time to time after the Issue Date with respect to such Indebtedness (other than principal payments made from Refinancings thereof);

(3) Indebtedness owed to and held by the Company or a Restricted Subsidiary; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon and (B) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Securities;

(4) the Securities and the Exchange Securities (other than any Additional Securities);

(5) Indebtedness of the Company and its Subsidiaries outstanding on both the Issue Date and the Merger Date (after giving effect to the Transactions) (other than Indebtedness described in clause (1), (2), (3) or (4) of this Section 4.03(b));

(6) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired by the Company (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Subsidiary became a Subsidiary or was acquired by the Company); provided, however, that on the date of such acquisition and after giving effect thereto, the aggregate principal amount of all Indebtedness Incurred pursuant to this clause (6) and then outstanding does not exceed $10.0 million;

(7) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to Section 4.03(a) of this Indenture or pursuant to clause (4), (5) or (6) of this Section 4.03(b) or this clause (7); provided, however, that to the extent such Refinancing Indebtedness directly or indirectly Refinances Indebtedness of a Subsidiary Incurred pursuant to clause (6), such Refinancing Indebtedness shall be Incurred only by such Subsidiary;

(8) Hedging Obligations entered into in the ordinary course of business and not for the purpose of speculation;

(9) obligations in respect of letters of credit, performance, bid and surety bonds, completion guarantees, payment obligations in connection with self-insurance or similar requirements provided by the Company or any Restricted Subsidiary in the ordinary course of business;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against

insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(11) any Guarantee (including the Subsidiary Guaranties) by the Company or a Restricted Subsidiary of Indebtedness or other obligations of the Company or any of its Restricted Subsidiaries so long as the Incurrence of such Indebtedness by the Company or such Restricted Subsidiary is permitted under the terms of this Indenture (other than Indebtedness Incurred pursuant to clause (6) above);

(12) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary; provided, however, that (A) such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote or footnotes to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (A)) and (B) in the case of a disposition, the maximum liability in respect of such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being determined at the time received and without giving effect to any subsequent changes in value) actually received by the Company or such Restricted Subsidiary in connection with such disposition;

(13) Melody Permitted Indebtedness and Non-Recourse Indebtedness; and

(14) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount which, when taken together with all other Indebtedness of the Company and the Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by clauses (1) through (13) of this Section 4.03(b)

or Section 4.03(a)), does not exceed $60.0 million.

(c) Notwithstanding the foregoing, none of the Company or any Restricted Subsidiary shall Incur any Indebtedness pursuant to Section 4.03(b) of this Indenture if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of the Company or any Restricted Subsidiary unless such Indebtedness shall be subordinated to the Securities or the applicable Subsidiary Guaranty to at least the same extent as such Subordinated Obligations.

(d) For purposes of determining compliance with this Section 4.03, (1) any Indebtedness outstanding under the Credit Agreement on the Issue Date will be treated as having been incurred on the Issue Date under clause (1) or (2), as applicable, of Section 4.03(b) of this Indenture; (2) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described herein, the Company, in its sole discretion, shall classify such item of Indebtedness at the time of Incurrence and only be required to include the amount and type of such Indebtedness in one of the above clauses (provided that any Indebtedness originally classified as Incurred pursuant to Section 4.03(b)(14) of this Indenture may later be reclassified as having been Incurred pursuant to Section 4.03(a) of this Indenture to the extent that such reclassified Indebtedness could be Incurred pursuant to paragraph (a) above at the time of such reclassification); and (3) the Company shall be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described herein.

(e) For purposes of determining compliance with any U.S. dollar restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness, provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar

Equivalent of the Indebtedness Refinanced, except to the extent that (1) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (2) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred.

Section 4.04. Limitation on Restricted Payments. (a) The Company shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default shall have occurred and be continuing (or would result therefrom);

(2) the Company is not entitled to Incur an additional $1.00 of Indebtedness pursuant to Section 4.03(a) of this Indenture; or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments since the Reference Date would exceed the sum of (without duplication):

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the Reference Date to the end of the most recent fiscal quarter ended for which internal financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); plus

(B) 100% of the aggregate Net Cash Proceeds received by the Company from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Merger Date (other than an issuance or sale to a Subsidiary of the Company and other than an issuance or sale to an employee stock ownership plan or to a trust established by the Company or any of its Subsidiaries for the benefit of their employees) and 100% of any cash capital contribution

received by the Company from its shareholders subsequent to the Merger Date;plus

(C) the amount by which Indebtedness of the Company is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Reference Date of any Indebtedness of the Company convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the fair value of any other property, distributed by the Company upon such conversion or exchange); plus

(D) an amount equal to the sum of (x) the net reduction in the Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realized on the sale of such Investment and proceeds representing the return of capital (excluding dividends and distributions), in each case received by the Company or any Restricted Subsidiary, and (y) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary; plus

(E) $13.0 million.

(b) The provisions of Section 4.04(a) shall not prohibit:

(1) any Restricted Payment made out of the Net Cash Proceeds of the substantially concurrent sale of, or made by exchange for, Capital Stock of the Company (other than Disqualified Stock and

other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or to a trust established by the Company or any of its Subsidiaries for the benefit of their employees) subsequent to the Merger Date or a substantially concurrent cash capital contribution received by the Company from its shareholders subsequent to the Merger Date; provided, however, that (A) such Restricted Payment shall be excluded in the calculation of the amount of Restricted Payments and (B) the Net Cash Proceeds from such sale or such cash capital contribution (to the extent so used for such Restricted Payment) shall be excluded from the calculation of amounts under Section 4.04(a)(3)(B) of this Indenture;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Company or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness which is permitted to be Incurred pursuant to Section 4.03 of this Indenture; provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded in the calculation of the amount of Restricted Payments;

(3) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this Section 4.04; provided, however, that such dividend shall be included in the calculation of the amount of Restricted Payments;

(4) repurchases of Capital Stock of Parent required under the Company's or Parent's 401(k) plan as such plans existed as of the Merger Date;provided, however, that such repurchases shall be excluded from the calculation of the amount of Restricted Payments;

(5) so long as no Default has occurred and is continuing, the repurchase or other acquisition of shares of Capital Stock of Parent or the Company or any of the Company's Subsidiaries from

employees (including substantially full-time independent contractors), former employees, directors, former directors or consultants of the Company or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors, former directors or consultants), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such repurchases and other acquisitions shall not exceed the sum of (A) $8.0 million, (B) the Net Cash Proceeds from the sale of Capital Stock to members of management, consultants or directors of the Company and its Subsidiaries that occurs after the Merger Date (to the extent the Net Cash Proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) (B) of paragraph (a) above) and (C) the cash proceeds of any "key man" life insurance policies that are used to make such repurchases; provided further, however, that (x) such repurchases and other acquisitions shall be excluded in the calculation of the amount of Restricted Payments and (y) the Net Cash Proceeds from such sale shall be excluded from the calculation of amounts under clause (3) (B) of paragraph (a) above;

(6) Investments made by Melody in connection with the Melody Loan Arbitrage Facility or the Melody Mortgage Warehousing Facility; provided, however, that such Investments shall be excluded in the calculation of the amount of Restricted Payments;

(7) payments required pursuant to the terms of the Merger Agreement to consummate the Merger; provided, however, that such payments shall be excluded in the calculation of the amount of Restricted Payments;

(8) dividends to Parent to be used by Parent solely to pay its franchise taxes and other fees required to maintain its corporate existence and

to pay for general corporate and overhead expenses (including salaries and other compensation of the employees) incurred by Parent in the ordinary course of its business; provided, however, that such dividends shall not exceed $1.0 million in any calendar year; provided further, however, that such dividends shall be excluded in the calculation of the amount of Restricted Payments;

(9) payments to Parent in respect of Federal, state and local taxes directly attributable to (or arising as a result of) the operations of the Company and its consolidated Subsidiaries; provided, however, that the amount of such payments in any fiscal year do not exceed the amount that the Company and its consolidated Subsidiaries would be required to pay in respect of Federal, state and local taxes for such fiscal year were the Company to pay such taxes as a stand-alone taxpayer (whether or not all such amounts are actually used by Parent for such purposes); provided further, however, that such payments shall be excluded in the calculation of the amount of Restricted Payments;

(10) distributions to Parent in an amount equal to the Permitted Real Estate Investment Asset Distribution Amount; provided, however, that (A) such distributions to Parent are actually used by Parent to redeem or repay the Blum Strategic Investment or to pay interest or dividends thereon and (B) the Company and its Restricted Subsidiaries shall, in the event of a disposition of any Real Estate Investment Assets, upon consummation of such disposition, have been released from any and all guarantees, including contingent guarantees but excluding any guarantees of liabilities arising from any events, circumstances or conditions existing prior to such disposition, relating to the Real Estate Investment Asset sold or providing cash amounts for such distribution; provided further, however, that (x) such distributions to Parent shall be excluded in the calculation of Restricted Payments and (y) the Net Available Cash or other cash amounts received from Real Estate Investment Assets shall be excluded from the calculation of

amounts under Section 4.04(a)(3)(D) of this Indenture; and

(11) Restricted Payments in an aggregate amount which, when taken together with all Restricted Payments made pursuant to this clause (11) which have not been repaid, does not exceed $20.0 million; provided, however, that (A) at the time of such Restricted Payments, no Default shall have occurred and be continuing (or result therefrom) and (B) such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments.

Section 4.05. Limitation on Restrictions on Distributions from Restricted Subsidiaries. The Company shall not, and shall not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions on its Capital Stock to the Company or a Restricted Subsidiary or pay any Indebtedness owed to the Company, (b) make any loans or advances to the Company or (c) transfer any of its property or assets to the Company, except:

(1) with respect to clauses (a), (b) and (c),

(A) any encumbrance or restriction pursuant to an agreement of CB Richard Ellis Services or any of its Subsidiaries in effect at or entered into on the Issue Date or, in the case of the Credit Agreement, as in effect on the Merger Date;

(B) any encumbrance or restriction contained in any agreement pursuant to which such Indebtedness was issued if (x) either (i) the encumbrance or restriction applies only in the event of and during the continuance of a payment default or a default with respect to a financial covenant contained in such Indebtedness or agreement or (ii) the Company determines at the time any such Indebtedness is Incurred (and at the time of any modification of the terms of any such encumbrance or restriction) that any such encumbrance or restriction will not materially affect the Company’s ability to make principal or interest payments on the Securities and (y) the

encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings or agreements (as determined by the Board of Directors in good faith);

(C) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary on or prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company) and outstanding on such date;

(D) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in Section 4.05(1) (A), (B) or (C) of this Indenture or this clause (D) or contained in any amendment to an agreement referred to in Section 4.05(1)(A), (B) or (C) of this Indenture or this clause (D); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such refinancing agreement or amendment are no less favorable to the Securityholders than encumbrances and restrictions with respect to such Restricted Subsidiary contained in such predecessor agreements; and

(E) any encumbrance or restriction pursuant to applicable law; and

(2) with respect to clause (c) only,

(A) any such encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests or licenses of intellectual property to the extent such provisions restrict the transfer of the lease or the property leased or licensed thereunder;

(B) restrictions contained in security agreements or mortgages securing Indebtedness of a Restricted Subsidiary to the extent such restrictions

restrict the transfer of the property subject to such security agreements or mortgages;

(C) restrictions on the transfer of assets subject to any Lien permitted under this Indenture imposed by the holder of such Lien; and

(D) any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition.

Section 4.06. Limitation on Sales of Assets and Subsidiary Stock. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the fair market value (including as to the value of all noncash consideration), as determined in good faith by the Board of Directors, of the shares and assets subject to such Asset Disposition;

(2) at least 80% of the consideration thereof received by the Company or such Restricted Subsidiary is in the form of cash or cash equivalents; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted Subsidiary, as the case may be) (A) first, to the extent the Company elects (or is required by the terms of any Indebtedness), to prepay, repay, redeem or purchase Senior Indebtedness of the Company or a Subsidiary Guarantor or Indebtedness (other than any Disqualified Stock) of any other Wholly Owned Subsidiary (in each case other than Indebtedness owed to the Company or an Affiliate of the Company) within one year from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; (B) second, to the extent of the balance of such Net Available Cash after application in accordance with clause (A),

to the extent the Company elects, to acquire Additional Assets within one year from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; and (C) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B), to make an Offer to the holders of the Securities (and to holders of other Senior Indebtedness of the Company designated by the Company) to purchase Securities (and such other Senior Indebtedness of the Company) pursuant to and subject to the conditions contained in this Indenture;

provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A) or (C) above, the Company or such Restricted Subsidiary shall permanently retire such Indebtedness and shall cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

Notwithstanding the foregoing provisions of this Section 4.06, the Company and the Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance with this Section 4.06 except to the extent that the aggregate Net Available Cash from all Asset Dispositions which is not applied in accordance with this Section 4.06 exceeds $10.0 million. Pending application of Net Available Cash pursuant to this Section 4.06, such Net Available Cash shall be invested in Temporary Cash Investments or applied to temporarily reduce revolving credit indebtedness.

For the purposes of this Section 4.06, the following are deemed to be cash or cash equivalents:

(1) the assumption of Indebtedness of the Company or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition; and

(2) securities received by the Company or any Restricted Subsidiary from the transferee that are promptly converted by the Company or such Restricted Subsidiary into cash.

(b) In the event of an Asset Disposition that requires the purchase of Securities (and other Senior Indebtedness of the Company) pursuant to Section 4.06(a)(3)(C) of this Indenture, the Company shall purchase Securities tendered pursuant to an offer by the Company for the Securities (and such other Senior Indebtedness of the Company) (the “Offer”) at a purchase price of 100% of their principal amount (or, in the event such other Senior Indebtedness of the Company was issued with significant original issue discount, 100% of the accreted value thereof) without premium, plus accrued but unpaid interest (or, in respect of such other Senior Indebtedness, such lesser price, if any, as may be provided for by the terms of such Senior Indebtedness of the Company) in accordance with the procedures (including prorating in the event of over-subscription) set forth in this Indenture. If the aggregate purchase price of the securities tendered pursuant to the Offer exceeds the Net Available Cash allotted to their purchase, the Company shall select the securities to be purchased on a pro rata basis but in round denominations, which in the case of the Securities will be denominations of $1,000 principal amount or multiples thereof. The Company shall not be required to make an Offer to purchase Securities (and other Senior Indebtedness of the Company) pursuant to this Section 4.06 if the Net Available Cash available therefor is less than $10.0 million (which lesser amount shall be carried forward for purposes of determining whether such an Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) (1) Promptly, and in any event within 10 days after the Company becomes obligated to make an Offer, the Company shall deliver to the Trustee and send, by first-class mail to each Holder, a written notice stating that the Holder may elect to have its Securities purchased by the Company either in whole or in part (subject to prorating as described in Section 4.06(b) of this Indenture in the event the Offer is oversubscribed) in integral multiples of $1,000 of principal amount, at the applicable purchase price. The notice shall specify a purchase date (the “Purchase Date”) not less than 30 days nor more than 60 days after the date of such notice and shall contain such information concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed decision (which at a minimum will include (A) Parent’s most recently filed

Annual Report on Form 10-K (including audited consolidated financial statements) of Parent, Parent's most recent subsequently filed Quarterly Report on Form 10-Q and any Current Report on Form 8-K of Parent filed subsequent to such Quarterly Report, other than Current Reports describing Asset Dispositions otherwise described in the offering materials (or corresponding successor reports), (B) a description of material developments in the Company's business subsequent to the date of the latest of such Reports, and (C) if material, appropriate pro forma financial information) and all instructions and materials necessary to tender Securities pursuant to the Offer, together with the information contained in clause (3).

