

REGISTRATION NO. 333-46681

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-11
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

CORRECTIONAL PROPERTIES TRUST
(Exact Name of Registrant as Specified in its Governing Instruments)

4200 WACKENHUT DRIVE
PALM BEACH GARDENS, FLORIDA 33410-4243
(561) 691-6644

(Address, Including Zip Code, and Telephone Number, Including Area Code, of
Registrant's Principal Executive Offices)

MR. CHARLES R. JONES
4200 WACKENHUT DRIVE
PALM BEACH GARDENS, FLORIDA 33410-4243
(561) 691-6644

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code,
of Agent for Service)

AMENDMENT NO. 1

TO

FORM S-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

WACKENHUT CORRECTIONS CORPORATION
(Exact Name of Co-Registrant as Specified in its Charter)

4200 WACKENHUT DRIVE
PALM BEACH GARDENS, FLORIDA 33410-4243
(561) 622-5656

(Address, Including Zip Code, and Telephone Number, Including Area Code, of
Registrant's Principal Executive Offices)

JAMES P. ROWAN, ESQ.
4200 WACKENHUT DRIVE
PALM BEACH GARDENS, FLORIDA 33410-4243
(561) 622-5656

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code,
of Agent for Service)

Copies of all communications to:

BRUCE I. MARCH, ESQ.
AKERMAN, SENTERFITT & EIDSON, P.A.
ONE SOUTHEAST THIRD AVENUE, 28TH FLOOR
MIAMI, FLORIDA 33131-1704
(305) 374-5600

STEVEN L. LICHTENFELD, ESQ.
BATTLE FOWLER LLP
75 EAST 55TH STREET
NEW YORK, NEW YORK 10022
(212) 856-7000

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

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please 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(c)
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 delivery of the prospectus is expected to be made pursuant to Rule 434,
 please check the following box. []

TITLE OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Shares of Beneficial Interest, par value \$.001 per share	7,130,000 shares	\$21.00	\$149,730,000	\$44,170.35(3)

- (1) Includes 930,000 shares which may be purchased by the underwriters solely to cover over-allotments if any.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act.
- (3) Previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT 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 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

=====

EXPLANATORY NOTE

The sole purpose of this Amendment No. 1 to Registration Statement on Form S-11 and Amendment No. 1 to Registration Statement on Form S-3 is to file certain exhibits, as outlined in Item 36 hereto.

ITEM 36. FINANCIAL STATEMENTS AND EXHIBITS

(b) Exhibits:

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----
1	-- Form of Underwriting Agreement**
2	-- Form of Agreement of Sale and Purchase between Wackenhut Corrections Corporation and CPT Operating Partnership L.P.
3.1	-- Declaration of Trust of Correctional Properties Trust*
3.2	-- Form of Articles of Amendment and Restatement of Declaration of Trust of Correctional Properties Trust
3.3	-- Bylaws of Correctional Properties Trust*
3.4	-- Form of Amended and Restated Bylaws of Correctional Properties Trust
3.5	-- Specimen of certificate representing the Common Shares
4.1	-- Provisions defining the rights of shareholders are found in the Form of Amended and Restated Declaration of Trust and the Form of Amended and Restated Bylaws, respectively, of Correctional Properties Trust (included as Exhibits 3.2 and 3.4 to the Registration Statement)
4.2	-- Commitment for Arrangement of Bank Credit Facility and Financing with Summary of Terms and Conditions from _____ and _____ and accepted by Correctional Properties Trust**
5.1	-- Opinion of Verable, Baetjer and Howard, LLP., regarding the validity of the Common Shares**
8.1	-- Form of Opinion of Akerman, Senterfitt & Eidson, P.A., regarding certain federal income tax matters
10.1	-- Agreement of Limited Partnership of CPT Operating Limited Partnership L.P.
10.2	-- Form of Master Agreement to Lease between CPT Operating Partnership L.P. and Wackenhut Corrections Corporation.
10.3	-- Form of Lease Agreement between CPT Operating Partnership L.P. and Wackenhut Corrections Corporation
10.4	-- Form Right to Purchase Agreement between Wackenhut Corrections Corporation and CPT Operating Partnership L.P.
10.5	-- Form of Option Agreement between Wackenhut Corrections Corporation and CPT Operating Partnership L.P.
10.6	-- Form of Trustee and Officer Indemnification Agreement between Correctional Properties Trust and its trustees and officers
10.7	-- Form of Correctional Properties Trust 1998 Employee Share Incentive Plan**
10.8	-- Form of Correctional Properties Trust Non-Employee Trustees' Share Option Plan**
21	-- List of Subsidiaries of Correctional Properties Trust**
23.1	-- Consent of Verable, Baetjer and Howard, LLP. (included in Exhibit 5.1)**
23.2	-- Form of Consent of Akerman, Senterfitt & Eidson, P.A. (included in Exhibit 8.1)
23.3	-- Consent of Arthur Andersen LLP*
23.4	-- Consent of George R. Wackenhut to Become a Trustee*
23.5	-- Consent of Richard R. Wackenhut to Become a Trustee*
23.6	-- Consent of Anthony D. Trivisono to Become a Trustee*
23.7	-- Consent of Clarence E. Anthony to Become a Trustee*

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----
23.8	-- Consent of James D. Motta to Become a Trustee*
23.9	-- Consent of William M. Murphy to Become a Trustee*
23.10	-- Consent of Robert R. Veach, Jr. to Become a Trustee*
24	-- Powers of Attorney*

* Previously filed

** To be filed by Amendment

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form S-11 to be signed on its behalf by the undersigned, thereunto duly approved, in the City of Palm Beach Gardens, State of Florida, on the day of March 20, 1998.

CORRECTIONAL PROPERTIES TRUST

By: /s/ CHARLES R. JONES

 Charles R. Jones
 President, Chief Executive Officer
 and Trustee

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
* ----- Dr. George C. Zoley	Chairman of the Board	March 20, 1998
/s/ CHARLES R. JONES ----- Charles R. Jones	President and Chief Executive Officer and Trustee (principal executive officer)	March 20, 1998
* ----- Patrick T. Hogan	Vice President and Chief Financial Officer (principal financial and accounting officer)	March 20, 1998
*By: /s/ CHARLES R. JONES ----- Charles R. Jones Attorney-in-fact		

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Wackenhut Corrections Corporation certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Palm Beach Gardens, State of Florida, on the 20th day of March, 1998.

WACKENHUT CORRECTIONS CORPORATION

By: /s/ JOHN G. O'ROURKE

 John G. O'Rourke
 Senior Vice President -- Finance,
 Treasurer and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the 20th day of March, 1998.

SIGNATURE

TITLE

*

Vice Chairman of the Board and Chief
 Executive

 George C. Zoley

Officer (principal executive officer)

/s/ JOHN G. O'ROURKE

Senior Vice President -- Finance, Treasurer
 and Chief Financial Officer (principal
 financial officer)

 John G. O'Rourke

*

Controller, Chief Accounting Officer and
 Assistant Treasurer (principal accounting
 officer)

 David N.T. Watson

*

Director

 George R. Wackenhut

*

Director

 Richard R. Wackenhut

*

Director

 Norman A. Carlson

*

Director

 Benjamin R. Civiletti

*

Director

 Manuel J. Justiz

SIGNATURE

TITLE

*

Director

John F. Ruffle

*By: /s/ JOHN G. O'ROURKE

John G. O'Rourke
Attorney-in-fact

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	SEQUENTIALLY NUMBERED PAGE
1	-- Form of Underwriting Agreement**.....	
2	-- Form of Agreement of Sale and Purchase between Wackenhut Corrections Corporation and CPT Operating Partnership L.P....	
3.1	-- Declaration of Trust of Correctional Properties Trust*.....	
3.2	-- Form of Articles of Amendment and Restatement of Declaration of Trust of Correctional Properties Trust.....	
3.3	-- Bylaws of Correctional Properties Trust*.....	
3.4	-- Form of Amended and Restated Bylaws of Correctional Properties Trust.....	
3.5	-- Specimen of certificate representing the Common Shares.....	
4.1	-- Provisions defining the rights of shareholders are found in the Form of Amended and Restated Declaration of Trust and the Form of Amended and Restated Bylaws, respectively, of Correctional Properties Trust (included as Exhibits 3.2 and 3.4 to the Registration Statement).....	
4.2	-- Commitment for Arrangement of Bank Credit Facility and Financing with Summary of Terms and Conditions from and accepted by Correctional Properties Trust**.....	
5.1	-- Opinion of Verable, Baetjer and Howard, LLP., regarding the validity of the Common Shares**.....	
8.1	-- Form of Opinion of Akerman, Senterfitt & Eidson, P.A., regarding certain federal income tax matters.....	
10.1	-- Agreement of Limited Partnership of Correctional Properties Trust Operating Limited Partnership L.P.....	
10.2	-- Form of Master Agreement to Lease between CPT Operating Partnership L.P. and Wackenhut Corrections Corporation.....	
10.3	-- Form of Lease Agreement between CPT Operating Partnership L.P. and Wackenhut Corrections Corporation.....	
10.4	-- Form Right to Purchase Agreement between Wackenhut Corrections Corporation and CPT Operating Partnership L.P....	
10.5	-- Form of Option Agreement between Wackenhut Corrections Corporation and CPT Operating Partnership L.P.....	
10.6	-- Form of Trustee and Officer Indemnification Agreement between Correctional Properties Trust and its trustees and officers.....	
10.7	-- Form of Correctional Properties Trust 1998 Employee Share Incentive Option Plan**.....	
10.8	-- Form of Correctional Properties Trust Non-Employee Trustees' Share Plan**.....	
21	-- List of Subsidiaries of Correctional Properties Trust**.....	
23.1	-- Consent of Verable, Baetjer and Howard, LLP. (included in Exhibit 5.1)**.....	
23.2	-- Form of Consent of Akerman, Senterfitt & Eidson, P.A. (included in Exhibit 8.1).....	
23.3	-- Consent of Arthur Andersen LLP*.....	
23.4	-- Consent of George R. Wackenhut to Become a Trustee*.....	
23.5	-- Consent of Richard R. Wackenhut to Become a Trustee*.....	
23.6	-- Consent of Anthony D. Trivisono to Become a Trustee*.....	

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	SEQUENTIALLY NUMBERED PAGE
23.7	-- Consent of Clarence E. Anthony to Become a Trustee*.....	
23.8	-- Consent of James D. Motta to Become a Trustee*.....	
23.9	-- Consent of William M. Murphy to Become a Trustee*.....	
23.10	-- Consent of Robert R. Veach, Jr. to Become a Trustee*.....	
24	-- Powers of Attorney*.....	

* Previously Filed

** To be filed by Amendment

FORM OF
AGREEMENT OF SALE AND PURCHASE
BY AND BETWEEN
WACKENHUT CORRECTIONS CORPORATION,
A FLORIDA CORPORATION
("SELLER")

AND

CPT OPERATING PARTNERSHIP L.P.,
A DELAWARE LIMITED PARTNERSHIP
("PURCHASER")

_____, 1998

TABLE OF CONTENTS

	PAGE ----
ARTICLE I. DEFINITIONS.....	1
ARTICLE II. AGREEMENTS TO SELL, PURCHASE, LEASE AND OPTION AND AGREEMENT REGARDING RIGHT TO PURCHASE.....	7
2.1 Agreement to Sell and Purchase.....	7
2.2 Agreement to Lease.....	8
2.3 Agreement to Grant Option.....	8
2.4 Right to Purchase.....	8
ARTICLE III. PURCHASE PRICE.....	8
3.1 Payment of Purchase Price.....	8
ARTICLE IV. ITEMS TO BE FURNISHED TO PURCHASER BY SELLER.....	8
4.1 Due Diligence Materials.....	8
4.2 Due Diligence Review.....	9
ARTICLE V. REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS.....	10
5.1 Representations and Warranties of Seller.....	10
5.2 Covenants and Agreements of Seller.....	15
5.3 Representations and Warranties of Purchaser.....	16
ARTICLE VI. CONDITIONS TO OBLIGATIONS.....	17
6.1 Conditions to the Purchaser's Obligations.....	17
6.2 Failure of Conditions to Purchaser's Obligations.....	18
6.3 Conditions to the Seller's Obligations.....	18
6.4 Failure of Conditions to Seller's Obligations.....	19

ARTICLE VII.		
PROVISIONS WITH RESPECT TO THE CLOSING.....		19
7.1	Seller's Closing Obligations.....	19
7.2	Purchaser's Closing Obligations.....	20
ARTICLE VIII.		
EXPENSES OF CLOSING.....		21
8.1	Adjustments.....	21
8.2	Closing Costs.....	21
8.3	Commissions/Broker's Fees.....	21
ARTICLE IX.		
DEFAULT AND REMEDIES.....		22
9.1	Seller's Default; Purchaser's Remedies.....	22
9.2	Purchaser's Default; Seller's Remedies.....	22
ARTICLE X.		
MISCELLANEOUS.....		23
10.1	Casualty.....	23
10.2	Condemnation.....	23
10.3	Survival.....	24
10.4	Right of Assignment.....	24
10.5	Notices.....	24
10.6	Entire Agreement; Modifications.....	25
10.7	Applicable Law.....	25
10.8	Captions.....	25
10.9	Binding Effect.....	25
10.10	Time is of the Essence.....	26
10.11	Waiver of Conditions.....	26
10.12	Liability of General Partner of Purchaser.....	26
LIST OF SCHEDULES AND EXHIBITS.....		28

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE (the "Agreement") is made and entered into by and between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (hereinafter referred to as "Seller"), and CPT OPERATING PARTNERSHIP L.P., a Delaware limited partnership (hereinafter referred to as "Purchaser"). Seller and Purchaser are sometimes collectively referred to herein as the "Parties" and each of the Parties is sometimes singularly referred to herein as a "Party".

R E C I T A L S

A. Seller (or an affiliate of Seller) is the owner of the Property (as hereinafter defined), consisting of certain real properties and improvements thereon being more particularly described on Exhibits A-1 through A-8, attached hereto and made a part hereof or has the right to acquire the Property through a validly existing and enforceable purchase option between Seller and the current owner of the Property; and,

B. Seller desires to sell and Purchaser desires to purchase the Property, and simultaneously therewith, to enter into a lease transaction pursuant to which Purchaser shall lease to Seller, and Seller shall lease from Purchaser, the Property.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00), the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I.

DEFINITIONS

As used herein (including any Exhibits attached hereto), the following terms shall have the meanings indicated:

"Accreditations" shall mean any and all accreditations and/or certifications from any non-governmental entities required in connection with the current or contemplated operation of the Property.

"Applicable Notices" shall mean any reports, notices of violation, or notices of compliance issued in connection with any Accreditations or Permits.

"Bill of Sale" shall mean a bill or bills of sale in substantially the same form as Exhibit B, attached hereto, and sufficient to transfer to Purchaser all Personal Property.

"Business Agreements" shall mean any leases, contract rights, loan agreements, mortgages, easements, covenants, restrictions or other agreements or instruments affecting all or a portion of the Property, to the extent the same are assignable by Seller, but specifically excluding all of Seller's Operating and Service Agreements.

"Business Day(s)" shall mean calendar days other than Saturdays, Sundays and legal holidays.

"Certificate of Non-Foreign Status" shall mean a certificate dated as of the Closing Date, addressed to Purchaser and duly executed by Seller, in substantially the same form as Exhibit C, attached hereto.

"Claim" shall mean any obligation, liability, lien, encumbrance, loss, damage, cost, expense or claim, including, without limitation, any claim for damage to property or injury to or death of any person or persons.

"Closing" shall mean the consummation of the sale and purchase provided for herein, to be held at the offices of Akerman, Senterfitt & Eidson, P.A., One SE Third Avenue, Miami, Florida, or such other place as the Parties may mutually agree.

"Closing Certificate" shall mean a certificate in substantially the same form as Exhibit D, attached hereto, wherein Seller and Purchaser, respectively, shall represent that the representations and warranties of Seller and Purchaser, respectively, contained in this Agreement are true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date.