(2) Not later than the date upon which written notice of an Offer is delivered to the Trustee as provided below, the Company shall deliver to the Trustee an Officers' Certificate as to (A) the amount of the Offer (the "Offer Amount"), including information as to any other Senior Indebtedness included in the Offer, (B) the allocation of the Net Available Cash from the Asset Dispositions pursuant to which such Offer is being made and (C) the compliance of such allocation with the provisions of Section 4.06(a) and (b) of this Indenture. On such date, the Company shall also irrevocably deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust) in Temporary Cash Investments, maturing on the last day prior to the Purchase Date or on the Purchase Date if funds are immediately available by open of business, an amount equal to the Offer Amount to be held for payment in accordance with the provisions of this Section 4.06. If the Offer includes other Senior Indebtedness, the deposit described in the preceding sentence may be made with any other paying agent pursuant to arrangements satisfactory to the Trustee. Upon the expiration of the period for which the Offer remains open (the "Offer Period"), the Company shall deliver to the Trustee for cancellation the Securities or portions thereof which have been properly tendered to and are to be accepted by the Company. The Trustee shall, on the Purchase Date, mail or deliver payment (or cause the delivery of payment)

to each tendering Holder in the amount of the purchase price. In the event that the aggregate purchase price of the Securities delivered by the Company to the Trustee is less than the Offer Amount applicable to the Securities, the Trustee shall deliver the excess to the Company immediately after the expiration of the Offer Period for application in accordance with this Section 4.06.

(3) Holders electing to have a Security purchased shall be required to surrender the Security, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders shall be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the Purchase Date, a telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased. Holders whose Securities are purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(4) At the time the Company delivers Securities to the Trustee which are to be accepted for purchase, the Company shall also deliver an Officers' Certificate stating that such Securities are to be accepted by the Company pursuant to and in accordance with the terms of this Section. A Security shall be deemed to have been accepted for purchase at the time the Trustee, directly or through an agent, mails or delivers payment therefor to the surrendering Holder.

(d) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Securities pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to

have breached its obligations under this Section by virtue of its compliance with such securities laws or regulations.

Section 4.07. Limitation on Affiliate Transactions. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Company (an "Affiliate Transaction") unless:

(1) the terms of the Affiliate Transaction are no less favorable to the Company or such Restricted Subsidiary than those that could be obtained at the time of the Affiliate Transaction in arm's-length dealings with a Person who is not an Affiliate;

(2) if such Affiliate Transaction involves an amount in excess of $2.5 million, the terms of the Affiliate Transaction are set forth in writing and a majority of the directors of the Company disinterested with respect to such Affiliate Transaction have determined in good faith that the criteria set forth in clause (1) of this Section 4.07(a) are satisfied and have approved the relevant Affiliate Transaction as evidenced by a resolution of the Board of Directors; and

(3) if such Affiliate Transaction involves an amount in excess of $10.0 million, the Board of Directors shall also have received a written opinion from an Independent Qualified Party to the effect that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or is not less favorable to the Company and its Restricted Subsidiaries than could reasonably be expected to be obtained at the time in an arm's-length transaction with a Person who was not an Affiliate.

(b) The provisions of Section 4.07(a) of this Indenture shall not prohibit:

(1) any Investment (other than a Permitted Investment) or other Restricted Payment, in each

case permitted to be made pursuant to Section 4.04 of this Indenture;

(2) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors;

(3) loans or advances to employees or consultants in the ordinary course of business of the Company or its Restricted Subsidiaries, but in any event not to exceed $3.0 million in the aggregate outstanding at any one time;

(4) the payment of reasonable fees and compensation to, or the provision of employee benefit arrangements and indemnity for the benefit of, directors, officers, employees and consultants of the Company and its Restricted Subsidiaries in the ordinary course of business;

(5) any transaction between or among the Company, any Restricted Subsidiary or joint venture or similar entity which would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Restricted Subsidiary, joint venture or similar entity;

(6) the issuance or sale of any Capital Stock (other than Disqualified Stock) of the Company;

(7) the existence of, or the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) or warrant agreement to which it is a party as of the Merger Date and any similar agreements which it may enter into thereafter; provided, however, that the existence of, or the performance by the Company or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the

Merger Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders in any material respect;

(8) the payment of fees and other expenses to be paid by Parent, the Company or any of its Subsidiaries in connection with the Merger;

(9) any agreement as in effect on the Merger Date and described in the Offering Circular or any renewals, extensions or amendments of any such agreement (so long as such renewals, extensions or amendments are not less favorable to the Company or the Restricted Subsidiaries) and the transactions evidenced thereby; and

(10) transactions with customers, clients, suppliers or purchasers or sellers of goods or services in each case in the ordinary course of business and otherwise in compliance with the terms of the applicable Indenture which are fair to the Company or its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Section 4.08. Limitation on Other Activities. Notwithstanding anything in this Indenture to the contrary, prior to the Merger Date, CBRE Escrow, Inc. will not engage in any business operations or other activities, including but not limited to Incurring Indebtedness, making Restricted Payments, consummating Asset Dispositions, entering into Affiliate Transactions, Incurring or permitting to exist any Lien on any of its properties and entering into Sale/Leaseback Transactions, other than those contemplated in connection with the Transactions, the Escrow Agreement and the issuance of the Securities.

Section 4.09. Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries. The Company (1) shall not, and shall not permit any Restricted Subsidiary to, sell, lease, transfer or otherwise dispose of any Capital Stock of any Restricted Subsidiary to any Person (other than to the Company or a Wholly Owned

Subsidiary), and (2) shall not permit any Restricted Subsidiary to issue any of its Capital Stock (other than, if necessary, shares of its Capital Stock constituting directors' or other legally required qualifying shares) to any Person (other than the Company or a Wholly Owned Subsidiary) unless (A) immediately after giving effect to such issuance, sale or other disposition, neither the Company nor any of its Subsidiaries owns any Capital Stock of such Restricted Subsidiary; or (B) immediately after giving effect to such issuance, sale or other disposition, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person (other than in the case of an Exempt Subsidiary) remaining after giving effect thereto is treated as a new Investment by the Company and such Investment would have been permitted to be made under Section 4.04 of this Indenture if made on the date of such issuance, sale or other disposition.

Section 4.10. Limitation on Liens. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien (the "Initial Lien") of any nature whatsoever on any of its properties (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, securing any Indebtedness, other than Permitted Liens, without effectively providing that the Securities shall be secured equally and ratably with (or prior to) the obligations so secured for so long as such obligations are so secured. Any Lien created for the benefit of the Holders of the Securities pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

Section 4.11. Limitation on Sale/Leaseback Transactions. The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(1) the Company or such Restricted Subsidiary would be entitled to (A) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Section 4.03 of this Indenture and (B) create a Lien on such property securing such Attributable Debt without equally and ratably securing the

Securities pursuant to Section 4.10 of this Indenture;

(2) the net proceeds received by the Company or any Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the fair value (as determined by the Board of Directors of the Company) of such property; and

(3) the Company applies the proceeds of such transaction in compliance with Section 4.06 of this Indenture.

Section 4.12. Change of Control. (a) Upon the occurrence of a Change of Control, each Holder shall have the right to require that the Company purchase such Holder's Securities at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), in accordance with the terms contemplated in Section 4.12(b) of this Indenture.

(b) Within 30 days following any Change of Control, unless the Company has exercised its option to redeem all the Securities pursuant to paragraph 6 of the Securities, the Company shall mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Company to purchase such Holder's Securities at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization, in each case after giving effect to such Change of Control);

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by the Company, consistent with this Section 4.12, that a Holder must follow in order to have its Securities purchased.

(c) Holders electing to have a Security purchased will be required to surrender the Security, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the purchase date. Holders will be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the purchase date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased.

(d) On the purchase date, all Securities purchased by the Company under this Section 4.12 shall be delivered by the Company to the Trustee for cancellation, and the Company shall pay the purchase price plus accrued and unpaid interest, if any, to the Holders entitled thereto.

(e) Notwithstanding the foregoing provisions of this Section 4.12, the Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.12 applicable to a Change of Control Offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Change of Control Offer or if the Company has exercised its option to redeem all the Securities pursuant to paragraph 5 of the Securities.

(f) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Securities pursuant to this Section 4.12. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section 4.12, the Company shall comply with the

applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue of its compliance with such securities laws or regulations.

Section 4.13. Future Guarantors. On the Merger Date, Parent shall, and the Company shall cause each of its Restricted Subsidiaries (including Insignia Financial Group, Inc. and certain of its domestic subsidiaries) that is a guarantor under the Credit Agreement to, execute and deliver to the Trustee a Guaranty Agreement pursuant to which Parent and each such Restricted Subsidiary shall Guarantee the Company's obligations with respect to the Securities on the terms set forth therein. After the Merger Date, the Company shall cause each Restricted Subsidiary that Guarantees any Indebtedness of the Company to, at the same time, execute and deliver to the Trustee a Guaranty Agreement pursuant to which such Restricted Subsidiary shall Guarantee the Company's obligations with respect to the Securities on the terms set forth herein.

Section 4.14. Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating that in the course of the performance by the signers of their duties as Officers of the Company they would normally have knowledge of any Default and whether or not the signers know of any Default that occurred during such period. If they do, the certificate shall describe the Default, its status and what action the Company is taking or proposes to take with respect thereto. The Company also shall comply with TIA § 314(a)(4).

Section 4.15. Payment of Additional Interest. If additional interest is payable by the Company pursuant to the Registration Rights Agreement and paragraph 1 of the Securities, the Company shall deliver to the Trustee a certificate to that effect stating (i) the amount of such additional interest that is payable and (ii) the date on which such interest is payable. Unless and until the Trustee receives such a certificate, the Trustee may assume without inquiry that no Registration Default (as defined in the Registration Rights Agreement) exists and that no additional interest is owed by the Company. If the Company has paid additional interest directly to the persons entitled to such interest, the Company shall deliver to the Trustee a certificate setting forth the particulars of such payment.

Section 4.16. Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE 5

Merger and Consolidation

Following the first day that (a) the ratings assigned to the Securities by both of the Rating Agencies are Investment Grade Ratings and (b) no Default has occurred and is continuing under this Indenture (and notwithstanding that the Company may later cease to have an Investment Grade Rating from either or both Rating Agencies or default under the Indenture), the Company shall not be subject to clause (3) of Section 5.01(a).

Section 5.01. When Company, Subsidiary Guarantors and Parent May Merge or Transfer Assets. (a) The Company shall not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, the Successor Company would be able to Incur an additional $1.00 of Indebtedness pursuant to Section 4.03(a) of this Indenture; and

(4) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture;

provided, however, that clause (3) shall not be applicable to (A) a Restricted Subsidiary consolidating with, merging into or transferring all or part of its properties and assets to the Company or (B) the Company merging with an Affiliate of the Company solely for the purpose and with the sole effect of reincorporating the Company in another jurisdiction.

The Successor Company shall be the successor to the Company and shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture, and the predecessor Company, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Securities.

(b) The Company shall not permit any Subsidiary Guarantor to consolidate with or merge with or into, or convey, transfer or lease, in one transaction or series of transactions, all or substantially all of its assets to any Person unless:

(1) except in the case of a Subsidiary Guarantor that has been disposed of in its entirety to another Person (other than to the Company or an Affiliate of the Company), whether through a merger, consolidation or sale of Capital Stock or assets, if in connection therewith the Company provides an Officers' Certificate to the Trustee to the effect that the Company will comply with its obligations under Section 4.06 of this Indenture in respect of such disposition, the resulting, surviving or transferee Person (if not such Subsidiary) shall be a Person organized and existing under the laws of the jurisdiction under which such Subsidiary was organized or under the

laws of the United States of America, or any State thereof or the District of Columbia, and such Person shall expressly assume, by a Guaranty Agreement, all the obligations of such Subsidiary, if any, under its Subsidiary Guaranty;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such Guaranty Agreement, if any, complies with this Indenture.

(c) Parent shall not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person unless:

(1) the resulting, surviving or transferee Person (if not Parent) shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such Person shall expressly assume, by a Guaranty Agreement, all the obligations of Parent, if any, under its Guaranty;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such Guaranty Agreement, if any, complies with this Indenture.

(d) Upon consummation of the Transactions, CB Richard Ellis Services shall execute and deliver to the Trustee a supplemental indenture of the type referred to in Section 5.01(a)(1) of this Indenture, whereupon CB Richard Ellis Services shall be the Successor Company and shall succeed to, and be substituted for, and may exercise every right and power of, the predecessor Company under this Indenture, and thereafter the predecessor Company shall be discharged from all obligations and covenants under this Indenture and the Securities. Notwithstanding anything in this Section 5.01 to the contrary, the merger of CBRE Escrow, Inc. with and into CB Richard Ellis Services on the Merger Date as described in the Escrow Agreement shall be permitted under the Indenture.

ARTICLE 6

Defaults and Remedies

Section 6.01. Events of Default. An "Event of Default" occurs if:

(1) the Company defaults in any payment of interest on any Security when the same becomes due and payable and such default continues for a period of 30 days;

(2) the Company defaults in the payment of the principal of any Security when the same becomes due and payable at its Stated Maturity, upon required purchase, upon redemption, upon declaration of acceleration or otherwise;

(3) the Company, Parent or any Subsidiary Guarantor fails to comply with Section 5.01 of this Indenture;

(4) the Company, Parent or any Subsidiary Guarantor, as the case may be, fails to comply with Section 4.02, 4.03, 4.04, 4.05, 4.06 (other than a failure to purchase Securities), 4.07, 4.08, 4.09, 4.10, 4.11, 4.12(other than a failure to purchase Securities), 4.13 or the Escrow Agreement and such failure continues for 30 days after the notice specified below;

(5) the Company, Parent or any Subsidiary Guarantor fails to comply with any of its agreements in the Securities or this Indenture (other than those referred to in clause (1), (2), (3) or (4) above) and such failure continues for 60 days after the notice specified below;

(6) Indebtedness of the Company or any Significant Subsidiary is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $10.0 million, or its foreign currency equivalent at the time;

(7) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors;

or takes any comparable action under any foreign laws relating to insolvency;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(B) appoints a Custodian of the Company or any Significant Subsidiary or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Company or any Significant Subsidiary;

or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 60 days;

(9) any judgment or decree for the payment of money (other than judgments which are covered by enforceable insurance policies issued by solvent carriers) in excess of $10.0 million (or its foreign currency equivalent at the time) is entered against the Company or any Significant Subsidiary, remains outstanding for a period of 60 consecutive days following the entry of such judgment or decree and is not discharged, waived or the execution thereof stayed within 10 days after the notice specified below; or

(10) the Parent Guaranty or a Subsidiary Guaranty ceases to be in full force and effect (other than in accordance with the terms of such Guaranty) or a Guarantor denies or disaffirms its obligations under its Guaranty.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal, state or foreign law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clauses (4), (5) or (9) is not an Event of Default until the Trustee or the holders of at least 25% in principal amount of the outstanding Securities notify the Company of the Default and the Company does not cure such Default within the time specified after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any Event of Default under clause (6) or (10) and any event which with the

giving of notice or the lapse of time would become an Event of Default under clause (4), (5) or (9), its status and what action the Company is taking or proposes to take with respect thereto.