"Closing Date" shall mean the actual day on which the transaction contemplated hereby is closed with the transfer of title to the Property. The Parties agree that the closing date shall be _____, 1998, or such earlier or later date as shall be hereafter mutually agreed upon by the Parties.

"Deed" shall mean a deed in substantially the same form as Exhibit E, attached hereto (as the same may be modified to comply with local law and custom), executed by Seller, as grantor, in favor of Purchaser, as grantee, conveying the Land and Improvements to Purchaser, subject only to the Permitted Exceptions.

"Due Diligence Materials" shall mean the information to be provided by Seller to Purchaser pursuant to the provisions of Section 4.1 hereof as reflected in the documents, drawings and other written materials delivered by Seller to Purchaser and described in the Index to Due Diligence Materials attached hereto as Schedule II.

"Effective Date" shall mean the later of the two (2) dates on which this Agreement is signed and all changes initialed by Seller and Purchaser, as indicated by their signatures below; provided, that in the event only one Party dates its signature, then the date of its signature shall be the Effective Date.

"Engineering Documents" shall mean all site plans, surveys, soil and substrata studies, architectural drawings, plans and specifications, engineering plans and studies, floor plans, landscape plans, Americans with Disabilities Act compliance reports, environmental reports and studies, professional inspection reports, construction and/or architect's reports or certificates, feasibility studies, appraisals, and other similar plans and studies that relate to the Real Property or the Personal Property, to the extent the same are assignable by Seller.

"Exception Documents" shall mean true, correct and legible copies of each document listed as an exception to title in the Title Commitment.

"Excluded Personal Property" shall mean all those items of tangible and intangible personal property described on Exhibit F.

"Fixtures" shall mean all equipment, machinery, fixtures, and other items of real and/or personal property, including all components thereof, now or on the Closing Date located in, on or used in connection with, and permanently affixed to or incorporated into, the Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, electronic security equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, and similar systems, all of which, to the greatest extent permitted by law, are hereby deemed by the Parties to constitute real estate, together with all replacements, modifications, alterations and additions thereto, but specifically excluding all items included within the definition of Personal Property and Excluded Personal Property.

"Hazardous Materials" shall mean any substance, including without limitation, asbestos or any substance containing asbestos and deemed hazardous under any Hazardous Materials Law, the group of organic compounds known as polychlorinated biphenyls, petroleum products, flammable explosives, radioactive materials, infectious wastes, biomedical and medical wastes, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included in the definition of hazardous or toxic wastes, materials or substances under any Hazardous Materials Law.

"Hazardous Materials Law" shall mean any local, state or federal law relating to environmental conditions and industrial hygiene, including, without limitation, the Resource Conservation and Recovery Act of 1976 ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Hazardous Materials Transportation Act, the Federal Waste Pollution Control Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Safe Drinking Water Act, and all similar federal, state and local environmental statutes, ordinances and the regulations, orders, or decrees now or hereafter promulgated thereunder.

"Improvements" shall mean all buildings, improvements, structures and Fixtures now or on the Closing Date located on the Land, including, without limitation, landscaping, parking lots and

structures, roads, drainage and all above ground and underground utility structures, equipment systems and other so-called "infrastructure" improvements.

"Intangible Property" means all Permits, Business Agreements and other intangible property or any interest therein now or on the Closing Date owned or held by Seller in connection with the Real Property, including all water rights and reservations, rights to use the trade name applicable to the Property (but excluding the name "Wackenhut Corrections" or any derivative thereof), as set forth on Exhibits A-1 through A-8 hereof, and zoning rights related to the Real Property, or any part thereof, to the extent the same are assignable by Seller; provided, however, "Intangible Property" shall not include the general corporate trademarks, trade names (except as set forth above), service marks, logos or insignia or the books and records of Seller, Seller's accounts receivable and Seller's business and operating licenses for the facilities on the Real Property.

"Land" means the real property more particularly described on Exhibits A-1 through A-9, attached hereto and made a part hereof, together with all of Seller's rights, titles, appurtenant interests, covenants, licenses, privileges and benefits thereto belonging, and Seller's right, title and interest in and to any easements, rights-of-way, rights of ingress or egress or other interests in, on, or to any land, highway, street, road or avenue, open or proposed, in, on, across, in front of, abutting or adjoining such real property including, without limitation, any strips and gores adjacent to or lying between such real property and any adjacent real property.

"Laws" means all federal, state and local laws, moratoria, initiatives, referenda, ordinances, rules, regulations, standards, orders and other governmental requirements, including, without limitation, those relating to the environment, health and safety, disabled or handicapped persons.

"Lease" shall mean the Master Agreement to Lease and the Lease Agreement in substantially the same form as Exhibit H, attached hereto and made a part hereof, which shall be executed and delivered by Seller (or an affiliate of Seller) and Purchaser at the Closing, and pursuant to the terms of which Purchaser shall lease the Property to Seller (or an affiliate of Seller) following the Closing.

"Material" and "materially" shall mean a condition, noncompliance, defect or other fact which would: (a) cost, with respect to any individual Property, in the aggregate, in excess of Five Hundred Thousand Dollars (\$500,000.00) and, with respect to any single defect or fact, would cost, with respect to any individual Property, in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), to correct or repair; or (b) in the aggregate, with respect to any individual Property, result in a loss to Purchaser or a reduction in the value of such Property in excess of Five Hundred Thousand Dollars (\$500,000.00) and, with respect to any single defect or fact, would, with respect to any individual Property, result in a loss to Purchaser or a reduction in the value of such Property in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00).

"Option Agreements" shall mean the Option Agreement or Agreements, in substantially the same form as Exhibit I, attached hereto and made a part hereof, which shall be executed and

delivered by Seller and Purchaser at the Closing, and pursuant to which Seller shall grant Purchaser the exclusive option to acquire the Option Properties.

"Option Properties" shall mean the real property described on Exhibits A-10 through A-12, attached hereto and made a part hereof, and all other property of Seller as more particularly set forth in the Option Agreements.

"Permits" shall mean all permits, licenses (but excluding Seller's business and operating licenses), approvals, entitlements and other governmental, quasi-governmental and nongovernmental authorizations including, without limitation, certificates of use and occupancy, required in connection with the ownership, planning, development, construction, use, operation or maintenance of the Real Property, to the extent the same are assignable by Seller. As used herein, "quasi-governmental" shall include the providers of all utility services to the Real Property.

"Permitted Exceptions" shall mean those title exceptions which have been approved in writing by Purchaser, or are deemed to have been approved by Purchaser upon the expiration of the Review Period.

"Personal Property" shall mean all Intangible Property, Warranties, and Engineering Documents, and all those items of tangible personal property described on Exhibit J, attached hereto, other than the Fixtures and the Excluded Personal Property, now or on the Closing Date owned by Seller and located on or about the Land or Improvements or used in connection with the operation thereof (specifically excluding personal property owned by employees of Seller and personal property owned by inmates housed at the Real Property).

"Property" shall mean, collectively, the Land, the Improvements, the Fixtures, and the Personal Property.

"Purchase Price" shall mean the sum of \$_____, which is allocated to each individual Property, as set forth on Schedule I attached to this Agreement.

"Real Property" shall mean the Land, the Improvements and the Fixtures.

"Review Period" means a period commencing on the Effective Date and ending thirty (30) days from the date of Purchaser's receipt of the last of the Due Diligence Materials; provided, should the Effective Date be less than thirty (30) days prior to the Closing Date, the Review Period shall terminate on the date which is five (5) days prior to the Closing Date.

"Right to Purchase Agreement" shall mean the Right to Purchase Agreement in substantially the same form as Exhibit G attached hereto and made a part hereof, which shall be executed and delivered by the Parties at the Closing, and pursuant to the terms of which Seller shall grant Purchaser the right to acquire certain property of Seller.

"Search Reports" shall mean reports of searches made of the Uniform Commercial Code Records of the County in which the Property is located, and of the office of the Secretary of State of the State in which the Property is located and in the State in which the principal office of Seller is located, which searches shall reflect that none of the Property is encumbered by liens or security interests which will remain on the Property after the Closing. The Search Reports shall be updated, at Seller's expense, at or within five (5) days prior to Closing.

"Seller's Operating and Service Agreements" shall mean all management, service and operating agreements and contracts entered into by Seller with respect to the Property, including, but not limited to, agreements and contracts to house inmates at the Property, food service and equipment agreements, inmate pay telephone service agreements, medical and pharmaceutical service and supply agreements, drug testing service agreements, public performance and licensing agreements for motion picture video cassettes, inmate educational and instructional service agreements, refuse service agreements, pest control service agreements and machinery, equipment and uniform rental and service agreements.

"Survey" shall mean a current "as-built" ALTA survey, certified to ALTA requirements, prepared by an engineer or surveyor licensed in the State in which the Land is located and reasonably acceptable to Purchaser, which shall: (a) include a narrative legal description of the Land by metes and bounds (which shall include a reference to the recorded plat, if any), and a computation of the area comprising the Land in both acres and gross square feet (to the nearest one-thousandth of said respective measurement); (b) accurately show the location on the Land of all improvements (dimensions thereof at the ground surface level and the distance therefrom to the facing exterior property lines of the Land), building and set-back lines, parking spaces (including number of spaces), fences, evidence of abandoned fences, ponds, creeks, streams, rivers, officially designated 100-year flood plains and flood prone areas, canals, ditches, easements, roads, rights-of-way and encroachments; (c) location of encroachments, if any, upon adjoining property, or from adjoining property, upon the Land; (d) state the zoning classification of the Land; (e) be certified as of the date of the Survey to the Seller, the Purchaser, the Title Company, and any third-party lender designated by Purchaser; (f) legibly identify any and all recorded matters shown on said Survey by appropriate volume and page recording references; (g) show the location and names of all adjoining streets and the distance to the nearest streets intersecting the streets that adjoin the Land; (h) be satisfactory to (and updated from time to time as may be required by) the Title Company so as to permit it to delete the standard exception for survey matters and replace it with an exception for the matters shown on the Survey; and (i) include a written Surveyor's Certification in substantially the same form as set forth on Exhibit K, attached hereto.

"Title Commitment" shall mean a current commitment or current commitments issued by the Title Company to the Purchaser pursuant to the terms of which the Title Company shall commit to issue the Title Policy to Purchaser in accordance with the provisions of this Agreement, and reflecting all matters which would be listed as exceptions to coverage on the Title Policy.

"Title Company" shall mean _____ Title Insurance Corporation or the national service office of another title insurance company licensed in each state in which the Property is located selected by Seller and reasonably satisfactory to Purchaser.

"Title Policy" shall mean an ALTA Extended Coverage Owner's Policy (or policies) of Title Insurance (10/17/92 Form), or comparable state promulgated policies, with liability in the aggregate amount of the Purchase Price, dated as of the Closing Date, issued by the Title Company, insuring title to the fee interest in the Real Property in Purchaser, subject only to the Permitted Exceptions and to the standard printed exceptions included in the ALTA standard form owner's extended coverage policy of title insurance including such other endorsements requested by Purchaser, with the following modifications: (a) the exception for survey matters shall be deleted and replaced by an exception for the matters shown on the Survey; (b) the exception for ad valorem taxes shall reflect only taxes for the current and subsequent years; (c) any exception as to parties in possession shall be limited to rights of Seller in possession, as lessee only, pursuant to the Lease; and (d) there shall be no general exception for visible and apparent easements or roads and highways or similar items (with any exception for visible and apparent easements or roads and highways or similar items to be specifically referenced to and shown on the Survey and also identified by applicable recording information).

"Warranties" shall mean all warranties and guaranties with respect to the Real Property or Personal Property, whether express or implied, which Seller now holds or under which Seller is the beneficiary, to the extent the same are assignable by Seller.

ARTICLE II.

AGREEMENTS TO SELL, PURCHASE, LEASE AND OPTION AND AGREEMENT REGARDING RIGHT TO PURCHASE

2.1 AGREEMENT TO SELL AND PURCHASE. On the Closing Date, provided Purchaser shall not have terminated this Agreement pursuant to the provisions of Section 4.2 hereof, Seller shall, or shall cause its affiliate or optionor to, sell, convey, assign, transfer and deliver to Purchaser and Purchaser shall purchase, acquire and accept from Seller, the Property, for the Purchase Price and subject to the terms and conditions of this Agreement. Purchaser acknowledges that Seller may elect to transfer some or all of the Property to one or more affiliates of Seller prior to the Closing Date subject to the terms and conditions of this Agreement. In such event, Seller shall cause such affiliates to sell, convey, assign, transfer and deliver to Purchaser such portion(s) of the Property as may be transferred to such affiliate(s). In the event of any such transfers of some or all of the Property to any affiliate of Seller, Seller shall not be relieved of any of its obligations or liability hereunder. From and after the date of any such transfer, the term "Seller" as used herein shall refer to both Wackenhut Corrections Corporation and the recipient of such transfer collectively, and to each such party individually.

2.2 AGREEMENT TO LEASE. On the Closing Date, and subject to performance by the Parties of the terms and provisions of this Agreement, Purchaser shall lease to Seller and Seller shall lease from Purchaser, the Property at the rental and upon the terms and conditions set forth in the Lease.

2.3 AGREEMENT TO GRANT OPTION. On the Closing Date, and subject to performance by the Parties of the terms and provisions of this Agreement, Seller shall grant to Purchaser options to acquire the Option Properties at the purchase price and upon the terms and conditions set forth in the Option Agreements.

2.4 RIGHT TO PURCHASE. On the Closing Date, and subject to the performance by the Parties of the terms and provisions of this Agreement, Seller shall grant to Purchaser the right to acquire certain property of Seller, upon the terms and conditions set forth in the Right to Purchase Agreement.

ARTICLE III.

PURCHASE PRICE

3.1 PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid by Purchaser delivering to, or at the direction of, the Seller at the Closing Federal Reserve wire transfer funds or other immediately available collected funds payable to the order of the Seller in the sum equal to the Purchase Price, subject to adjustment as herein provided. On or before the Closing, the Parties shall agree on an allocation of the Purchase Price as between the Real Property and the Personal Property.

ARTICLE IV.

ITEMS TO BE FURNISHED TO PURCHASER BY SELLER

4.1 DUE DILIGENCE MATERIALS. Seller previously has delivered to Purchaser for its review, or, if not, within fifteen (15) days after the Effective Date, Seller shall deliver to Purchaser for its review, the following items:

- a. True, correct, complete and legible copies of all Business Agreements, Warranties, Permits, Accreditations, Applicable Notices, Engineering Documents and Seller's Operating and Service Agreements (solely for the purposes of this Section 4.1a., the terms Business Agreements, Warranties, Permits, and Engineering Documents shall include all agreements, documents and instruments otherwise included within such definitions, whether or not the same are assignable by Seller);

- b. True, correct, complete and legible copies of tax statements or assessments for all real estate and personal property taxes assessed against the Property for the current and the two prior calendar years, if available;
- c. True, correct, complete and legible listing of all Fixtures, Personal Property and Excluded Property, including a current depreciation schedule.
- d. True, correct, complete and legible copies of all existing fire and extended coverage insurance policies and any other insurance policies pertaining to the Property, if any;
- e. True, correct, complete and legible copies of all instruments evidencing, governing or securing the payment of any loans secured by the property or related thereto. Seller may make such instruments available for inspection and copying by Purchaser at Seller's principal office;
- f. True, correct, complete and legible copies of any and all environmental studies or impact reports relating to the Property, if any, and any approvals, conditions, orders or declarations issued by any governmental authority relating thereto (such studies and reports shall include, but not be limited to, reports indicating whether the Property is or has been contaminated by Hazardous Materials and whether the Property is in compliance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as applicable);
- g. True, correct, complete and legible copies of any and all litigation files with respect to any pending litigation and claim files for any claims made or threatened, the outcome of which might materially affect the Property or the use and operation of the Property, together with summaries and such other more detailed information as Purchaser may reasonably request with respect to any other pending litigation or claim the outcome of which might materially affect Seller or materially affect the Property. Seller may make such files available for inspection and copying by Purchaser at Seller's principal office.
- h. The Title Commitment, Exception Documents, Survey and Search Reports.
- i. Actual operating statements for the Property or, if the Property has not been operated by Seller for twelve months prior to the date of this Agreement, projected operating results for the Property.
- j. The Certificate of Occupancy, or its equivalent, for the Property.