Section 6.02. Acceleration. If an Event of Default (other than an Event of Default specified in Section 6.01(7) or (8) of this Indenture with respect to the Company) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the Securities by notice to the Company and the Trustee, may declare the principal of and accrued but unpaid interest on all the Securities to be due and payable; provided, however, that so long as any Bank Indebtedness remains outstanding, no such acceleration shall be effective until the earlier of (1) five Business Days after the giving of written notice to the Company and the administrative agent (or similar agent if there is no administrative agent) under the Credit Agreement and (2) the day on which any Bank Indebtedness is accelerated. Upon such a declaration, such principal and interest shall be due and payable immediately. If an Event of Default specified in Section 6.01(7) or (8) of this Indenture with respect to the Company occurs and is continuing, the principal of and interest on all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in principal amount of the Securities by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

Section 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair

the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04. Waiver of Past Defaults. The Holders of a majority in principal amount of the Securities by notice to the Trustee may waive an existing Default and its consequences except (i) a Default in the payment of the principal of or interest on a Security, (ii) a Default arising from the failure to redeem or purchase any Security when required pursuant to this Indenture or (iii) a Default in respect of a provision that under Section 9.02 of this Indenture cannot be amended or waived without the consent of each Securityholder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

Section 6.05. Control by Majority. The Holders of a majority in principal amount of the Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01 of this Indenture, that the Trustee determines is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

Section 6.06. Limitation on Suits. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Securityholder may pursue any remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(2) the Holders of at least 25% in principal amount of the Securities make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the Securities do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

Section 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(1) or (2) of this Indenture occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07 of this Indenture.

Section 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to the Company, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in

bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07 of this Indenture.

Section 6.10. Priorities. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07 of this Indenture;

SECOND: to Securityholders for amounts due and unpaid on the Securities for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal and interest, respectively; and

THIRD: to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section. At least 15 days before such record date, the Company shall mail to each Securityholder and the Trustee a notice that states the record date, the payment date and amount to be paid.

Section 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 of this Indenture or a suit by Holders of more than 10% in principal amount of the Securities.

Section 6.12. Waiver of Stay or Extension Laws. The Company (to the extent it may lawfully do so under applicable law) shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

Trustee

Section 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 of this Indenture.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

Section 7.02. Rights of Trustee. (a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute wilful misconduct or negligence.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

Section 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11 of this Indenture.

Section 7.04. Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Company in the Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

Section 7.05. Notice of Defaults. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder notice of the Default within 90 days after it occurs. Except in the case

of a Default in payment of principal of or interest on any Security (including payments pursuant to the mandatory redemption provisions of such Security, if any), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Securityholders.

Section 7.06. Reports by Trustee to Holders. As promptly as practicable after each May 15 beginning with the May 15 following the date of this Indenture, and in any event prior to July 15 in each year, the Trustee shall mail to each Securityholder a brief report dated as of May 15 that complies with TIA § 313(a). The Trustee also shall comply with TIA § 313(b).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each stock exchange (if any) on which the Securities are listed. The Company agrees to notify promptly the Trustee whenever the Securities become listed on any stock exchange and of any delisting thereof.

Section 7.07. Compensation and Indemnity. The Company shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Company shall indemnify the Trustee against any and all loss, liability or expense (including attorneys' fees) incurred by it in connection with the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee may have separate counsel and the Company shall pay the fees and expenses of such counsel. The Company need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own wilful misconduct, negligence or bad faith.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Securities.

The Company's payment obligations pursuant to this Section 7.07 shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(7) or (8) of this Indenture with respect to the Company, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

Section 7.08. Replacement of Trustee. The Trustee may resign at any time by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Company shall remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 of this Indenture;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Company or by the Holders of a majority in principal amount of the Securities and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to

Securityholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07 of this Indenture.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10 of this Indenture, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 of this Indenture shall continue for the benefit of the retiring Trustee.

Section 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets (including the administration of the trust created by this Indenture) to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of

TIA § 310(a). The Trustee (or, in the case of a subsidiary of a bank holding company, its corporate parent) shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b); provided, however, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

Section 7.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated.

ARTICLE 8

Discharge of Indenture; Defeasance

Section 8.01. Discharge of Liability on Securities; Defeasance. (a) When (1) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07 of this Indenture) for cancellation or (2) all outstanding Securities have become due and payable, whether at maturity or on a redemption date as a result of the mailing of a notice of redemption pursuant to Article 3 of this Indenture and the Company irrevocably deposits with the Trustee funds sufficient to pay at maturity or upon redemption all outstanding Securities, including interest thereon to maturity or such redemption date (other than Securities replaced pursuant to Section 2.07 of this Indenture), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 8.01(c) of this Indenture, cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company.

(b) Subject to Sections 8.01(c) and 8.02 of this Indenture, the Company at any time may terminate (1) all its obligations under the Securities and this Indenture

(“legal defeasance option”) or (2) its obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12 and 4.13 of this Indenture and the operation of Sections 6.01(4), 6.01(6), 6.01(7), 6.01(8) and 6.01(9) of this Indenture (but, in the case of Sections 6.01(7) and (8) of this Indenture, with respect only to Significant Subsidiaries) and the limitations contained in Section 5.01(a)(3) of this Indenture (“covenant defeasance option”). The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

If the Company exercises its legal defeasance option, payment of the Securities may not be accelerated because of an Event of Default with respect thereto. If the Company exercises its covenant defeasance option, payment of the Securities may not be accelerated because of an Event of Default specified in Sections 6.01(4), 6.01(6), 6.01(7), 6.01(8) and 6.01(9) of this Indenture (but, in the case of Sections 6.01(7) and (8) of this Indenture, with respect only to Significant Subsidiaries) or because of the failure of the Company to comply with Section 5.01(a)(3) of this Indenture. If the Company exercises its legal defeasance option or its covenant defeasance option, each Guarantor, if any, shall be released from all its obligations with respect to its Guaranty.

Upon satisfaction of the conditions set forth in this Indenture and upon request of the Company, the Trustee shall acknowledge in writing the discharge of those obligations that the Company terminates.

(c) Notwithstanding clauses (a) and (b) of this Section 8.01, the Company’s obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.07 and 7.08 of this Indenture and in this Article 8 shall survive until the Securities have been paid in full. Thereafter, the Company’s obligations in Sections 7.07, 8.04 and 8.05 of this Indenture shall survive.

Section 8.02. Conditions to Defeasance. The Company may exercise its legal defeasance option or its covenant defeasance option only if:

(1) the Company irrevocably deposits in trust with the Trustee money or U.S. Government Obligations for the payment of principal of and

interest on the Securities to maturity or redemption, as the case may be;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities to maturity or redemption, as the case may be;

(3) 123 days pass after the deposit is made and during the 123-day period no Default specified in Sections 6.01(7) or (8) of this Indenture with respect to the Company occurs which is continuing at the end of the period;

(4) the deposit does not constitute a default under any other agreement binding on the Company;

(5) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(6) in the case of the legal defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(7) in the case of the covenant defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

(8) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article 8 have been complied with.

Before or after a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

Section 8.03. Application of Trust Money. The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities.

Section 8.04. Repayment to Company. The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, Securityholders entitled to the money must look to the Company for payment as general creditors.

Section 8.05. Indemnity for Government Obligations. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or

the principal and interest received on such U.S. Government Obligations.

Section 8.06. Reinstatement. If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities and the Guarantors' obligations under their respective Guaranties shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; provided, however, that, if the Company has made any payment of interest on or principal of any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 9

Amendments

Section 9.01. Without Consent of Holders. The Company, the Guarantors and the Trustee may amend this Indenture, or the Securities without notice to or consent of any Securityholder:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with Article 5 of this Indenture;

(3) to provide for uncertificated Securities in addition to or in place of certificated Securities; provided, however, that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the Code;

(4) to add guarantees with respect to the Securities, including any Guaranties, or to secure the Securities;

(5) to add to the covenants of the Company or a Guarantor for the benefit of the Holders or to surrender any right or power herein conferred upon the Company or a Guarantor;

(6) to comply with any requirements of the SEC in connection with qualifying, or maintaining the qualification of, this Indenture under the TIA; or

(7) to make any change that does not adversely affect the rights of any Securityholder.

After an amendment under this Section 9.01 becomes effective, the Company shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

Section 9.02. With Consent of Holders. The Company, the Guarantors and the Trustee may amend this Indenture or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange for the Securities). However, without the consent of each Securityholder affected thereby, an amendment or waiver may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment;

(2) reduce the rate of or extend the time for payment of interest on any Security;

(3) reduce the principal amount of or extend the Stated Maturity of any Security;

(4) reduce the amount payable upon the redemption of any Security or change the time at which any Security may be redeemed pursuant to paragraph 5 of the Securities or shall be redeemed

pursuant to paragraph 6 of the Securities in accordance with the procedures set forth in Article 3 of this Indenture;

(5) make any Security payable in money other than that stated in the Security;

(6) impair the right of any Holder to receive payment of principal of and interest on such Holder's Securities on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Securities;

(7) make any change in Section 6.04 or 6.07 of this Indenture or the second sentence of this Section 9.02; or

(8) make any changes in the ranking or priority of any Security that would adversely affect the Securityholders; or

(9) make any change in any Guaranty that would adversely affect the Securityholders.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section 9.02 becomes effective, the Company shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.02.

Section 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Securities shall comply with the TIA as then in effect.

Section 9.04. Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. However, any such

Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Securityholder. An amendment or waiver becomes effective upon the execution of such amendment or waiver by the Trustee.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Securityholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

Section 9.05. Notation on or Exchange of Securities. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

Section 9.06. Trustee To Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.01 of this Indenture) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture.

Section 9.07. Payment for Consent. Neither the Company nor any Affiliate of the Company shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Securities unless such consideration is offered to be paid to all Holders that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

ARTICLE 10

Guaranties

Section 10.01. Guaranties. Each Guarantor required to execute and deliver a Guaranty Agreement pursuant to Section 4.13 of this Indenture shall, upon execution and delivery of its Guaranty Agreement, unconditionally and irrevocably guarantee, jointly and severally, to each Holder and to the Trustee and its successors and assigns (a) the full and punctual payment of principal of and interest on the Securities when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Company under this Indenture and the Securities and (b) the full and punctual performance within applicable grace periods of all other obligations of the Company under this Indenture and the Securities (all the foregoing being hereinafter collectively called the “Guaranteed Obligations”). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from such Guarantor and that such Guarantor will remain bound under this Article 10 notwithstanding any extension or renewal of any Guaranteed Obligation.

Each Guarantor waives presentation to, demand of, payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Securities or the Guaranteed Obligations. The obligations of each Guarantor hereunder shall not be affected by (a) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Securities or any other agreement or

otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (d) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (e) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the Obligations; or (f) except as set forth in Section 10.06 of this Indenture, any change in the ownership of such Guarantor.

Each Guarantor further agrees that its Guaranty herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

Except as expressly set forth in Section 8.01(b), 10.02 and 10.06 of this Indenture, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (1) the unpaid amount of such Guaranteed Obligations, (2) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (3) all other monetary Guaranteed Obligations of the Company to the Holders and the Trustee.

Each Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Guaranteed Obligations may be accelerated as provided in Article 6 of this Indenture for the purposes of such Guarantor's Guaranty herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations, and (y) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6 of this Indenture, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Section.

Each Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

Section 10.02. Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Section 10.03. Successors and Assigns. This Article 10 shall be binding upon each Guarantor and its successors and assigns and shall enure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 10.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 10 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 10 at law, in equity, by statute or otherwise.

Section 10.05. Modification. No modification, amendment or waiver of any provision of this Article 10, nor the consent to any departure by any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstances.

Section 10.06. Release of Subsidiary Guarantor. Upon the sale (including any sale pursuant to any exercise of remedies by a holder of Senior Indebtedness of the Company or of such Subsidiary Guarantor) or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of such Subsidiary Guarantor (in each case other than a sale or disposition to the Company or a Subsidiary of the Company), or at such time a Subsidiary Guarantor no longer Guarantees any other Indebtedness of the Company, or upon designation of a Subsidiary Guarantor as an Unrestricted Subsidiary pursuant to the terms of this Indenture, such Subsidiary Guarantor shall be deemed released from all obligations under this

Article 10 without any further action required on the part of the Trustee or any Holder. At the request of the Company, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

Section 10.07. Contribution. Each Subsidiary Guarantor that makes a payment under its Subsidiary Guaranty will be entitled upon payment in full of all Guaranteed Obligations to a contribution from each other Subsidiary Guarantor in an amount equal to such other Subsidiary Guarantor's pro rata portion of such payment based on the respective net assets of all the Subsidiary Guarantors at the time of such payment determined in accordance with GAAP.

ARTICLE 11

Miscellaneous

Section 11.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 11.02. Notices. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Company or any Guarantor:

CB Richard Ellis Services, Inc.
355 South Grand Avenue
Suite 3100
Los Angeles, California 90071
Attention: Kenneth J. Kay

if to the Trustee:

U.S. Bank National Association
550 South Hope Street, 5th Floor
Los Angeles, California 90071
Attention: Corporate Trust Administration
(CBRE Escrow, Inc. 2003)

The Company, any Guarantor or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 11.03. Communication by Holders with Other Holders. Securityholders may communicate pursuant to TIA § 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, any Guarantor, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

Section 11.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 11.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

Section 11.06. When Securities Disregarded. In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

Section 11.07. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

Section 11.08. Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or a day on which commercial banking institutions are authorized or required by law to close in New York City. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record

date is a Legal Holiday, the record date shall not be affected.

Section 11.09. Governing Law. This Indenture and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 11.10. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Company or any Guarantor shall not have any liability for any obligations of the Company under the Securities or this Indenture or of such Guarantor under its Guaranty or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

Section 11.11. Successors. All agreements of the Company and the Guarantors in this Indenture and the Securities shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 11.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

Section 11.13. Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

CBRE ESCROW, INC.,

by /s/ KENNETH J. KAY

Name: Kenneth J. Kay
Title: Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION,

by PAULA M. OSWALD

Name: Paula M. Oswald
Title: Vice President

PROVISIONS RELATING TO INITIAL SECURITIES,
PRIVATE EXCHANGE SECURITIES
AND EXCHANGE SECURITIES

1. Definitions

1.1 Definitions

Capitalized terms used but not otherwise defined in this Appendix shall have the meanings assigned in the Indenture. For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Applicable Procedures" means, with respect to any transfer or transaction involving a Temporary Regulation S Global Security or beneficial interest therein, the rules and procedures of the Depository, Euroclear and Clearstream, for such a Temporary Regulation S Global Security, in each case to the extent applicable to such transaction and as in effect from time to time.

"Clearstream" means Clearstream Banking, société anonyme, or any successor securities clearing agency.

"Definitive Security" means a certificated Initial Security or Exchange Security or Private Exchange Security bearing, if required, the restricted securities legend set forth in Section 2.3(e).

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Distribution Compliance Period", with respect to any Securities, means the period of 40 consecutive days beginning on and including the later of (i) the day on which such Securities are first offered to Persons other than distributors (as defined in Regulation S under the Securities Act) in reliance on Regulation S and (ii) the Issue Date with respect to such Securities.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System, or any successor securities clearing agency.

"Exchange Securities" means (1) the 9 3/4% Senior Notes Due May 15, 2010 issued pursuant to the Indenture in connection with a Registered Exchange Offer pursuant to a

Registration Rights Agreement and (2) Additional Securities, if any, issued pursuant to a registration statement filed with the SEC under the Securities Act.

"Initial Purchasers" means (1) with respect to the Initial Securities issued on the Issue Date, Credit Suisse First Boston LLC, Credit Lyonnais Securities (USA) Inc. and HSBC Securities (USA) Inc. and (2) with respect to each issuance of Additional Securities, the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Initial Securities" means (1) $200.0 million aggregate principal amount of 9¾% Senior Notes Due May 15, 2010 issued on the Issue Date and (2) Additional Securities, if any, issued in a transaction exempt from the registration requirements of the Securities Act.

"Private Exchange" means the offer by the Company and the Guarantors, pursuant to a Registration Rights Agreement, to the Initial Purchasers to issue and deliver to each Initial Purchaser, in exchange for the Initial Securities held by the Initial Purchaser as part of its initial distribution, a like aggregate principal amount of Private Exchange Securities.

"Private Exchange Securities" means any 9 3/4% Senior Notes Due May 15, 2010 issued in connection with a Private Exchange.