4.2 DUE DILIGENCE REVIEW. During the Review Period, Purchaser shall be entitled to review the Due Diligence Materials delivered by Seller to Purchaser pursuant to the provisions of Section 4.1 above. If Purchaser shall, for any reason in Purchaser's sole discretion, judgment and opinion, disapprove or be dissatisfied with any aspect of such information, or the Property, then Purchaser shall be entitled to terminate this Agreement by giving written notice thereof to Seller on or before the expiration of the Review Period, whereupon this Agreement shall automatically be rendered null and void, all moneys which have been delivered by Purchaser to Seller or the Title Company shall be immediately returned to Purchaser and thereafter neither Party shall have any further obligations or liabilities to the other hereunder. Alternatively, Purchaser may give written notice setting forth any defect, deficiency or encumbrance and specify a time within which Seller may remedy or cure such matter prior to the expiration of the Review Period, but Seller shall have no obligation to remedy or cure any such matters objected to by Purchaser. If any defect, deficiency or encumbrance, so noticed, is not satisfied or resolved to the satisfaction of Purchaser, in Purchaser's sole discretion, within the time period specified in the written notice, this Agreement shall, at the option of Purchaser, terminate as provided in this Section; said option to terminate to be exercised, if at all, by Purchaser giving written notice thereof to Seller and simultaneously paying Seller the sum of One Hundred Dollars (\$100.00) on the earlier of: (a) within three (3) Business Days after the expiration of said specified time period, or (b) the Closing Date. In the event Purchaser fails to exercise its option to terminate this Agreement within the time and in the manner set forth in this Section 4.2, then Purchaser shall be deemed to have accepted and approved the Due Diligence Materials and the Property, and to have waived any such defect, deficiency or encumbrance, and to have accepted all exceptions to title referenced in the Title Commitment and all matters shown on the Survey. Such accepted title exceptions and survey matters shall be included in the term "Permitted Exceptions" as used herein.

ARTICLE V.

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS

5.1 REPRESENTATIONS AND WARRANTIES OF SELLER. To induce Purchaser to enter into this Agreement and to purchase the Property, Seller represents and warrants to Purchaser as follows:

- a. Seller has the right to acquire and at the Closing, Seller will have and will convey, transfer and assign to Purchaser, or Seller will cause the conveyance, transfer and assignment to Purchaser of, good, indefeasible, marketable and insurable title to the Land, free and clear of any deeds of trust, mortgages, liens, encumbrances, leases, tenancies, licenses, chattel mortgages, conditional sales agreements, security interests, covenants, conditions, restrictions, judgments, rights-of-way, easements, encroachments, claims and any other matters affecting title or use of the Property, except the Permitted Exceptions.

- b. Seller has duly and validly authorized and executed this Agreement, and has full right, title, power and authority to enter into this Agreement and to consummate the transactions provided for herein, and the joinder of no person or entity will be necessary to convey the Property fully and completely to Purchaser at Closing and to lease the Property from Purchaser following Closing. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified to do business in each state in which any of the Property is located. The consummation of the transactions contemplated herein does not require the approval of Seller's shareholders or any third party, except such third party approvals as Seller has obtained or will obtain prior to the Closing Date. The execution by Seller of this Agreement and the consummation by Seller of the transactions contemplated hereby do not, and at the Closing will not, result in a breach of any of the terms or provisions of, or constitute a default or a condition which upon notice or lapse of time or both would ripen into a default under, Seller's Bylaws or Certificate of Incorporation, any indenture, agreement, instrument or obligation to which Seller is a party or by which the Property or any portion thereof is bound; and does not constitute a violation of any Laws, order, rule or regulation applicable to Seller or any portion of the Property of any court or of any federal, state or municipal regulatory body or administrative agency or other governmental body having jurisdiction over Seller or any portion of the Property.
- c. Except as may be disclosed in the Exception Documents, there are no adverse or other parties in possession of the Property or of any part thereof, and Seller has not granted to any party any license, lease or other right relating to the use or possession of the Property.
- d. No notice has been received from any insurance company that has issued a policy with respect to any portion of the Property or from any board of fire underwriters (or other body exercising similar functions), claiming any defects or deficiencies or requiring the performance of any repairs, replacements, alterations or other work and as of the Closing no such notice will have been received which shall not have been cured. No notice has been received by Seller from any issuing insurance company that any of such policies will not be renewed, or will be renewed only at a higher premium rate than is presently payable therefor.
- e. No pending condemnation, eminent domain, assessment or similar proceeding or charge affecting the Property or any portion thereof exists. Seller has not heretofore received any notice, and has no knowledge, that any such proceeding or charge is contemplated. Seller has not received any notice of a proposed increase in the assessed valuation of the Property.

- f. All Improvements (including all utilities) have been, or as of the Closing will be, completed and installed in accordance with the plans and specifications approved by the governmental authorities having jurisdiction to the extent applicable and are transferable to Purchaser without additional cost. Permanent certificates of occupancy, all licenses, permits, authorizations and approvals required by all governmental authorities having jurisdiction, and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been, or as of the Closing will be, issued for the Improvements, and, as of the Closing, where required, all of the same will be in full force and effect. Except as may be set forth in any of the Due Diligence Materials, the Improvements, as designed and constructed, comply or will comply with all statutes, restrictions, regulations and ordinances applicable thereto, including but not limited to the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as applicable.
- g. The existing water, sewer, gas and electricity lines, storm sewer and other utility systems on the Land are adequate to serve the utility needs of the Property for operation as a correctional facility and detention facility or other use set forth in the Permits. All utilities required for the operation of the Improvements enter the Land through adjoining public streets or through adjoining private land in accordance with valid public or private easements that will inure to the benefit of Purchaser. All approvals, licenses and permits required to fully operate said utilities have been obtained and are in full force and effect. All of said utilities are installed and operating, or will be, by Closing and all installation and connection charges have been or will be paid in full.
- h. Except as may be set forth in any of the Due Diligence Materials, the location, construction, occupancy, operation and use of the Property (including the Improvements) do not violate any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Property or the location, construction, occupancy, operation or use thereof, including, without limitation, all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as applicable.
- i. Except as may be set forth in any of the Due Diligence Materials, there are not any structural defects in any of the buildings or other Improvements

constituting the Property. The Improvements, all heating, electrical, plumbing and drainage at, or servicing, the Property and all facilities and equipment relating thereto are and, as of the Closing, will be in good condition and working order and adequate in quantity and quality for the normal operation of the Property as a correctional or detention facility or other use set forth in the Permits. No part of the Property has been destroyed or damaged by fire or other casualty. There are no unsatisfied requests for repairs, restorations or alterations with regard to the Property from any person, entity or authority, including but not limited to any lender, insurance provider or governmental authority.

- j. Except as previously disclosed by Seller pursuant to contracts delivered to Purchaser, no work has been performed or is in progress at the Property, and no materials will have been delivered to the Property that might provide the basis for a mechanic's, materialmen's or other lien against the Property or any portion thereof, or amounts due for such work and material shall have paid or discharged to Purchaser's and Title Company's satisfaction as of Closing.
- k. There exist no service contracts, management or other agreements applicable to the Property, or amendments, modifications or terminations thereof, to which Seller is a party or otherwise known to Seller, other than Seller's Operating and Service Agreements, the Business Agreements and those agreements furnished to Purchaser pursuant to Section 4.1.
- l. Seller is not in default in any manner which would result in a material adverse effect on Seller under any of the Business Agreements, or Seller's Operating and Service Agreements or any of the covenants, conditions, restrictions, rights-of-way or easements affecting the Property or any portion thereof, and, to Seller's knowledge, no other party to any of the foregoing is in default thereunder.
- m. There are no actions, suits or proceedings pending or, to Seller's knowledge, threatened against or affecting the Property or any portion thereof, or relating to or arising out of the ownership or operation of the Property, or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality, other than those disclosed to Purchaser pursuant to Section 4.1. All judicial proceedings concerning the Property will be finally dismissed and terminated prior to Closing, excluding inmate lawsuits and other lawsuits in which Seller is involved in its ordinary course of business.
- n. The Property has free and unimpeded access to presently existing public highways and/or roads (either directly or by way of perpetual easements);

and, all approvals necessary therefor have been obtained. To the best of Seller's knowledge, no fact or condition exists which would result in the termination of the current access from the Property to any presently existing public highways and/or roads adjoining or situated on the Property.

- o. There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor relief laws contemplated by or, to Seller's knowledge, pending or threatened against Seller or the Property.
- p. Except as may be set forth in any of the Due Diligence Materials, no Hazardous Materials have been installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, or otherwise present in, on or under the Property by Seller or to Seller's knowledge. No activity has been undertaken on the Property by Seller or to Seller's knowledge which would cause (i) the Property to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of RCRA or any Hazardous Materials Law, (ii) a release or threatened release of Hazardous Materials from the Property within the meaning of, or otherwise bring the Property within the ambit of, CERCLA or SARA or any Hazardous Materials Law or (iii) the discharge of Hazardous Materials into any watercourse, body of surface or subsurface water or wetland, or the discharge into the atmosphere of any Hazardous Materials which would require a permit under any Hazardous Materials Law. No activity has been undertaken with respect to the Property by Seller or to Seller's knowledge which would cause a violation or support a claim under RCRA, CERCLA, SARA or any Hazardous Materials Law. No investigation, administrative order, litigation or settlement with respect to any Hazardous Materials is in existence with respect to the Property, nor, to Seller's knowledge, is any of the foregoing threatened. No notice has been received by Seller from any entity, governmental body or individual claiming any violation of any Hazardous Materials Law, or requiring compliance with any Hazardous Materials Law, or demanding payment or contribution for environmental damage or injury to natural resources. Seller has not obtained and, to Seller's knowledge, is not required to obtain, and Seller has no knowledge of any reason Purchaser will be required to obtain, any permits, licenses, or similar authorizations to occupy, operate or use the Improvements or any part of the Property by reason of any Hazardous Materials Law. Notwithstanding the representations made herein, such representations are and shall be deemed to be limited by the matters detailed in any Phase I Preliminary Site Assessment or other Due Diligence Materials obtained by or provided to Purchaser in connection herewith.

- q. The Property includes all items of property, tangible and intangible, currently used by Seller in connection with the operation of the Property, other than the Excluded Personal Property, Seller's Operating and Service Agreements, and property expressly excluded from the definition of the Property.
- r. To the best of Seller's knowledge, the Due Diligence Materials delivered to Purchaser are true, correct and complete in all material respects.

Seller hereby agrees to indemnify and defend, at its sole cost and expense, and hold Purchaser, its successors and assigns, harmless from and against and to reimburse Purchaser with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) actually incurred of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Purchaser at any time and from time to time by reason of or arising out of (a) the material breach of any representation or warranty of Seller set forth in Section 5.1, (b) the failure of Seller, in whole or in part, to perform any obligation required to be performed by Seller pursuant to Section 5.1 or (c) the ownership, construction, occupancy, operation, use and maintenance by Seller or its agents of the Property prior to the Closing Date. This indemnity applies, without limitation, to the violation on or before the Closing Date of any Hazardous Materials Law in effect on or before the Closing Date and any and all matters arising out of any act, omission, event or circumstance existing or occurring on or prior to the Closing Date (including, without limitation, the presence on the Property or release from the Property of Hazardous Materials disposed of or otherwise released prior to the Closing Date), regardless of whether the act, omission, event or circumstance constituted a violation of any Hazardous Materials Law at the time of its existence or occurrence. Subject to the provisions of Section 10.1, the provisions of this Section 5.1 shall survive the Closing of the transaction contemplated by this Agreement and shall continue thereafter in full force and effect for the benefit of Purchaser, its successors and assigns. Notwithstanding any provision of this Agreement to the contrary, Purchaser may exercise any right or remedy Purchaser may have at law or in equity should Seller fail to meet, comply with or perform its indemnity obligations required by this Section 5.1. In the event a defect, claim or deficiency is actually discovered by Purchaser prior to Closing or is noticed in writing by Seller to Purchaser prior to Closing, Purchaser shall either terminate the Agreement as provided herein or waive the defect, claim or deficiency and proceed to Closing.

5.2 COVENANTS AND AGREEMENTS OF SELLER. Seller covenants and agrees with Purchaser, from the Effective Date until the Closing or earlier termination of this Agreement:

- a. Seller shall: (i) operate the Property in the ordinary course of Seller's business and in the same manner as currently operated; and (ii) fully maintain and repair the Improvements, the Fixtures, and the Personal Property in good condition and repair.

- b. Purchaser shall be entitled to make all inspections or investigations desired by Purchaser with respect to the Property or any portion thereof, and shall have complete physical access to the Property, which access shall occur at such times and in such manner so as to not unreasonably interfere with Seller's business operations or constitute a safety hazard, as reasonably determined by Seller.
- c. Seller shall cause to be maintained in full force and effect fire and extended coverage insurance upon the Property and public liability insurance with respect to damage or injury to persons or property occurring on or relating to operation of the Property in commercially reasonable amounts, but no less than currently in effect.
- d. Seller shall pay when due all bills and expenses of the Property. Seller shall not enter into or assume any new Business Agreements or modify, amend or terminate any existing Business Agreements with regard to the Property which are in addition to or different from those furnished and disclosed to Purchaser and reviewed and approved pursuant to Section 4.1.
- e. Seller shall not create or permit to be created any liens, easements or other conditions affecting any portion of the Property or the uses thereof without the prior written consent of Purchaser.
- f. Seller will pay, as and when due, all interest and principal and all other charges payable under any indebtedness of Seller secured by the Property from the date hereof until Closing, and will not suffer or permit any default or amend or modify the documents evidencing or securing any such indebtedness without the prior consent of Purchaser. Seller will, subject to limitations provided by law with respect to privacy rights of inmates, give to Purchaser, its attorneys, accountants and other representatives, during normal business hours and as often as may be reasonably requested, full access to all books, records and files relating to the Property so long as the same does not unreasonably interfere with Seller's business operations.
- g. Seller shall not remove any Personal Property or Fixtures from the Land or Improvements without replacing same with substantially similar items of equal or greater value and repairing the damage, if any, to the Property as a result of such removal.
- h. During the pendency of this Agreement, Seller, its corporate officers, directors, and agents shall not negotiate the sale or other disposition of the Property with any person or entity other than Purchaser, and shall not take any steps to initiate, consummate or document the sale or other disposition

of the Property, or any portion thereof, to any person or entity other than Purchaser.

- i. Prior to the Closing Date, Seller agrees to notify Purchaser in writing within three (3) Business Days of any offer received by, delivered to or communicated to Seller for the purchase, sale, acquisition or other disposition of the Property.
- j. Seller shall provide representations, warranties and consents as may be reasonably required in connection with any public offering of stock or debt obligations by Purchaser, including, but not limited to, inclusion of financial statements, summary financial information and other required information concerning Seller, or Seller as lessee under the Lease, in any Securities and Exchange Commission filings.

5.3 REPRESENTATIONS AND WARRANTIES OF PURCHASER. To induce Seller to enter into this Agreement and to sell the Property, Purchaser represents and warrants to Seller as follows:

- a. Purchaser has duly and validly authorized and executed this Agreement, and has full right, title, power and authority to enter into this Agreement and to consummate the transactions provided for herein, and the joinder of no person or entity will be necessary to purchase the Property from Seller at Closing, and to lease the Property to Seller following Closing.
- b. The execution by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby do not, and at the Closing will not, result in a breach of any of the terms or provisions of, or constitute a default or a condition which upon notice or lapse of time or both would ripen into a default under, any indenture, agreement, instrument or obligation to which Purchaser is a party; and does not, and at the Closing will not, constitute a violation of any Laws, order, rule or regulation applicable to Purchaser of any court or of any federal, state or municipal regulatory body or administrative agency or other governmental body having jurisdiction over Purchaser.