"Purchase Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, the Purchase Agreement dated May 8, 2003, among CBRE Escrow, Inc., CB Richard Ellis Services, Parent, certain of the Subsidiary Guarantors and the Initial Purchasers, and (2) with respect to each issuance of Additional Securities, the purchase agreement or underwriting agreement among the Company, Parent, certain of the Subsidiary Guarantors and the Persons purchasing such Additional Securities.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Registered Exchange Offer" means the offer by the Company and the Guarantors, pursuant to a Registration Rights Agreement, to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for the

Initial Securities, a like aggregate principal amount of Exchange Securities registered under the Securities Act.

"Registration Rights Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, the Registration Rights Agreement dated May 8, 2003, among CBRE Escrow, Inc., CB Richard Ellis Services, Parent and the Initial Purchasers and (2) with respect to each issuance of Additional Securities issued in a transaction exempt from the registration requirements of the Securities Act, the registration rights agreement, if any, among the Company, the Parent and the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Rule 144A Securities" means all Initial Securities offered and sold to QIBs in reliance on Rule 144A.

"Securities" means the Initial Securities, the Exchange Securities and the Private Exchange Securities, treated as a single class.

"Securities Act" means the Securities Act of 1933.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

"Shelf Registration Statement" means the registration statement issued by the Company in connection with the offer and sale of Initial Securities or Private Exchange Securities pursuant to a Registration Rights Agreement.

"Transfer Restricted Securities" means Securities that bear or are required to bear the legend relating to restrictions on transfer relating to the Securities Act set forth in Section 2.3(e) hereto.

1.2 Other Definitions

Term	Defined in Section:
"Agent Members"	2.1(b)
"Global Security"	2.1(a)
"Permanent Regulation S Global Security"	2.1(a)
"Regulation S"	2.1(a)
"Rule 144A"	2.1(a)
"Rule 144A Global Security"	2.1(a)
"Temporary Regulation S Global Security"	2.1(a)

2. The Securities

2.1 (a) Form and Dating. The Initial Securities will be offered and sold by the Company pursuant to a Purchase Agreement. The Initial Securities will be resold initially only to (i) QIBs in reliance on Rule 144A under the Securities Act ("Rule 144A") and (ii) Persons other than U.S. Persons (as defined in Regulation S) in reliance on Regulation S under the Securities Act ("Regulation S"). Initial Securities may thereafter be transferred to, among others, QIBs and purchasers in reliance on Regulation S, subject to the restrictions on transfer set forth herein. Initial Securities initially resold pursuant to Rule 144A shall be issued initially in the form of one or more temporary global Securities in definitive, fully registered form (collectively, the "Rule 144A Global Security") and Initial Securities initially resold pursuant to Regulation S shall be issued initially in the form of one or more temporary global securities in definitive, fully registered form (collectively, the "Temporary Regulation S Global Security"), in each case without interest coupons and with the global securities legend and restricted securities legend set forth in Exhibit 1 hereto, which shall be deposited on behalf of the purchasers of the Initial Securities represented thereby with the Securities Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in this Indenture. Beneficial ownership interests in the Temporary Regulation S Global Security will not be exchangeable for interests in the Rule 144A Global Security, a permanent global security (the "Permanent Regulation S Global Security"), or any other Security without a legend

containing restrictions on transfer of such Security prior to the expiration of the Distribution Compliance Period and then only upon certification in form reasonably satisfactory to the Trustee that beneficial ownership interests in such Temporary Regulation S Global Security are owned either by non-U.S. persons or U.S. persons who purchased such interests in a transaction that did not require registration under the Securities Act. The Rule 144A Global Security, the Temporary Regulation S Global Security and the Permanent Regulation S Global Security are collectively referred to herein as "Global Securities". The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(b) Book-Entry Provisions. This Section 2.1(b) shall apply only to a Global Security deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) Certificated Securities. Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in Global Securities shall not be entitled to receive physical delivery of Definitive Securities.

2.2 Authentication. The Trustee shall authenticate and deliver: (1) on the Issue Date, an aggregate principal amount of $200.0 million 9 3/4% Senior Notes Due May 15, 2010, (2) any Additional Securities for an original issue in an aggregate principal amount specified in the written order of the Company pursuant to Section 2.02 of the Indenture and (3) Exchange Securities or Private Exchange Securities for issue only in a Registered Exchange Offer or a Private Exchange, respectively, pursuant to a Registration Rights Agreement, for a like principal amount of Initial Securities, in each case upon a written order of the Company signed by two Officers. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of any issuance of Additional Securities pursuant to Section 2.13 of the Indenture, shall certify that such issuance is in compliance with Section 4.03 of the Indenture.

2.3 Transfer and Exchange

(a) Transfer and Exchange of Definitive Securities. When Definitive Securities are presented to the Registrar or a co-registrar with a request:

(x) to register the transfer of such Definitive Securities; or

(y) to exchange such Definitive Securities for an equal principal amount of Definitive Securities of other authorized denominations,

the Registrar or co-registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Securities surrendered for transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar or co-registrar,

duly executed by the Holder thereof or its attorney duly authorized in writing; and

(ii) if such Definitive Securities are required to bear a restricted securities legend, they are being transferred or exchanged pursuant to an effective registration statement under the Securities Act, pursuant to Section 2.3(b) or pursuant to clause (A), (B) or (C) below, and are accompanied by the following additional information and documents, as applicable:

(A) if such Definitive Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or

(B) if such Definitive Securities are being transferred to the Company, a certification to that effect; or

(C) if such Definitive Securities are being transferred (x) pursuant to an exemption from registration in accordance with Rule 144A, Regulation S or Rule 144 under the Securities Act,; or (y) in reliance upon another exemption from the requirements of the Securities Act: (i) a certification to that effect (in the form set forth on the reverse of the Security) and (ii) if the Company so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth in Section 2.3(e)(i).

(b) Restrictions on Transfer of a Definitive Security for a Beneficial Interest in a Global Security.A Definitive Security may not be exchanged for a beneficial interest in a Rule 144A Global Security or a Permanent Regulation S Global Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(i) certification, in the form set forth on the reverse of the Security, that such Definitive Security is either (A) being transferred to a QIB in accordance

with Rule 144A or (B) is being transferred after expiration of the Distribution Compliance Period by a Person who initially purchased such Security in reliance on Regulation S to a buyer who elects to hold its interest in such Security in the form of a beneficial interest in the Permanent Regulation S Global Security; and

(ii) written instructions directing the Trustee to make, or to direct the Securities Custodian to make, an adjustment on its books and records with respect to such Rule 144A Global Security (in the case of a transfer pursuant to clause (b)(i)(A)) or Permanent Regulation S Global Security (in the case of a transfer pursuant to clause (b)(i)(B)) to reflect an increase in the aggregate principal amount of the Securities represented by the Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, such instructions to contain information regarding the Depository account to be credited with such increase,

then the Trustee shall cancel such Definitive Security and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Securities Custodian, the aggregate principal amount of Securities represented by the Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, to be increased by the aggregate principal amount of the Definitive Security to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, equal to the principal amount of the Definitive Security so canceled. If no Rule 144A Global Securities or Permanent Regulation S Global Securities, as applicable, are then outstanding, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate of the Company, a new Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, in the appropriate principal amount.

(c) Transfer and Exchange of Global Securities. (i) The transfer and exchange of Global Securities or

beneficial interests therein shall be effected through the Depository, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Security shall deliver to the Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Security. The Registrar shall, in accordance with such instructions, instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Security and to debit the account of the Person making the transfer the beneficial interest in the Global Security being transferred.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Security to a beneficial interest in another Global Security, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Security to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of the Global Security from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(iv) In the event that a Global Security is exchanged for Definitive Securities pursuant to Section 2.4 of this Appendix, prior to the consummation of a Registered Exchange Offer or the effectiveness of a Shelf Registration Statement with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Securities intended to

ensure that such transfers comply with Rule 144A or Regulation S, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(d) Restrictions on Transfer of Temporary Regulation S Global Securities. During the Distribution Compliance Period, beneficial ownership interests in Temporary Regulation S Global Securities may only be sold, pledged or transferred through Euroclear or Clearstream in accordance with the Applicable Procedures and only (i) to the Company, (ii) so long as such Security is eligible for resale pursuant to Rule 144A, to a Person whom the selling holder reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (iii) in an offshore transaction in accordance with Regulation S, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) under the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

(e) Legend.

(i) Except as permitted by the following paragraphs (ii), (iii) and (iv), each Security certificate evidencing the Global Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO THE COMPANY (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

Each Definitive Security will also bear the following additional legend:

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

(ii) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Security) pursuant to Rule 144 under the Securities Act, the Registrar shall permit the transferee thereof to exchange such Transfer Restricted Security for a certificated Security that does not bear the legend set forth above and rescind any restriction on the transfer of such Transfer Restricted Security, if the transferor thereof certifies in writing to the Registrar that such sale or transfer was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Security).

(iii) After a transfer of any Initial Securities or Private Exchange Securities pursuant to and during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Securities or Private Exchange Securities, as the case may be, all requirements pertaining to legends relating to the restrictions on transfer relating to the Securities Act on such Initial Security or such Private Exchange Security will cease to apply, the requirements requiring any such Initial Security or such Private Exchange Security issued to certain Holders be issued in global form will cease to apply, and a certificated Initial Security or Private Exchange Security or an Initial Security or Private Exchange Security in global form, in each case without restrictive transfer legends, will be available to the transferee of the Holder of such Initial Securities or Private Exchange Securities upon exchange of such transferring Holder's certificated Initial Security or Private Exchange Security or appropriate directions to transfer such Holder's interest in the Global Security, as applicable.

(iv) Upon the consummation of a Registered Exchange Offer with respect to the Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities issued to certain Holders be issued in global form will still apply with respect to Holders of such Initial Securities that do not exchange their Initial Securities, and Exchange Securities in certificated or global form, in each case without the restrictive securities legend relating to the restrictions on transfer relating to the Securities Act set forth in Exhibit 1 hereto, will be available to Holders that exchange such Initial Securities in such Registered Exchange Offer.

(v) Upon the consummation of a Private Exchange with respect to the Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities issued to certain Holders be issued in global form will still apply with respect to Holders of such Initial Securities that do not exchange their Initial Securities, and Private Exchange Securities in global form with the global securities legend and the Restricted Securities Legend

set forth in Exhibit 1 hereto will be available to Holders that exchange such Initial Securities in such Private Exchange.

(f) Cancelation or Adjustment of Global Security. At such time as all beneficial interests in a Global Security have either been exchanged for Definitive Securities, redeemed, purchased or canceled, such Global Security shall be returned to the Depository for cancelation or retained and canceled by the Trustee. At any time prior to such cancelation, if any beneficial interest in a Global Security is exchanged for certificated Securities, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(g) Obligations with Respect to Transfers and Exchanges of Securities.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Definitive Securities and Global Securities at the Registrar's or co-registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.09, 3.06, 4.06, 4.12 and 9.05 of the Indenture).

(iii) The Registrar or co-registrar shall not be required to register the transfer of or exchange of (a) any Definitive Security selected for redemption in whole or in part pursuant to Article 3 of this Indenture, except the unredeemed portion of any Definitive Security being redeemed in part, or (b) any Security for a period beginning 15 Business Days

before the mailing of a notice of an offer to repurchase or redeem Securities or 15 Business Days before an interest payment date.

(iv) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(v) All Securities issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

(h) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully

protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 Certificated Securities

(a) A Global Security deposited with the Depository or with the Trustee as Securities Custodian for the Depository pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of Definitive Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.3 hereof and (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for such Global Security and the Depository fails to appoint a successor depositary or if at any time such Depository ceases to be a "clearing agency" registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 90 days of such notice, or (ii) an Event of Default has occurred and is continuing or (iii) the Company, in its sole discretion, notify the Trustee in writing that it elects to cause the issuance of Definitive Securities under this Indenture.

(b) Any Global Security that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by the Depository to the Trustee located at its principal corporate trust office in the Borough of Manhattan, The City of New York, to be so

transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Security, an equal aggregate principal amount of Definitive Securities of authorized denominations. Any portion of a Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of $1,000 principal amount and any integral multiple thereof and registered in such names as the Depository shall direct. Any Definitive Security delivered in exchange for an interest in the Transfer Restricted Security shall, except as otherwise provided by Section 2.3(e) hereof, bear the restricted securities legend set forth in Exhibit 1 hereto.

(c) Subject to the provisions of Section 2.4(b) hereof, the registered Holder of a Global Security shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(d) In the event of the occurrence of one of the events specified in Section 2.4(a) hereof, the Company shall promptly make available to the Trustee a reasonable supply of Definitive Securities in definitive, fully registered form without interest coupons.

EXHIBIT 1
TO
RULE 144A/REGULATION S APPENDIX

[FORM OF FACE OF INITIAL SECURITY]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[[FOR REGULATION S GLOBAL SECURITY ONLY] UNTIL 40 DAYS AFTER THE COMMENCEMENT OF THE OFFERING, AN OFFER OR SALE OF SECURITIES WITHIN THE UNITED STATES BY A DEALER (AS DEFINED IN THE U.S. SECURITIES ACT) MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN IN ACCORDANCE WITH RULE 144A THEREUNDER.]

[Restricted Securities Legend]

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO THE COMPANY (II) WITHIN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

[Temporary Regulation S Global Security Legend]

EXCEPT AS SET FORTH BELOW, BENEFICIAL OWNERSHIP INTERESTS IN THIS TEMPORARY REGULATION S GLOBAL SECURITY WILL NOT BE EXCHANGEABLE FOR INTERESTS IN THE PERMANENT REGULATION S GLOBAL SECURITY OR ANY OTHER SECURITY REPRESENTING AN INTEREST IN THE SECURITIES REPRESENTED HEREBY WHICH DO NOT CONTAIN A LEGEND CONTAINING RESTRICTIONS ON TRANSFER, UNTIL THE EXPIRATION OF THE “40-DAY DISTRIBUTION COMPLIANCE PERIOD” (WITHIN THE MEANING OF RULE 903(b)(2) OF REGULATION S UNDER THE SECURITIES ACT) AND THEN ONLY UPON CERTIFICATION IN FORM REASONABLY SATISFACTORY TO THE TRUSTEE THAT SUCH BENEFICIAL INTERESTS ARE OWNED EITHER BY NON-U.S. PERSONS OR U.S. PERSONS WHO PURCHASED SUCH INTERESTS IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT. DURING SUCH 40-DAY DISTRIBUTION COMPLIANCE PERIOD, BENEFICIAL OWNERSHIP INTERESTS IN THIS TEMPORARY REGULATION S GLOBAL SECURITY MAY ONLY BE SOLD, PLEDGED OR TRANSFERRED THROUGH EUROCLEAR BANK S.A./N.A., AS OPERATOR OF THE EUROCLEAR SYSTEM OR CLEARSTREAM BANKING, SOCIÉTÉ ANONYME AND ONLY (I) TO THE COMPANY, (II) WITHIN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN A TRANSACTION IN

ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS. HOLDERS OF INTERESTS IN THIS TEMPORARY REGULATION S GLOBAL SECURITY WILL NOTIFY ANY PURCHASER OF THIS SECURITY OF THE RESALE RESTRICTIONS REFERRED TO ABOVE, IF THEN APPLICABLE.