ARTICLE VI.

CONDITIONS TO OBLIGATIONS

6.1 CONDITIONS TO THE PURCHASER'S OBLIGATIONS. The obligations of Purchaser to purchase the Property from Seller and to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at all times prior to and as of the Closing (or such other time period specified below), of each of the following conditions:

- a. All of the representations and warranties of Seller set forth in this Agreement shall be true at all times prior to, at and as of, the Closing in all material respects and Seller shall deliver a Closing Certificate in substantially the same form attached hereto as Exhibit D updating such representations and warranties.
- b. Seller shall have delivered, performed, observed and complied with, all of the items, instruments, documents, covenants, agreements and conditions required by this Agreement to be delivered, performed, observed and complied with by it prior to, or as of, the Closing.
- c. Seller shall not be in receivership or dissolution or have made any assignment for the benefit of creditors, or admitted in writing its inability to pay its debts as they mature, or have been adjudicated a bankrupt, or have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state and no such petition shall have been filed against it.
- d. No material or substantial adverse change shall have occurred with respect to the condition, financial or otherwise, of the Seller or the Property.
- e. Neither the Property nor any part thereof or interest therein shall have been taken by execution or other process of law in any action prior to Closing.
- f. Seller shall have obtained and delivered to Purchaser a current report, dated no more than ten (10) days prior to this Agreement, from a licensed pest control company reasonably acceptable to Purchaser, and which must show the Property to be free of all termite, or other destructive insect and pest infestation.
- g. During the Review Period, Purchaser shall have satisfactorily completed an inspection of the Property with respect to the physical condition thereof by agents or contractors selected by Purchaser.
- h. During the Review Period, Purchaser shall have received, in form acceptable to Purchaser, evidence of compliance by the Property with all building codes, zoning ordinances and other governmental entitlements as necessary for the operation of the Property for the current and intended use, including, without limitation, certificates of occupancy and such other permits, licenses, approvals, agreements and authorizations as are required for the operation of

the Property for the current and intended use and satisfactory evidence of no violations of building or other codes or laws.

- i. During the Review Period, all necessary approvals, consents and the like of third parties to the validity and effectiveness of the transactions contemplated hereby have been obtained.
- j. During the Review Period, Purchaser is reasonably satisfied that the Property is sufficient and adequate for Seller to carry on the business now being conducted thereon and the Property is in good condition and repair as reasonably required for the proper operation and use thereof in compliance with applicable laws.
- k. During the Review Period, Purchaser has reviewed and satisfied itself with respect to the Due Diligence Materials and shall not have terminated this Agreement pursuant to the provisions of Section 4.2 hereof.
- l. No material portion of the Property shall have been destroyed by fire or casualty.
- m. No condemnation, eminent domain or similar proceedings shall have been commenced or threatened with respect to any material portion of the Property.
- n. Purchaser shall have been successful in causing the formation of a real estate investment trust whose interests have been sold to the public and in connection therewith shall have raised capital in an amount not less than \$100,000,000.00.

6.2 FAILURE OF CONDITIONS TO PURCHASER'S OBLIGATIONS. In the event any one or more of the conditions to Purchaser's obligations are not satisfied or waived in whole or in part at any time prior to or as of the Closing, Purchaser, at Purchaser's option, shall be entitled to: (a) terminate this Agreement by giving written notice thereof to Seller, whereupon all moneys, if any, which have been delivered by Purchaser to Seller or the Title Company shall be immediately refunded to Purchaser and Purchaser shall have no further obligations or liabilities hereunder; or (b) proceed to Closing hereunder.

6.3 CONDITIONS TO THE SELLER'S OBLIGATIONS. The obligations of Seller to sell the Property to Purchaser and to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at all times prior to and as of the Closing (or such other time period specified below), of each of the following conditions:

- a. All of the representations and warranties of Purchaser set forth in this Agreement shall be true at all times prior to, at and as of, the Closing in all material respects and Purchaser shall deliver a Closing Certificate in substantially the same form attached hereto as Exhibit D updating such representations and warranties.
- b. Purchaser shall have delivered, performed, observed and complied with, all of the items, instruments, documents, covenants, agreements and conditions required by this Agreement to be delivered, performed, observed and complied with by it prior to, or as of, the Closing.
- c. Purchaser shall not be in receivership or dissolution or have made any assignment for the benefit of creditors, or admitted in writing its inability to pay its debts as they mature, or have been adjudicated a bankrupt, or have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state and no such petition shall have been filed against it.
- d. Purchaser shall have been successful in causing the formation of a real estate investment trust whose interests have been sold to the public and in connection therewith shall have raised capital in an amount not less than \$100,000,000.00

6.4 FAILURE OF CONDITIONS TO SELLER'S OBLIGATIONS. In the event any one or more of the conditions to Seller's obligations are not satisfied or waived in whole or in part at any time prior to or as of the Closing, Seller, at Seller's option, shall be entitled to: (a) terminate this Agreement by giving written notice thereof to Purchaser, whereupon all moneys, if any, which have been delivered by Seller to Purchaser or the Title Company shall be immediately refunded to Seller and Seller shall have no further obligations or liabilities hereunder; or (b) proceed to Closing hereunder.

ARTICLE VII.

PROVISIONS WITH RESPECT TO THE CLOSING

7.1 SELLER'S CLOSING OBLIGATIONS. At the Closing, Seller shall furnish and deliver to the Purchaser, at Seller's expense, the following:

- a. The Deed, Title Policy (or the Title Commitment marked-up and initialed by the Title Company), Bill of Sale, Certificate of Non-Foreign Status, Closing Certificate, Right to Purchase Agreement, Lease and Option Agreements, each duly executed and acknowledged by Seller and, as appropriate, in

recordable form acceptable in the state and county in which the Property is located.

- b. Certificates of casualty and fire insurance for the Property and satisfactory evidence of all other insurance coverages as required pursuant to the Lease showing Purchaser as additional insured and loss payee thereunder, where appropriate, with appropriate provisions for prior notice to Purchaser in the event of cancellation or termination of such policies and otherwise in form and substance reasonably satisfactory to Purchaser.
- c. Search Reports, dated not more than five (5) days prior to Closing, evidencing no UCC-1 Financing Statements or other filings in the name of Seller with respect to the Property which will remain on the Property after the Closing.
- d. Such affidavits or letters of indemnity as the Title Company shall require in order to omit from the Title Insurance Policy all exceptions for unfiled mechanic's, materialman's or similar liens.
- e. Any and all transfer declarations or disclosure documents, duly executed by the appropriate parties, required in connection with the Deed by any state, county or municipal agency having jurisdiction over the Property or the transactions contemplated hereby.
- f. An opinion of Seller's counsel, dated as of the Closing Date, in the form of Exhibit L-1, attached hereto.
- g. Such instruments or documents as are necessary, or reasonably required by Purchaser or the Title Company, to evidence the status and capacity of Seller and the authority of the person or persons who are executing the various documents on behalf of Seller in connection with the purchase and sale transaction contemplated hereby.
- h. Such other documents as are reasonably required by Purchaser to carry out the terms and provisions of this Agreement.

7.2 PURCHASER'S CLOSING OBLIGATIONS. At the Closing, Purchaser shall furnish and deliver to Seller, at Purchaser's expense, the following:

- a. Federal Reserve, wire transfer funds or other immediately available collected funds payable to the order, or at the direction, of Seller representing the cash portion of the Purchase Price due in accordance with Section 3.1 herein.

- b. The Closing Certificate, Right to Purchase Agreement, Lease and Option Agreements, duly executed and acknowledged by Purchaser.
- c. Such instruments or documents as are necessary, or reasonably required by Seller or the Title Company, to evidence the status and capacity of Purchaser and the authority of the person or persons who are executing the various documents on behalf of Purchaser in connection with the purchase and sale transaction contemplated hereby.
- d. An opinion of Purchaser's counsel, dated as of the Closing Date, in the form of Exhibit L-2, attached hereto.
- e. Such other documents as are reasonably required by Seller to carry out the terms and provisions of this Agreement.
- f. All necessary approvals, consents, certificates and the like of third parties to the validity and effectiveness of the transaction contemplated hereby.