BENEFICIAL INTERESTS IN THIS TEMPORARY REGULATION S GLOBAL SECURITY MAY BE EXCHANGED FOR INTERESTS IN A RULE 144A GLOBAL SECURITY ONLY IF (1) SUCH EXCHANGE OCCURS IN CONNECTION WITH A TRANSFER OF THE SECURITIES IN COMPLIANCE WITH RULE 144A, AND (2) THE TRANSFEROR OF THE REGULATION S GLOBAL SECURITY FIRST DELIVERS TO THE TRUSTEE A WRITTEN CERTIFICATE (IN THE FORM ATTACHED TO THIS CERTIFICATE) TO THE EFFECT THAT THE REGULATION S GLOBAL SECURITY IS BEING TRANSFERRED (A) TO A PERSON WHO THE TRANSFEROR REASONABLY BELIEVES TO BE A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (B) TO A PERSON WHO IS PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, AND (C) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

BENEFICIAL INTERESTS IN A RULE 144A GLOBAL SECURITY MAY BE TRANSFERRED TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN THE REGULATION S GLOBAL SECURITY, WHETHER BEFORE OR AFTER THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, ONLY IF THE TRANSFEROR FIRST DELIVERS TO THE TRUSTEE A WRITTEN CERTIFICATE (IN THE FORM ATTACHED TO THIS CERTIFICATE) TO THE EFFECT THAT IF SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S OR RULE 144 (IF AVAILABLE) AND THAT, IF SUCH TRANSFER OCCURS PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, THE INTEREST TRANSFERRED WILL BE HELD IMMEDIATELY THEREAFTER THROUGH EUROCLEAR BANK S.A./N.A. OR CLEARSTREAM BANKING SOCIÉTÉ ANONYME.

[Definitive Securities Legend]

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT

MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

CUSIP No. 14984NAA8
ISIN US14984NAA81

No. 001

$ 198,810,000

9 3/4% Senior Notes Due May 15, 2010

CBRE Escrow, Inc., a Delaware corporation, promises to pay to Cede & Co., or registered assigns, the principal sum of One Hundred Ninety Eight Million Eight Hundred Ten Thousand Dollars on May 15, 2010.

Interest Payment Dates: May 15 and November 15.

Record Dates: May 1 and November 1.

Additional provisions of this Security are set forth on the other side of this Security.

Dated: May 22, 2003

CBRE ESCROW, INC.,

By:

Name: Raymond E. Wirta
Title: Chief Executive Officer

Name: Kenneth J. Kay
Title: Chief Financial Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

U.S. BANK NATIONAL ASSOCIATION

as Trustee, certifies
that this is one of
the Securities referred
to in the Indenture.

By:

Authorized Signatory

[FORM OF REVERSE SIDE OF INITIAL SECURITY]

9 3/4% Senior Note Due May 15, 2010

1. Interest

CBRE Escrow, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.50% per annum (increasing by an additional 0.50% per annum after each consecutive 90-day period that occurs after the date on which such Registration Default occurs up to a maximum additional interest rate of 2.00%) from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. The Company will pay interest semiannually on May 15 and November 15 of each year, commencing November 15, 2003. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from May 22, 2003. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the May 1 or November 1 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts

specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium, if any, and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, U.S. Bank National Association (the “Trustee”), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any Wholly Owned Subsidiary may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Company issued the Securities under an Indenture dated as of May 22, 2003 (“Indenture”), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb) as in effect on the date of the Indenture (the “Act”). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are general senior unsecured obligations of the Company. The Company shall be entitled, subject to its compliance with Section 4.03 of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities or Private Exchange Securities issued in exchange therefor will be treated as a single class for

all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company and its subsidiaries to incur additional indebtedness; pay dividends or distributions on, or redeem or repurchase capital stock; make investments; issue or sell capital stock of subsidiaries; engage in transactions with affiliates; transfer or sell assets; guarantee indebtedness; restrict dividends or other payments of subsidiaries; consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. These covenants are subject to important exceptions and qualifications.

5. Optional Redemption

Except as set forth below or under paragraph 6 below, the Company shall not be entitled to redeem the Securities prior to May 15, 2007.

On and after May 15, 2007, the Company shall be entitled at its option to redeem all or a portion of the Securities upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on May 15 of the years set forth below:

Period	Redemption Price
2007	104.875%
2008	102.438
2009 and thereafter	100.000%

Prior to May 15, 2006 the Company may at its option on one or more occasions redeem Securities (which includes Additional Securities, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) originally issued at a redemption price (expressed as a percentage of principal amount) of 109 3/4%, plus accrued and unpaid interest to the redemption date, with the net cash proceeds from one or

more Public Equity Offerings (provided that if the Public Equity Offering is an offering by Parent, a portion of the Net Cash Proceeds thereof equal to the amount required to redeem any securities is contributed to the equity capital of the Company); provided, however, that

(1) at least 65% of such aggregate principal amount of Securities (which includes Additional Securities, if any) remains outstanding immediately after the occurrence of each such redemption (other than Securities held, directly or indirectly by the Company or its Affiliates); and

(2) each such redemption occurs within 90 days after the date of the related Public Equity Offering.

6. Special Mandatory Redemption

In the event the Transactions are not consummated on or prior to July 31, 2003 or the Merger Agreement is terminated at any time prior thereto, the Company shall redeem the Securities at a redemption price equal to 100% of the accreted value thereof on the redemption date (calculated for the period from the Issue Date to such redemption date based on the straight line method over the life of the Securities), plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date). The Company shall be entitled to receive a credit against the accreted value of the Securities required to be redeemed pursuant to this paragraph equal to the accreted value on such redemption date (excluding premium) of any Securities that the Company has acquired or redeemed other than pursuant to this paragraph and has delivered to the Trustee for cancellation. The Company shall be entitled to receive the credit only once for any Security. The Company shall cause the notice of the special mandatory redemption to be mailed no later than the next Business Day following July 31, 2003 or following the date the Merger Agreement is terminated, as applicable, and shall redeem the Securities three Business Days following the date of notice of redemption.

7. Notice of Redemption

Except as set forth in paragraph 6 above, notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

8. Put Provisions

Upon a Change of Control, any Holder of Securities will have the right to cause the Company to purchase all or any part of the Securities of such Holder at a purchase price equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date) as provided in, and subject to the terms of, the Indenture.

9. Guaranties

From and after the Merger Date, the payment by the Company of the principal of, and premium and interest on, the Securities is guaranteed on a joint and several senior unsecured basis by each of the Guarantors on the terms set forth in the Indenture.

10. Denominations; Transfer; Exchange

The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by

the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

11. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of it for all purposes.

12. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

13. Discharge and Defeasance

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity, as the case may be.

14. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Securities may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Securities and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company, the Guarantors and the Trustee shall be

entitled to amend the Indenture or the Securities to cure any ambiguity, omission, defect or inconsistency, or to provide for the assumption by a successor corporation of the obligations of the Company, Parent, or any Subsidiary Guarantor, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities, including Subsidiary Guaranties, or to secure the Securities, or to add additional covenants or surrender rights and powers conferred on the Company, Parent or the Subsidiary Guarantors, or to comply with any requirement of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

15. Defaults and Remedies

Under the Indenture, Events of Default include (i) default for 30 days in payment of interest on the Securities; (ii) default in payment of principal on the Securities at maturity, upon redemption pursuant to paragraph 5 or 6 of the Securities, upon acceleration or otherwise, or failure by the Company to redeem or purchase Securities when required; (iii) failure by the Company, Parent or any Subsidiary Guarantor to comply with other agreements in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (iv) acceleration or failure to pay within any grace period after final maturity of other Indebtedness of the Company, or any Significant Subsidiary if the amount accelerated or so unpaid exceeds $10.0 million; (v) certain events of bankruptcy or insolvency with respect to the Company and the Significant Subsidiaries; (vi) certain judgments or decrees for the payment of money in excess of $10.0 million; and (vii) certain defaults with respect to Guaranties. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the

Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

16. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. Authentication

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

19. Abbreviations

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not

as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. CUSIP Numbers

The Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

21. Holders' Compliance with Registration Rights Agreement

Each Holder of a Security, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

22. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

The Company will furnish to any Securityholder upon written request and without charge to the Securityholder a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

CBRE Escrow, Inc.
355 South Grand Avenue
Suite 3100
Los Angeles, California 90071
Attention: Jeffrey Seery

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: Your Signature:

Sign exactly as your name appears on the other side of this Security.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

(1) ☐ to the Company; or

(2) ☐ pursuant to an effective registration statement under the Securities Act of 1933; or

(3) ☐ inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the

account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(4) ☐ outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or

(5) ☐ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

If such transfer is being made pursuant to an offshore transaction in accordance with Rule 904 under the Securities Act, the undersigned further certifies that:

(i) the offer of the Securities was not made to a person in the United States;

(ii) either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(iii) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable;

(iv) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(v) we have advised the transferee of the transfer restrictions applicable to the Securities; and

(vi) if the circumstances set forth in Rule 904(b) under the Securities Act are applicable, we have complied with the additional conditions therein, including (if applicable) sending a confirmation or other

notice stating that the Securities may be offered and sold during the distribution compliance period specified in Rule 903 of Regulation S; pursuant to registration of the Securities under the Securities Act; or pursuant to an available exemption from the registration requirements under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Trustee shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified

institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: ____________

____

NOTICE: To be executed by an executive officer

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	**Amount of decrease in Principal amount of this Global Security**	**Amount of increase in Principal amount of this Global Security**	**Principal amount of this Global Security following such decrease or increase)**	**Signature of authorized officer of Trustee or Securities Custodian**

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.06 or 4.12 of the Indenture, check the box:

☐

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.06 or 4.12 of the Indenture, state the amount in principal amount: $

Date: ____________ Your Signature: ____________________

(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee: ____

(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT A

FORM OF FACE OF EXCHANGE SECURITY
OR PRIVATE EXCHANGE SECURITY */**/

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*/ If the Security is to be issued in global form add the Global Securities Legend from Exhibit 1 to Appendix A and the attachment from such Exhibit 1 captioned "[TO BE ATTACHED TO GLOBAL SECURITIES]—SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY".

**/ If the Security is a Private Exchange Security issued in a Private Exchange to an Initial Purchaser holding an unsold portion of its initial allotment, add the Restricted Securities Legend from Exhibit 1 to Appendix A and replace the Assignment Form included in this Exhibit A with the Assignment Form included in such Exhibit 1.

CUSIP No. U14929AA8
ISIN USU14929AA83

No. 002

$1,190,000

9 3/4% Senior Notes Due May 15, 2010

CBRE Escrow, Inc., a Delaware corporation, promises to pay to Cede & Co., or registered assigns, the principal sum of One Million One Hundred Ninety Thousand Dollars on May 15, 2010.

Interest Payment Dates: May 15 and November 15.

Record Dates: May 1 and November 1.

Additional provisions of this Security are set forth on the other side of this Security.

Dated: May 22, 2003

CBRE ESCROW, INC.,

By:

Name: Raymond E. Wirta
Title: Chief Executive Officer

Name: Kenneth J. Kay
Title: Chief Financial Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

U.S. BANK NATIONAL ASSOCIATION

as Trustee, certifies
that this is one of
the Securities referred
to in the Indenture.

By:

Authorized Signatory

FORM OF REVERSE SIDE OF EXCHANGE SECURITY
OR PRIVATE EXCHANGE SECURITY

9 3/4% Senior Note Due May 15, 2010

1. Interest

CBRE Escrow, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; provided, however, that **[if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.50% per annum (increasing by an additional 0.50% per annum after each consecutive 90-day period that occurs after the date on which such Registration Default occurs up to a maximum additional interest rate of 2.00%) from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured.]**[1] The Company will pay interest semiannually on May 15 and November 15 of each year, commencing November 15, 2003. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from May 22, 2003. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the May 1 or November 1 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time

[1] Insert if at the date of issuance of the Exchange Security of Private Exchange Security (as the case may be) any Registration Default has occurred with respect to the related Initial Securities during the interest period in which such date of issuance occurs.

of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium, if any, and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, U.S. Bank National Association (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any Wholly Owned Subsidiary may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Company issued the Securities under an Indenture dated as of May 22, 2003 ("Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are general senior unsecured obligations of the Company. The Company shall be entitled, subject to its compliance with Section 4.03 of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities

issued on the Issue Date, any Additional Securities and all Exchange Securities or Private Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company and its subsidiaries to incur additional indebtedness; pay dividends or distributions on, or redeem or repurchase capital stock; make investments; issue or sell capital stock of subsidiaries; engage in transactions with affiliates; transfer or sell assets; guarantee indebtedness; restrict dividends or other payments of subsidiaries; consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. These covenants are subject to important exceptions and qualifications.

5. Optional Redemption

Except as set forth below or under paragraph 6 below, the Company shall not be entitled to redeem the Securities prior to May 15, 2007.

On and after May 15, 2007, the Company shall be entitled at their option to redeem all or a portion of the Securities upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on May 15 of the years set forth below:

Period	**Redemption Price**
2007	104.875%
2008	102.438
2009 and thereafter	100.000%

Prior to May 15, 2006, the Company may at its option on one or more occasions redeem Securities (which includes Additional Securities, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) originally issued at a redemption price (expressed as a percentage of principal amount) of 109 3/4%, plus accrued and unpaid interest to the

redemption date, with the net cash proceeds from one or more Public Equity Offerings (provided that if the Public Equity Offering is an offering by Parent, a portion of the Net Cash Proceeds thereof equal to the amount required to redeem any securities is contributed to the equity capital of the Company); provided, however, that

(1) at least 65% of such aggregate principal amount of Securities (which includes Additional Securities, if any) remains outstanding immediately after the occurrence of each such redemption (other than Securities held, directly or indirectly by the Company or its Affiliates); and

(2) each such redemption occurs within 90 days after the date of the related Public Equity Offering.

6. Special Mandatory Redemption

In the event the Transactions are not consummated on or prior to July 31, 2003 or the Merger Agreement is terminated at any time prior thereto, the Company shall redeem the Securities at a redemption price equal to 100% of the accreted value thereof on the redemption date (calculated for the period from the Issue Date to such redemption date based on the straight line method over the life of the Securities), plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date). The Company shall be entitled to receive a credit against the accreted value of the Securities required to be redeemed pursuant to this paragraph equal to the accreted value on such redemption date (excluding premium) of any Securities that the Company has acquired or redeemed other than pursuant to this paragraph and has delivered to the Trustee for cancellation. The Company shall be entitled to receive the credit only once for any Security. The Company shall cause the notice of the special mandatory redemption to be mailed no later than the next Business Day following July 31, 2003 or following the date the Merger Agreement is terminated, as applicable, and shall redeem the Securities three Business Days following the date of notice of redemption.

7. Notice of Redemption

Except as set forth in paragraph 6 above, notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

8. Put Provisions

Upon a Change of Control, any Holder of Securities will have the right to cause the Company to purchase all or any part of the Securities of such Holder at a purchase price equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date) as provided in, and subject to the terms of, the Indenture.

9. Guaranties

From and after the Merger Date the payment by the Company of the principal of, and premium and interest on, the Securities is guaranteed on a joint and several senior unsecured basis by each of the Guarantors on the terms set forth in the Indenture.

10. Denominations; Transfer; Exchange

The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for

redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

11. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of it for all purposes.

12. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

13. Discharge and Defeasance

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity, as the case may be.

14. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Securities may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Securities and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company, the Guarantors and the Trustee shall be entitled to amend the Indenture or the Securities to cure any ambiguity, omission, defect or inconsistency, or to provide for the assumption by a successor corporation of

the obligations of the Company, Parent, or any Subsidiary Guarantor, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities, including Subsidiary Guaranties, or to secure the Securities, or to add additional covenants or surrender rights and powers conferred on the Company, Parent or the Subsidiary Guarantors, or to comply with any requirements of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

15. Defaults and Remedies

Under the Indenture, Events of Default include (i) default for 30 days in payment of interest on the Securities; (ii) default in payment of principal on the Securities at maturity, upon redemption pursuant to paragraph 5 or 6 of the Securities, upon acceleration or otherwise, or failure by the Company to redeem or purchase Securities when required; (iii) failure by the Company, Parent or any Subsidiary Guarantor to comply with other agreements in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (iv) acceleration or failure to pay within any grace period after final maturity of other Indebtedness of the Company, or any Significant Subsidiary if the amount accelerated or so unpaid exceeds $10.0 million; (v) certain events of bankruptcy or insolvency with respect to the Company and the Significant Subsidiaries; (vi) certain judgments or decrees for the payment of money in excess of $10.0 million; and (vii) certain defaults with respect to Guaranties. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or

power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

16. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. Authentication

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

19. Abbreviations

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. CUSIP Numbers

The Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

[21. Holders' Compliance with Registration Rights Agreement

Each Holder of a Security, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.][2]

23. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

The Company will furnish to any Securityholder upon written request and without charge to the Securityholder a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

CBRE Escrow, Inc.
355 South Grand Avenue
Suite 3100
Los Angeles, California 90071
Attention: Jeffrey Seery

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[2] Delete if this Security is not being issued in exchange for an Initial Security.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: Your Signature:

Sign exactly as your name appears on the other side of this Security.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.06 or 4.12 of the Indenture, check the box:

☐

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.06 or 4.12 of the Indenture, state the amount in principal amount: $

Date: ____________

Your Signature: ________________________

(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee: ____

(Signature must be guaranteed)

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXECUTION COPY

Exhibit 4.2

$200,000,000

CBRE ESCROW, INC.

9 3/4% Senior Notes Due 2010

To Be Assumed By

CB RICHARD ELLIS SERVICES, INC.

REGISTRATION RIGHTS AGREEMENT

May 8, 2003

CREDIT SUISSE FIRST BOSTON LLC
CREDIT LYONNAIS SECURITIES (USA) INC.
HSBC SECURITIES (USA) INC.
c/o CREDIT SUISSE FIRST BOSTON LLC
Eleven Madison Avenue
New York, N.Y. 10010-3629

Dear Sirs:

CBRE Escrow, Inc., a Delaware corporation (the **"Issuer"**), proposes to issue and sell to Credit Suisse First Boston LLC (**"CSFB"**), Credit Lyonnais Securities (USA) Inc. and HSBC Securities (USA) Inc. (collectively, the **"Initial Purchasers"**), upon the terms set forth in a purchase agreement of even date herewith (the **"Purchase Agreement"**), $200,000,000 aggregate principal amount of its 9 3/4% Senior Notes Due 2010 (the **"Notes"**). The Notes will be issued pursuant to an Indenture, dated as of May 22, 2003 (the **"Indenture"**), between the Issuer and U.S. Bank National Association, as trustee (the **"Trustee"**). As part of the Transactions (as defined in the Purchase Agreement), the Issuer will merge with and into CB Richard Ellis Services, Inc., a Delaware corporation (the **"Company"**), with the Company as the surviving corporation in such merger (the **"Escrow Merger"**). Upon the satisfaction of certain conditions set forth in the Escrow Agreement (as defined in the Purchase Agreement), CBRE Holding, Inc., a Delaware corporation (the **"Parent Guarantor"**), the Company and the subsidiaries of the Company after giving effect to the Merger (as defined in the Purchase Agreement) (the **"Subsidiary Guarantors"**) that are guarantors under the amended and restated credit agreement to be entered into concurrently with the consummation of the Merger will enter into a supplemental indenture relating to the Indenture, which will cause the obligations of the Issuer to be assumed by the Company and to be guaranteed on an unconditional senior basis by the Parent Guarantor (the **"Parent Guaranty"**) and the Subsidiary Guarantors (the **"Subsidiary Guaranties"**). Concurrently on the date thereof, each of Insignia Financial Group, Inc. and its subsidiaries that are Subsidiary Guarantors (collectively, the **"Insignia Guarantors"**) will execute counterparts to this Agreement and the Purchase Agreement, which will cause the Insignia Guarantors to be bound by the obligations of the Subsidiary Guarantors under this Agreement and the Purchase Agreement. If the conditions set forth in the Escrow Agreement are not satisfied, the Issuer will redeem the Notes at a redemption price equal to 100% of the accreted value of the Notes plus accrued and unpaid interest to the date of redemption. As used herein, the **"Company"** refers to the Issuer, the Company, the Parent Guarantor and the Subsidiary Guarantors (other than the Insignia Guarantors) before the Escrow Merger and to the Company, the Parent Guarantor and the Subsidiary Guarantors (including the Insignia Guarantors) after the Escrow Merger. The **"Initial Securities"** refers to the Notes before the Escrow Merger and to the Notes, the Parent Guaranty and the Subsidiary Guaranties after the Escrow Merger.

As an inducement to the Initial Purchasers to enter into the Purchase Agreement, the Company agrees with the Initial Purchasers, for the benefit of the holders of the Initial Securities (including, without limitation, the Initial Purchasers), the Exchange Securities (as defined below) and the Private Exchange Securities (as defined below) (collectively, the **"Holders"**), as follows:

1. *Registered Exchange Offer*. Unless not permitted by applicable law (after the Company has complied with the last paragraph of this Section 1), the Company shall prepare and, not later than 90 days (such 90th day being a **"Filing Deadline"**) after the date on which the Merger is consummated (the **"Merger Date"**), file with the Securities and Exchange Commission (the **"Commission"**) a registration statement (the **"Exchange Offer Registration Statement"**) on an appropriate form under the Securities Act of 1933, as amended (the **"Securities Act"**), with respect to a proposed offer (the **"Registered Exchange Offer"**) to the Holders of Transfer Restricted Securities (as defined in Section 6 hereof), who are not prohibited by any law or policy of the Commission from participating in the Registered Exchange Offer, to issue and deliver to such Holders, in exchange for the Initial Securities, a like aggregate principal amount of debt securities of the Company issued under the Indenture, identical in all material respects to the Initial Securities and registered under the Securities Act (the **"Exchange Securities"**). The Company shall use its reasonable best efforts to (i) cause such Exchange Offer Registration Statement to become effective under the Securities Act within 180 days after the Merger Date (such 180th day being an **"Effectiveness Deadline"**) and (ii) keep the Exchange Offer Registration Statement effective for not less than 20 business days (or longer, if required by applicable law) after the date notice of the Registered Exchange Offer is mailed to the Holders (such period being called the **"Exchange Offer Registration Period"**).

If the Company commences the Registered Exchange Offer, the Company (i) will be entitled to consummate the Registered Exchange Offer 20 business days after such commencement (provided that the Company has accepted all the Initial Securities theretofore validly tendered in accordance with the terms of the Registered Exchange Offer) and (ii) will be required to consummate the Registered Exchange Offer no later than 40 days after the date on which the Exchange Offer Registration Statement is declared effective (such 40th day being the **"Consummation Deadline"**).

Following the declaration of the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder of Transfer Restricted Securities electing to exchange the Initial Securities for Exchange Securities (assuming that such Holder is not an affiliate of the Company within the meaning of the Securities Act, acquires the Exchange Securities in the ordinary course of such Holder's business and has no arrangements with any person to participate in the distribution of the Exchange Securities and is not prohibited by any law or policy of the Commission from participating in the Registered Exchange Offer) to trade such Exchange Securities from and after their receipt without any limitations or restrictions under the Securities Act and without material restrictions under the securities laws of the several states of the United States.

The Company acknowledges that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, in the absence of an applicable exemption therefrom, (i) each Holder which is a broker-dealer electing to exchange Initial Securities, acquired for its own account as a result of market making activities or other trading activities, for Exchange Securities (an **"Exchanging Dealer"**), is required to deliver a prospectus containing the information set forth in (a) Annex A hereto on the cover, (b) Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and (c) Annex C hereto in the "Plan of Distribution" section of such prospectus in connection with a sale of any such Exchange Securities received by such Exchanging Dealer pursuant to the Registered Exchange Offer and (ii) an Initial Purchaser that elects to sell Securities (as defined below) acquired in exchange for Initial Securities constituting any portion of an unsold allotment is required to deliver a prospectus containing the information required by Items 507 or 508 of Regulation S-K under the Securities Act, as applicable, in connection with such sale.

The Company shall use its reasonable best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the prospectus contained therein, in order to permit such prospectus to be lawfully delivered by all persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such persons must comply with such requirements in order to resell the Exchange Securities; provided, however, that (i) in the case where such prospectus and any amendment or supplement thereto must be delivered by an Exchanging Dealer or an Initial Purchaser, such period shall be the lesser of 180 days and the date on which all Exchanging Dealers and the Initial Purchasers have sold all Exchange Securities held by them (unless such period is extended pursuant to Section 3(j) below) and (ii) the Company shall make such prospectus and any amendment or supplement thereto available to any broker-dealer for use in connection with any resale of any Exchange Securities for a period of not less than 180 days after the consummation of the Registered Exchange Offer. Notwithstanding the foregoing, the Company shall not be obligated to keep the Exchange Offer Registration Statement continuously effective to the extent set forth above if the Company determines, in its reasonable judgment, upon advice of counsel, that the continued effectiveness and usability of the Exchange Offer Registration Statement would (i) require the disclosure of material information, which the Company or any of its subsidiaries has a bona fide business reason for preserving as confidential or (ii) interfere with any existing or prospective financing, acquisition, corporate reorganization or other material business situation, transaction or negotiation involving the Company or any of its subsidiaries; provided, however, that the failure to keep the Exchange Offer Registration Statement effective and usable for such reason shall last no longer than 20 days (whereafter Additional Interest (as defined in Section 6(a)) shall accrue and be payable until the Exchange Offer Registration Statement becomes effective and usable) and shall in no event occur during the first 30 days after the Exchange Offer Registration Statement becomes effective. In the event that the Company does not keep the Exchange Offer Registration Statement continuously effective as provided in the immediately preceding sentence, the number of days during which the Exchange Offer Registration Statement is not continuously effective, which shall include the date the Company gives notice that the Exchange Offer Registration Statement is no longer effective, shall be added on to, and therefore extend, the period during which the Company is obligated to use its reasonable best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the prospectus contained therein.

If, upon consummation of the Registered Exchange Offer, any Initial Purchaser holds Initial Securities acquired by it as part of its initial distribution, the Company, simultaneously with the delivery of the Exchange Securities pursuant to the Registered Exchange Offer, shall issue and deliver to such Initial Purchaser upon the written request of such Initial Purchaser, in exchange (the **"Private Exchange"**) for the Initial Securities held by such Initial Purchaser, a like principal amount of debt securities of the Company issued under the Indenture and identical in all material respects to the Initial Securities (the **"Private Exchange Securities"**). The Initial Securities, the Exchange Securities and the Private Exchange Securities are herein collectively called the **"Securities"**.

In connection with the Registered Exchange Offer, the Company shall:

(a) mail to each Holder a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Registered Exchange Offer open for not less than 20 business days (or longer, if required by applicable law) after the date notice thereof is mailed to the Holders;

(c) utilize the services of a depositary for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York, which may be the Trustee or an affiliate of the Trustee;

(d) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York time, on the last business day on which the Registered Exchange Offer shall remain open; and

(e) otherwise comply with all applicable laws.

As soon as practicable after the close of the Registered Exchange Offer or the Private Exchange, as the case may be, the Company shall:

(x) accept for exchange all the Securities validly tendered and not withdrawn pursuant to the Registered Exchange Offer and the Private Exchange;

(y) deliver to the Trustee for cancellation all the Initial Securities so accepted for exchange; and

(z) cause the Trustee to authenticate and deliver promptly to each Holder of the Initial Securities, Exchange Securities or Private Exchange Securities, as the case may be, equal in principal amount to the Initial Securities of such Holder so accepted for exchange.

The Indenture will provide that the Exchange Securities will not be subject to the transfer restrictions set forth in the Indenture and that all the Securities will vote and consent together on all matters as one class and that none of the Securities will have the right to vote or consent as a class separate from one another on any matter.

Interest on each Exchange Security and Private Exchange Security issued pursuant to the Registered Exchange Offer and in the Private Exchange will accrue from the last interest payment date on which interest was paid on the Initial Securities surrendered in exchange therefor or, if no interest has been paid on the Initial Securities, from the date of original issue of the Initial Securities.

Each Holder participating in the Registered Exchange Offer shall be required to represent to the Company that at the time of the consummation of the Registered Exchange Offer (i) any Exchange Securities received by such Holder will be acquired in the ordinary course of business, (ii) such Holder will have no arrangements or understanding with any person to participate in the distribution of the Securities or the Exchange Securities within the meaning of the Securities Act, (iii) such Holder is not an "affiliate," as defined in Rule 405 of the Securities Act, of the Company or if it is an affiliate, such Holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable, (iv) if such Holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the Exchange Securities and (v) if such Holder is a broker-dealer, that it will receive Exchange Securities for its own account in exchange for Initial Securities that were acquired as a result of market-making activities or other trading activities and that it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities.

Notwithstanding any other provisions hereof, the Company will ensure that (i) any Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations thereunder, (ii) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such prospectus, does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2. *Shelf Registration*. If, (i) applicable interpretations of the staff of the Commission do not permit the Company to effect a Registered Exchange Offer, as contemplated by Section 1 hereof, (ii) the Registered Exchange Offer is not consummated by the 220th day after the Merger Date, (iii) any Initial Purchaser so requests with respect to the Initial Securities (or the Private Exchange Securities) not eligible to be exchanged for Exchange Securities in the Registered Exchange Offer and held by it following consummation of the Registered Exchange Offer or (iv) any Holder (other than an Exchanging Dealer) is prohibited by law or Commission policy from participating in the Registered Exchange Offer or, in the case of any Holder (other than an Exchanging Dealer) that participates in the Registered Exchange Offer, such Holder does not receive freely tradeable Exchange Securities on the date of the exchange and any such Holder so requests, the Company shall take the following actions (the date on which any of the conditions described in the foregoing clauses (i) through (iv) occur, including in the case of clauses (iii) or (iv) the receipt of the required notice, being a **"Trigger Date"**):

(a) The Company shall as promptly as practicable (but in no event more than 90 days after the Trigger Date (such 90th day being a**"Filing Deadline"**)) file with the Commission and thereafter use its reasonable best efforts to cause to be declared effective: in the case of clause (i), no later than 180 days after the Merger Date and, in the case of clauses (ii) through (iv), no later than 90th date after the Trigger Date (such 180th day after the Merger Date in the case of clause (i), or such 90th day after the Trigger Date in the case of clauses (ii) through (iv) being an **"Effectiveness Deadline"**) a registration statement (the **"Shelf Registration Statement"** and, together with the Exchange Offer Registration Statement, a **"Registration Statement"**) on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Securities by the Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act (hereinafter, the **"Shelf Registration"**); provided, however, that no Holder (other than the Initial Purchasers) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Company shall use its reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus included therein to be lawfully delivered by the Holders of the relevant Securities, for a period of two years (or for such longer period if extended pursuant to Section 3(j) below) from the date of its effectiveness or such shorter period that will terminate when all the Securities covered by the Shelf Registration Statement (i) have been sold pursuant thereto or (ii) are no longer restricted securities (as defined in Rule 144 under the Securities Act, or any successor rule thereof), provided, however, the Company shall not be obligated to keep the Shelf Registration Statement continuously effective to the extent set forth below if (i) the Company determines, in its reasonable judgment, upon advice of counsel, that the continued effectiveness and usability of the Shelf Registration statement would (x) require the disclosure of material information which the Company or any of its subsidiaries has a bona fide business reason for preserving as confidential or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its subsidiaries, provided that the failure to keep the Shelf Registration Statement effective and usable for offers and sales of Securities for the reasons set forth in clauses (x) and (y) above shall last no longer than 60 days in any 12-month period (whereafter Additional Interest shall accrue and be payable until the Shelf Registration Statement becomes effective and usable) and (ii) the Company promptly thereafter complies with the requirements of Section 3(j) hereof, if applicable; provided, further, that the number of days of any actual Suspension Period (as hereinafter defined) shall be added on to, and therefore extend, the two-year period specified above. Any such period during which the Company is excused from keeping the Shelf Registration Statement effective and usable for offers and sales of securities is referred to herein as a "**Suspension Period**." A Suspension Period shall commence on and include the date that the Company gives notice that the Shelf Registration Statement is no longer effective or the prospectus included therein is no longer usable

for offers and sales of Securities and shall end on the earlier to occur of (1) the date on which each seller of Securities covered by the Shelf Registration Statement either receives the copies of the supplemented or amended prospectus contemplated by Section 3(j) hereof or is advised in writing by the Company that the use of the prospectus may be resumed and (2) the expiration of 60 days in any 12-month period during which one or more Suspension Periods has been in effect. The Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the requisite period if it voluntarily takes any action that would result in Holders of Securities covered thereby not being able to offer and sell such Securities during that period, unless such action is (A) required by applicable law or (B) permitted by this paragraph.

(c) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall cause the Shelf Registration Statement and the related prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement, amendment or supplement, (i) to comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission and (ii) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3. *Registration Procedures*. In connection with any Shelf Registration contemplated by Section 2 hereof and, to the extent applicable, any Registered Exchange Offer contemplated by Section 1 hereof, the following provisions shall apply:

(a) The Company shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and, in the event that an Initial Purchaser (with respect to any portion of an unsold allotment from the original offering) is participating in the Registered Exchange Offer or the Shelf Registration Statement, the Company shall use its reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as such Initial Purchaser reasonably may propose; (ii) include the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of the prospectus forming a part of the Exchange Offer Registration Statement and include the information set forth in Annex D hereto in the Letter of Transmittal delivered pursuant to the Registered Exchange Offer; (iii) if requested by an Initial Purchaser, include the information required by Items 507 or 508 of Regulation S-K under the Securities Act, as applicable, in the prospectus forming a part of the Exchange Offer Registration Statement; (iv) include within the prospectus contained in the Exchange Offer Registration Statement a section entitled "Plan of Distribution," reasonably acceptable to the Initial Purchasers, which shall contain a summary statement of the positions taken or policies made by the staff of the Commission with respect to the potential "underwriter" status of any broker-dealer that is the beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of Exchange Securities received by such broker-dealer in the Registered Exchange Offer (a **"Participating Broker-Dealer"**), whether such positions or policies have been publicly disseminated by the staff of the Commission or such positions or policies, in the reasonable judgment of the Initial Purchasers based upon advice of counsel (which may be in-house counsel), represent the prevailing views of the staff of the Commission; and (v) in the case of a Shelf Registration Statement, include the names of the Holders who propose to sell Securities pursuant to the Shelf Registration Statement as selling securityholders.

(b) The Company shall give written notice to the Initial Purchasers, the Holders of the Securities and any Participating Broker-Dealer from whom the Company has received prior

written notice that it will be a Participating Broker-Dealer in the Registered Exchange Offer (which notice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when the Registration Statement or any amendment thereto has been filed with the Commission and when the Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the Company to make changes in the Registration Statement or the prospectus in order that the Registration Statement or the prospectus do not contain an untrue statement of a material fact nor omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the prospectus, in light of the circumstances under which they were made) not misleading.

(c) The Company shall make every reasonable effort to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Registration Statement.

(d) The Company shall furnish to each Holder of Securities included within the coverage of the Shelf Registration, without charge, at least one copy of the Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(e) The Company shall deliver to each Exchanging Dealer and each Initial Purchaser, and to any other Holder who so requests, without charge, at least one copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if any Initial Purchaser or any such Holder requests, all exhibits thereto (including those incorporated by reference).

(f) The Company shall, during the Shelf Registration Period, deliver to each Holder of Securities included within the coverage of the Shelf Registration, without charge, as many copies of the prospectus (including each preliminary prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such person may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the prospectus or any amendment or supplement thereto by each of the selling Holders of the Securities in connection with the offering and sale of the Securities covered by the prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(g) The Company shall deliver to each Initial Purchaser, any Exchanging Dealer, any Participating Broker-Dealer and such other persons required to deliver a prospectus following the

Registered Exchange Offer, without charge, as many copies of the final prospectus included in the Exchange Offer Registration Statement and any amendment or supplement thereto as such persons may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the prospectus or any amendment or supplement thereto by any Initial Purchaser, if necessary, any Participating Broker-Dealer and such other persons required to deliver a prospectus following the Registered Exchange Offer in connection with the offering and sale of the Exchange Securities covered by the prospectus, or any amendment or supplement thereto, included in such Exchange Offer Registration Statement.

(h) Prior to any public offering of the Securities pursuant to any Registration Statement the Company shall use its reasonable best efforts to register or qualify or cooperate with the Holders of the Securities included therein and their respective counsel in connection with the registration or qualification of the Securities for offer and sale under the securities or "blue sky" laws of such states of the United States as any Holder of the Securities reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities covered by such Registration Statement; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action which would subject it to general service of process or to taxation in any jurisdiction where it is not then so subject.

(i) The Company shall cooperate with the Holders of the Securities to facilitate the timely preparation and delivery of certificates representing the Securities to be sold pursuant to any Registration Statement free of any restrictive legends and in such denominations and registered in such names as the Holders may request a reasonable period of time prior to sales of the Securities pursuant to such Registration Statement.

(j) Upon the occurrence of any event contemplated by paragraphs (ii) through (v) of Section 3(b) above during the period for which the Company is required to maintain an effective Registration Statement, the Company shall promptly prepare and file a post-effective amendment to the Registration Statement or a supplement to the related prospectus and any other required document so that, as thereafter delivered to Holders of the Securities or purchasers of Securities, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Initial Purchasers, the Holders of the Securities and any known Participating Broker-Dealer in accordance with paragraphs (ii) through (v) of Section 3(b) above to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Initial Purchasers, the Holders of the Securities and any such Participating Broker-Dealers shall suspend use of such prospectus, and the period of effectiveness of the Shelf Registration Statement provided for in Section 2(b) above and the Exchange Offer Registration Statement provided for in Section 1 above shall each be extended by the number of days from and including the date of the giving of such notice to and including the date when the Initial Purchasers, the Holders of the Securities and any known Participating Broker-Dealer shall have received such amended or supplemented prospectus pursuant to this Section 3(j).

(k) Not later than the effective date of the applicable Registration Statement, the Company will provide a CUSIP number for the Initial Securities, the Exchange Securities or the Private Exchange Securities, as the case may be, and provide the applicable trustee with printed certificates for the Initial Securities, the Exchange Securities or the Private Exchange Securities, as the case may be, in a form eligible for deposit with The Depository Trust Company.

(l) The Company will comply with all rules and regulations of the Commission to the extent and so long as they are applicable to the Registered Exchange Offer or the Shelf

Registration and will make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement, which statement shall cover such 12-month period.

(m) The Company shall cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, in a timely manner and containing such changes, if any, as shall be necessary for such qualification. In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(n) The Company may require each Holder of Securities to be sold pursuant to the Shelf Registration Statement to furnish to the Company such information regarding the Holder and the distribution of the Securities as the Company may from time to time reasonably require for inclusion in the Shelf Registration Statement, and the Company may exclude from such registration the Securities of any Holder that unreasonably fails to furnish such information within a reasonable time after receiving such request.

(o) The Company shall enter into such customary agreements (including, if requested by the Holders of at least 10% of the aggregate principal amount of the outstanding Securities covered thereby, an underwriting agreement in customary form) and take all such other action, if any, as the Holders of at least 10% of the aggregate principal amount of the outstanding Securities shall reasonably request in order to facilitate the disposition of the Securities pursuant to any Shelf Registration.

(p) In the case of any Shelf Registration, the Company shall (i) make reasonably available for inspection by the Holders of the Securities, any underwriter participating in any disposition pursuant to the Shelf Registration Statement and any attorney, accountant or other agent retained by the Holders of the Securities or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and (ii) cause the Company's officers, directors, employees, accountants and auditors to supply all relevant information reasonably requested by the Holders of the Securities or any such underwriter, attorney, accountant or agent in connection with the Shelf Registration Statement (the information supplied pursuant to clauses (i) and (ii) being the **"Records"**), in each case, as shall be reasonably necessary to enable such persons, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that any such person shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company as confidential at the time of delivery of such information shall be kept confidential by such person, unless (A) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (B) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of the Registration Statement or the use of any prospectus) or (C) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard such information by such person; provided further that the foregoing inspection and information gathering shall be coordinated on behalf of the Initial Purchasers by CSFB and on behalf of the other parties by one counsel designated by and on behalf of such other parties as described in Section 4 hereof. Each Holder of Securities and the Initial Purchasers further agree and shall cause any person reviewing documents on their behalf pursuant to this paragraph (p) to agree, that it will, upon learning that disclosure of such Records is sought pursuant to clause (A) or (B) above, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(q) In the case of any Shelf Registration, the Company, if requested by any Holder of at least 10% of the aggregate principal amount of the outstanding Securities covered thereby, shall cause (i) its counsel to deliver an opinion and updates thereof relating to the Securities in customary form addressed to such Holders and the managing underwriters, if any, thereof and dated, in the case of the initial opinion, the effective date of such Shelf Registration Statement (it being agreed that the matters to be covered by such opinion shall include, without limitation, the due incorporation and good standing of the Company and the Subsidiary Guarantors); the qualification of the Company and the Subsidiary Guarantors to transact business as foreign corporations; the due authorization, execution and delivery of the relevant agreement of the type referred to in Section 3(o) hereof; the due authorization, execution, authentication and issuance, and the validity and enforceability, of the applicable Securities; the absence of material legal or governmental proceedings involving the Company and the Subsidiary Guarantors; the absence of governmental approvals required to be obtained in connection with the Shelf Registration Statement, the offering and sale of the applicable Securities, or any agreement of the type referred to in Section 3(o) hereof; the compliance as to form of such Shelf Registration Statement and any documents incorporated by reference therein and of the Indenture with the requirements of the Securities Act and the Trust Indenture Act, respectively; and, as of the date of the opinion and as of the effective date of the Shelf Registration Statement or most recent post-effective amendment thereto (or in the case of a Shelf Registration Statement where a new Annual Report on Form 10-K has been filed by the Company subsequent to the effective date of the Shelf Registration Statement or latest post-effective amendment thereto, as of the date of such Annual Report), as the case may be, the absence from such Shelf Registration Statement and the prospectus included therein, as then amended or supplemented, and from any documents incorporated by reference therein of an untrue statement of a material fact or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any such documents, in the light of the circumstances existing at the time that such documents were filed with the Commission under the Exchange Act); (ii) its officers to execute and deliver all customary documents and certificates and updates thereof requested by any underwriters of the applicable Securities and (iii) its independent public accountants to provide to the selling Holders of the applicable Securities and any underwriter therefor a comfort letter in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

(r) In the case of the Registered Exchange Offer, if requested by any Initial Purchaser or any known Participating Broker-Dealer, the Company shall cause (i) its counsel to deliver to such Initial Purchaser or such Participating Broker-Dealer a signed opinion substantially in the form set forth in Exhibits A and C to the Purchase Agreement, modified as is customary in connection with the preparation of a Registration Statement and (ii) its independent public accountants to deliver to such Initial Purchaser or such Participating Broker-Dealer a comfort letter, in customary form, meeting the requirements as to the substance thereof as set forth in Section 6(a) of the Purchase Agreement, with appropriate date changes.

(s) If a Registered Exchange Offer or a Private Exchange is to be consummated, upon delivery of the Initial Securities by Holders to the Company (or to such other Person as directed by the Company) in exchange for the Exchange Securities or the Private Exchange Securities, as the case may be, the Company shall mark, or caused to be marked, on the Initial Securities so exchanged that such Initial Securities are being canceled in exchange for the Exchange Securities or the Private Exchange Securities, as the case may be; in no event shall the Initial Securities be marked as paid or otherwise satisfied.

(t) If the Initial Securities have been rated prior to the initial sale of such Initial Securities, the Company will use its reasonable best efforts to confirm such ratings will apply to the Securities covered by a Registration Statement.

(u) In the event that any broker-dealer registered under the Exchange Act shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the **"Rules"**) of the National Association of Securities Dealers, Inc. (**"NASD"**)) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company will assist such broker-dealer in complying with the requirements of such Rules, including, without limitation, by (i) if such Rules, including Rule 2720, shall so require, engaging a "qualified independent underwriter" (as defined in Rule 2720) to participate in the preparation of the Registration Statement relating to such Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities, (ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof and (iii) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Rules.

(v) The Company shall use its reasonable best efforts to take all other steps necessary to effect the registration of the Securities covered by a Registration Statement contemplated hereby.

4. *Registration Expenses*. (a) All expenses incident to the Company's performance of and compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement is ever filed or becomes effective, including without limitation;

(i) all registration and filing fees and expenses;

(ii) all fees and expenses of compliance with federal securities and state "blue sky" or securities laws;

(iii) all expenses of printing (including printing certificates for the Securities to be issued in the Registered Exchange Offer and the Private Exchange and printing of Prospectuses), messenger and delivery services and telephone;

(iv) all fees and disbursements of counsel for the Company;

(v) all application and filing fees in connection with listing the Exchange Securities on a national securities exchange or automated quotation system pursuant to the requirements hereof; and

(vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any person, including special experts, retained by the Company.

(b) In connection with any Registration Statement required by this Agreement, the Company will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities

who are tendering Initial Securities in the Registered Exchange Offer and/or selling or reselling Securities pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements (such fees and disbursements not to exceed $10,000) of not more than one counsel, who shall be Cravath, Swaine & Moore unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

5. *Indemnification*. (a) The Company agrees to indemnify and hold harmless each Holder of the Securities, any Participating Broker-Dealer and each person, if any, who controls such Holder or such Participating Broker-Dealer within the meaning of the Securities Act or the Exchange Act (each Holder, any Participating Broker-Dealer and such controlling persons are referred to collectively as the **"Indemnified Parties"**) from and against any losses, claims, damages or liabilities, joint or several, or any actions in respect thereof (including, but not limited to, any losses, claims, damages, liabilities or actions relating to purchases and sales of the Securities) to which each Indemnified Party may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to a Shelf Registration, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse, as incurred, the Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action in respect thereof; provided, however, that (i) the Company shall not be liable in any such case to the extent that such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission (A) made in a Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to a Shelf Registration in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Holder specifically for inclusion therein or (B) resulting from the use of the prospectus during the period when the use of the prospectus was suspended or otherwise unavailable for sales thereunder in accordance with the terms of this Agreement; provided, however, that Holders received at least 10 days prior written notice of such suspension or other unavailability; and (ii) with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus relating to a Shelf Registration Statement, the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Holder or Participating Broker-Dealer from whom the person asserting any such losses, claims, damages or liabilities purchased the Securities concerned, to the extent that a prospectus relating to such Securities was required to be delivered by such Holder or Participating Broker-Dealer under the Securities Act in connection with such purchase and any such loss, claim, damage or liability of such Holder or Participating Broker-Dealer results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Securities to such person, a copy of the final prospectus if the Company had previously furnished copies thereof to such Holder or Participating Broker-Dealer; provided further, however, that this indemnity agreement will be in addition to any liability which the Company may otherwise have to such Indemnified Party. The Company shall also indemnify underwriters, their officers and directors and each person who controls such underwriters within the meaning of the Securities Act or the Exchange Act to the same extent as provided above with respect to the indemnification of the Holders of the Securities if requested by such Holders.

(b) Each Holder of the Securities, severally and not jointly, will indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act from and against any losses, claims, damages or liabilities or any actions in respect thereof, to which the Company or any such controlling person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or

alleged untrue statement of a material fact contained in a Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to a Shelf Registration, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or omission or alleged untrue statement or omission was made in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Holder specifically for inclusion therein; and, subject to the limitation set forth immediately preceding this clause, shall reimburse, as incurred, the Company for any legal or other expenses reasonably incurred by the Company or any such controlling person in connection with investigating or defending any loss, claim, damage, liability or action in respect thereof. This indemnity agreement will be in addition to any liability which such Holder may otherwise have to the Company or any of its controlling persons.

(c) Promptly after receipt by an indemnified party under this Section 5 of notice of the commencement of any action or proceeding (including a governmental investigation), such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 5, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof the indemnifying party will not be liable to such indemnified party under this Section 5 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action, and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 5 is unavailable or insufficient to hold harmless an indemnified party under subsections (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the exchange of the Securities, pursuant to the Registered Exchange Offer, or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Holder or such other indemnified party, as the case may be, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or

omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding any other provision of this Section 5(d), the Holders of the Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds received by such Holders from the sale of the Securities pursuant to a Registration Statement exceeds the amount of damages which such Holders have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls such indemnified party within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such indemnified party and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as the Company.

(e) The agreements contained in this Section 5 shall survive the sale of the Securities pursuant to a Registration Statement and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

6. *Additional Interest Under Certain Circumstances.* (a) Additional interest (the **"Additional Interest"**) with respect to the Securities shall be assessed as follows if any of the following events occur (each such event in clauses (i) through (iv) below being herein called a **"Registration Default"**):

(i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline;

(ii) any Registration Statement required by this Agreement is not declared effective by the Commission on or prior to the applicable Effectiveness Deadline;

(iii) the Registered Exchange Offer has not been consummated on or prior to the Consummation Deadline; or

(iv) any Registration Statement required by this Agreement has been declared effective by the Commission but (A) such Registration Statement thereafter ceases to be effective or (B) such Registration Statement or the related prospectus ceases to be usable in connection with resales of Transfer Restricted Securities during the periods specified herein because either (1) any event occurs as a result of which the related prospectus forming part of such Registration Statement would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or (2) it shall be necessary to amend such Registration Statement or supplement the related prospectus, to comply with the Securities Act or the Exchange Act or the respective rules thereunder.

Each of the foregoing will constitute a Registration Default whatever the reason for any such event and whether it is voluntary or involuntary or is beyond the control of the Company or pursuant to operation of law or as a result of any action or inaction by the Commission.

Additional Interest shall accrue on the Securities over and above the interest set forth in the title of the Securities from and including the date on which any such Registration Default shall occur to but

excluding the date on which all such Registration Defaults have been cured, at a rate of 0.50% per annum (the **"Additional Interest Rate"**) for the first 90-day period immediately following the occurrence of such Registration Default. The Additional Interest Rate shall increase by an additional 0.50% per annum with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum Additional Interest Rate of 2.0% per annum.

(b) A Registration Default referred to in Section 6(a)(iv) hereof shall be deemed not to have occurred and be continuing in relation to a Shelf Registration Statement or the related prospectus if (i) such Registration Default has occurred solely as a result of (x) the filing of a post-effective amendment to such Shelf Registration Statement to incorporate annual audited financial information with respect to the Company where such post-effective amendment is not yet effective and needs to be declared effective to permit Holders to use the related prospectus or (y) other material events, with respect to the Company that would need to be described in such Shelf Registration Statement or the related prospectus and (ii) in the case of clause (y), the Company is proceeding promptly and in good faith to amend or supplement such Shelf Registration Statement and related prospectus to describe such events; provided, however, that in any case if such Registration Default occurs for a continuous period in excess of 30 days, Additional Interest shall be payable in accordance with the above paragraph from the day such Registration Default occurs until such Registration Default is cured.

(c) Any amounts of Additional Interest due pursuant to Section 6(a) will be payable in cash on the regular interest payment dates with respect to the Securities. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest Rate by the principal amount of the Securities and further multiplied by a fraction, the numerator of which is the number of days such Additional Interest Rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months), and the denominator of which is 360.

(d) **"Transfer Restricted Securities"** means each Security until (i) the date on which such Security has been exchanged by a person other than a broker-dealer for a freely transferable Exchange Security in the Registered Exchange Offer, (ii) following the exchange by a broker-dealer in the Registered Exchange Offer of an Initial Security for an Exchange Note, the date on which such Exchange Note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the Exchange Offer Registration Statement, (iii) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iv) the date on which such Security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act.

7. *Rules 144 and 144A*. The Company shall use its best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder of Securities, make publicly available other information so long as necessary to permit sales of their Securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder of Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)). The Company will provide a copy of this Agreement to prospective purchasers of Initial Securities identified to the Company by the Initial Purchasers upon request. Upon the request of any Holder of Initial Securities, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 7 shall be deemed to require the Company to register any of its Securities pursuant to the Exchange Act.

8. *Underwritten Registrations*. If any of the Transfer Restricted Securities covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering (**"Managing Underwriters"**) will be selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Securities to be included in such offering and shall be reasonably acceptable to the Company.

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. Miscellaneous.

(a) *Remedies*. The Company acknowledges and agrees that any failure by the Company to comply with its obligations under Section 1 and 2 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Sections 1 and 2 hereof. The Company further agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Inconsistent Agreements*. The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) *Amendments and Waivers*. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by the Company and the written consent of the Holders of a majority in principal amount of the Securities affected by such amendment, modification, supplement, waiver or consents.

(d) *Notices*. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first-class mail, facsimile transmission, or air courier which guarantees overnight delivery:

(1) if to a Holder of the Securities, at the most current address given by such Holder to the Company.

(2) if to the Initial Purchasers;

Credit Suisse First Boston LLC
Eleven Madison Avenue
New York, NY 10010-3629
Fax No.: (212) 325-8278
Attention: Transactions Advisory Group

with a copy to:

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
Fax No.: (212) 474-3700
Attention: Stephen L. Burns, Esq.

(3) if to the Company, at its address as follows:

CBRE Escrow, Inc.
c/o CB Richard Ellis Services, Inc.
355 South Grand Avenue, Suite 3100
Los Angeles, CA 90071
Fax No.: (213) 613-3100
Attention: Kenneth J. Kay

with a copy to:

Simpson Thacher & Bartlett
3330 Hillview Avenue
Palo Alto, CA 94304
Fax No.: (650) 251-5002
Attention: William B. Brentani, Esq.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged by recipient's facsimile machine operator, if sent by facsimile transmission; and on the day delivered, if sent by overnight air courier guaranteeing next day delivery.

(e) *Third Party Beneficiaries*. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder.

(f) *Successors and Assigns*. This Agreement shall be binding upon the Company, the Initial Purchasers and their successors and assigns.

(g) *Counterparts*. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(j) *Severability*. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and

enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) *Securities Held by the Company.* Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities is required hereunder, Securities held by the Company or its affiliates (other than subsequent Holders of Securities if such subsequent Holders are deemed to be affiliates solely by reason of their holdings of such Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the several Initial Purchasers, the Issuer, the Company, the Parent Guarantor and the Subsidiary Guarantors party hereto in accordance with its terms.

Very truly yours,

CBRE ESCROW, INC.

by /s/ ELLIS D. REITER, JR.

Name: Ellis D. Reiter, Jr.
Title: Exec. Vice President/Secretary

CB RICHARD ELLIS SERVICES, INC.

by /s/ ELLIS D. REITER, JR.

Name: Ellis D. Reiter, Jr.
Title: Exec. Vice President/Secretary

CBRE HOLDING, INC.

by /s/ ELLIS D. REITER, JR.

Name: Ellis D. Reiter, Jr.
Title: Exec. Vice President/Secretary

CB Richard Ellis, Inc.
CBRE Consulting, Inc.
Sol L. Rabin, Inc.
Vincent F. Martin, Jr., Inc.
CBRE-Profi Acquisition Corp.
CB Richard Ellis Investors, Inc.
CBRE HR, Inc.
CB Richard Ellis Corporate Facilities Management, Inc.
CB Richard Ellis of California, Inc.
Westmark Real Estate Acquisition Partnership, LP
Holdpar A, G.P.
Holdpar B, G.P.
CB Richard Ellis Investors, LLC
CBREI Manager, L.L.C.
CBREI Funding, L.L.C.
Global Innovation Advisor, LLC
L.J. Melody & Company
LJMGP, LLC
CBRE/LJM-Nevada, Inc.
CBRE/LJM Mortgage Company LLC
L.J. Melody & Company of Texas, LP
Koll Investment Management, Inc.
Koll Partnerships I, Inc.
Koll Partnerships II, Inc.
Koll Capital Markets Group, Inc.
Bonutto-Hofer Investments

by /s/ ELLIS D. REITER, JR.

Name: Ellis D. Reiter, Jr.
Title: Authorized Signatory

The foregoing Registration
Rights Agreement is hereby confirmed
and accepted as of the date first
above written.

CREDIT SUISSE FIRST BOSTON LLC
Acting on behalf of itself and as the Representative
of the several Initial Purchasers

By CREDIT SUISSE FIRST BOSTON LLC

By /s/ JAMES STONE

Name: James Stone
Title: Director

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Initial Securities where such Initial Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date (as defined herein), it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See “Plan of Distribution.”

Each broker-dealer that receives Exchange Securities for its own account in exchange for Initial Securities, where such Initial Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. See “Plan of Distribution.”

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Initial Securities where such Initial Securities were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date, it will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , [ ], all dealers effecting transactions in the Exchange Securities may be required to deliver a prospectus.[1]

The Company will not receive any proceeds from any sale of Exchange Securities by broker-dealers. Exchange Securities received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Securities. Any broker-dealer that resells Exchange Securities that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the Holders of the Securities) other than commissions or concessions of any brokers or dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

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[1] In addition, the legend required by Item 502(e) of Regulation S-K will appear on the inside front cover page of the Exchange Offer prospectus below the Table of Contents.

☐ CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:______________________________
Address:______________________________

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Securities. If the undersigned is a broker-dealer that will receive Exchange Securities for its own account in exchange for Initial Securities that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

EXHIBIT 12.1

CBRE HOLDING, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS
(Dollars in thousands)

	CB Richard Ellis Services				Derived Services	Derived Services	Derived Services	Derived Services	Derived Services	Derived Services
	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 2000	Period from January 1, 2001 through July 20, 2001	February 20, 2001 (inception) through December 31, 2001	Twelve Months Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Pro Forma Twelve Months Ended December 31, 2002	Pro Forma Six Months Ended June 30, 2003
Income (loss) before provision for income taxes	$ 50,483	$ 39,461	$ 68,139	$ (32,910)	$ 43,006	$ 60,434	$ 8,424	$ 12,686	$ 58,186	$ (148)
Less: Equity income from unconsolidated subsidiaries.	3,443	7,528	7,112	2,854	1,661	8,968	3,221	6,993	8,968	6,993
Add: Distributed earnings of unconsolidated subsidiaries	2,267	12,662	8,389	2,844	2,408	10,417	3,900	5,215	10,417	5,215
Fixed charges	42,089	56,524	59,985	31,063	30,419	71,675	36,565	39,260	111,278	56,236
Total earnings before fixed charges	$ 91,396	$ 101,119	$ 129,401	$ (1,857)	$ 74,172	$ 133,558	$ 45,668	$ 50,168	$ 170,913	$ 54,310
Fixed charges:										
Portion of rent expense representative of the interest factor (1)	$ 11,042	$ 17,156	$ 18,285	$ 10,760	$ 8,901	$ 22,518	$ 11,259	$ 13,849	$ 32,284	$ 19,001
Interest expense	31,047	39,368	41,700	20,303	21,518	49,157	25,306	25,411	78,994	37,235
Total fixed charges	$ 42,089	$ 56,524	$ 59,985	$ 31,063	$ 30,419	$ 71,675	$ 36,565	$ 39,260	$ 111,278	$ 56,236
Ratio of earnings to fixed charges	2.17	1.79	2.16	n/a(2)	2.44	1.86	1.25	1.28	1.54	0.97(3)

(1) Represents one-third of operating lease costs, which approximates the portion that relates to the interest portion.

(2) The ratio of earnings to fixed charges was negative for the period from January 1, 2001 to July 20, 2001. Additional earnings of $32.9 million would be needed to have a one-to-one ratio.

(3) Additional earnings of $1.9 million would be needed to have a one-to-one ratio of earnings to fixed charges.

CBRE HOLDING, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS
(Dollars in thousands)

EXHIBIT 12.2

	Predecessor	Predecessor	Predecessor	Predecessor	Company	Company	Company	Company	Company	Company
	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	Twelve Months Ended December 31, 1998	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 2000	Period from January 1, 2001 through July 20, 2001	February 20, 2001 (inception) through December 31, 2001	Twelve Months Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Pro Forma Twelve Months Ended December 31, 2002	Pro Forma Six Months Ended June 30, 2003
Income (loss) before provision for income taxes	$ 50,483	$ 39,461	$ 68,139	$ (32,910)	$ 35,442	$ 48,833	$ 2,654	$ 6,746	$ 46,585	$ (6,088)
Less: Equity income from unconsolidated subsidiaries	3,443	7,528	7,112	2,854	1,661	8,968	3,221	6,993	8,968	6,993
Add: Distributed earnings of unconsolidated subsidiaries	2,267	12,662	8,389	2,844	2,408	10,417	3,900	5,215	10,417	5,215
Fixed charges	42,089	56,524	59,985	31,063	38,618	83,019	42,180	45,113	122,622	62,089
Total earnings before fixed charges	$ 91,396	$ 101,119	$ 129,401	$ (1,857)	$ 74,807	$ 133,301	$ 45,513	$ 50,081	$ 170,656	$ 54,223
Fixed charges:										
Portion of rent expense representative of the interest factor (1)	$ 11,042	$ 17,156	$ 18,285	$ 10,760	$ 8,901	$ 22,518	$ 11,259	$ 13,849	$ 32,284	$ 19,001
Interest expense	31,047	39,368	41,700	20,303	29,717	60,501	30,921	31,264	90,338	43,088
Total fixed charges	$ 42,089	$ 56,524	$ 59,985	$ 31,063	$ 38,618	$ 83,019	$ 42,180	$ 45,113	$ 122,622	$ 62,089
Ratio of earnings to fixed charges	2.17	1.79	2.16	n/a(2)	1.94	1.61	1.08	1.11	1.39	0.87(3)

(1) Represents one-third of operating lease costs, which approximates the portion that relates to the interest portion.
(2) The ratio of earnings to fixed charges was negative for the period from January 1, 2001 to July 20, 2001. Additional earnings of $32.9 million would be needed to have a one-to-one ratio.
(3) Additional earnings of $7.9 million would be needed to have a one-to-one ratio of earnings to fixed charges.

Exhibit 23.1

Independent Auditor's Consent

The Stockholders
CBRE Holding, Inc.

We consent to the use in this Registration Statement of CBRE Holding, Inc. on Form S-4 of our report dated March 21, 2003 (which report expresses an unqualified opinion and includes explanatory paragraphs referring to the adoption of Statement of Financial Accounting Standards No. 142 effective January 1, 2002 and concerning the application of procedures relating to certain disclosures of financial statement amounts related to the 2001 and 2000 financial statements that were audited by other auditors who have ceased operations and for which we have expressed no opinion or other form of assurance other than with respect to such disclosures), appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP

Los Angeles, CA
October 17, 2003

Exhibit 23.2

Independent Auditors' Consent

The Stockholders
Insignia Financial Group, Inc.:

We consent to the use of our report dated October 15, 2003, with respect to the consolidated balance sheet of Insignia Financial Group, Inc. as of December 31, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, included in this registration statement on Form S-4 of CB Richard Ellis Services, Inc., and to the reference to our firm under the heading "Experts" in the registration statement. Our report refers to the adoption of the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, and to the adoption of the accounting principles set forth in Statements of Financial Accounting Standards Nos. 141 and 142 effective January 1, 2002.

/s/ KPMG LLP

New York, New York
October 17, 2003

Exhibit 23.3

Consent of Ernst & Young LLP, Independent Auditors

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated February 8, 2002 (except Notes 3,4,5,15 and 19, as to which the date is October 15, 2003) with respect to the consolidated financial statements of Insignia Financial Group, Inc. included in the Registration Statement on Form S-4 and the related Prospectus of CB Richard Ellis Services, Inc. for the registration of $200,000,000 of 9 3/4% Senior Notes Due May 15, 2010.

/s/ Ernst & Young LLP

New York, New York
October 17, 2003