ARTICLE VIII.

EXPENSES OF CLOSING

8.1 ADJUSTMENTS. There shall be no adjustment of taxes, assessments, water or sewer charges, gas, electric, telephone or other utilities, operating expenses, employment charges, premiums on insurance policies, rents or other normally proratable items, it being agreed and understood by the Parties that the Seller shall be obligated to pay such items under the terms of the Lease.

8.2 CLOSING COSTS. Seller shall pay (a) all title examination fees and premiums for the Title Policy; (b) the cost of the Search Reports; (c) the cost of the Survey; (d) Seller's legal, accounting and other professional fees and expenses and the cost of all opinions, certificates, instruments, documents and papers required to be delivered, or to cause to be delivered, by Seller hereunder, including without limitation, the cost of performance by Seller of its obligations hereunder; (e) all other costs and expenses which are required to be paid by Seller pursuant to other provisions of this Agreement; (f) any and all state, municipal or other documentary or transfer taxes payable in connection with the delivery of any instrument or document provided in or contemplated by this Agreement or any agreement or commitment described or referred to herein; and (g) the charges for or in connection with the recording and/or filing of any instrument or document provided herein or contemplated by this Agreement or any agreement or document described or referred to herein. Purchaser shall pay (a) Purchaser's legal, accounting and other professional fees and expenses and the cost of all opinions, certificates, instruments, documents and papers required to be delivered, or to cause to be delivered, by Purchaser hereunder, including, without limitation, the cost of performance by Purchaser of its obligations hereunder; and (b) all other costs and expenses which

are required to be paid by Purchaser pursuant to other provisions of this Agreement. Purchaser and Seller shall each be responsible for other costs in the usual and customary manner for this kind of transaction in the county where the Property is located.

8.3 COMMISSIONS/BROKER'S FEES. Seller hereby represents and warrants to Purchaser that it has not contacted any real estate broker, finder or any other party in connection with this transaction, and that it has not taken any action which would result in any real estate broker's, finder's or other fees being due or payable to any party with respect to the transaction contemplated hereby. Purchaser hereby represents and warrants to Seller that Purchaser has not contacted any real estate broker, finder or any other party in connection with this transaction, and that it has not taken any action which would result in any real estate broker's, finder's or other fees being due or payable to any party with respect to the transaction contemplated hereby. Each Party hereby indemnifies and agrees to hold the other Party harmless from any loss, liability, damage, cost or expenses (including reasonable attorneys' fees) resulting to such other Party by reason of a breach of the representation and warranty made by such Party herein.

ARTICLE IX.

DEFAULT AND REMEDIES

9.1 SELLER'S DEFAULT; PURCHASER'S REMEDIES.

- a. Seller shall be deemed to be in default hereunder upon the occurrence of one of the following events: (i) any of Seller's warranties or representations set forth herein shall be untrue in any material respect when made or at Closing; or (ii) Seller shall fail to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, which, in either of such events, is not cured by Seller within ten (10) days following receipt by Seller of written notice of default from Purchaser.
- b. In the event Seller shall be deemed to be in default hereunder Purchaser may, at Purchaser's sole option, do any one or more of the following: (i) terminate this Agreement by written notice delivered to Seller on or before the Closing; and/or (ii) enforce specific performance of this Agreement against Seller including Purchaser's reasonable costs and attorneys fees in connection therewith and/or (iii) exercise any other right or remedy Purchaser may have at law or in equity by reason of such default including, but not limited to, the recovery of reasonable attorneys' fees incurred by Purchaser in connection herewith.

9.2 PURCHASER'S DEFAULT; SELLER'S REMEDIES.

- a. Purchaser shall be deemed to be in default hereunder upon the occurrence of one of the following events: (i) any of Purchaser's warranties or representations set forth herein shall be untrue in any material respect when made or at Closing; or (ii) Purchaser shall fail to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, which, in either of such events, is not cured by Purchaser within ten (10) days following receipt by Purchaser of written notice of default from Seller.
- b. In the event Purchaser shall be deemed to be in default hereunder Seller may, at Seller's sole option, do any one or more of the following: (i) terminate this Agreement by written notice delivered to Purchaser on or before the Closing; and/or (ii) enforce specific performance of this Agreement against Purchaser including Seller's reasonable costs and attorneys fees in connection therewith.

ARTICLE X.

MISCELLANEOUS

10.1 CASUALTY. Prior to the Closing Date, and notwithstanding the pendency of this Agreement, the entire risk of loss or damage by fire or other casualty shall be borne and assumed by Seller, except as otherwise provided in this Section 10.1. Until the Closing has occurred, Seller shall keep all insurance policies in effect. If, prior to the Closing Date, any part of the Property is damaged or destroyed by fire or other casualty, Seller shall immediately notify Purchaser of such fact. If such damage or destruction is material (as defined below), Purchaser shall have the option to terminate this Agreement upon written notice to Seller given not later than thirty (30) days after receipt of Seller's notice. For purposes hereof "material" shall be deemed to be any uninsured damage or destruction to the Property (except that a casualty shall not be deemed uninsured solely because all, or a portion of, the cost of the casualty is subject to a deductible) or any insured damage or destruction (i) where the cost of repair or replacement is estimated, in Purchaser's good faith judgment, to be One Hundred Thousand and No/100 (\$100,000.00) or more, (ii) where the repair or replacement is estimated, in Purchaser's good faith judgment, to require more than one hundred twenty (120) days to repair, or (iii) which would result in an abatement of rent that would not be fully covered by rent loss insurance (or its equivalent) to Seller upon the Closing. If Purchaser does not exercise this option to terminate this Agreement, or if the casualty is not material, neither party shall have the right to terminate this Agreement, and the parties shall proceed to the Closing pursuant to the terms hereof without modification of the terms of this Agreement and without any reduction in the Purchase Price, and the repair and restoration of the Property shall proceed in accordance with the terms and provisions of the Lease to be entered into between Seller and Purchaser with the same effect as if such casualty had occurred during the term of the Lease. If Purchaser does not elect to terminate this Agreement by reason of any casualty, Purchaser shall have the right to participate in

any adjustment of the insurance claim and, in such event, Purchaser and Seller shall cooperate each with the other in good faith.

10.2 CONDEMNATION. Prior to the Closing Date, if all or any portion of the Property is taken, or if access thereto is reduced or restricted, by eminent domain or otherwise (or if such taking, reduction or restriction is pending, threatened or contemplated) (hereinafter a "Condemnation Proceeding"), Seller shall immediately notify Purchaser of such fact. In the event that such notice relates to the taking of a material (as defined below) portion of the Property, Purchaser shall have the option, in its sole and absolute discretion, to terminate this Agreement upon written notice to Seller given not later than thirty (30) days after receipt of Seller's notice, whereupon neither party shall have any rights, obligations or liabilities hereunder except with respect to those rights, obligations or liabilities which expressly survive the termination of this Agreement. For the purposes of this Section, and without limiting the generality of the foregoing, a taking shall be deemed material if it (i) restricts access to the Property (ii) reduces the parking available to Property unless an equal or greater number of spaces may be created through a reconfiguration of the parking facilities, or (iii) would, in the reasonable estimation of Purchaser, cost more than \$100,000 to restore the Property or make alterations to the Property in order to maintain the Property as a fully functioning correctional and detention facility comparable in all respects to the condition of the Property absent such Condemnation Proceeding. If Purchaser does not elect to terminate this Agreement as herein provided, the parties shall proceed to the Closing pursuant to the terms hereof without modification of the terms of this Agreement and without any reduction in the Purchase Price, and any condemnation award and repair and restoration of the Property shall be governed by the terms and provisions of the Lease to be entered into between Seller and Purchaser at the Closing with the same effect as if such Condemnation Proceeding had occurred during the term of the Lease. If Purchaser does not elect to terminate this Agreement by reason of any Condemnation Proceeding, Purchaser shall have the right to participate in any Condemnation Proceeding with respect to the Property and, in such event, Purchaser and Seller shall cooperate each with the other in good faith.

10.3 SURVIVAL. All of the representations, warranties, covenants, agreements and indemnities of Seller and Purchaser contained in this Agreement, to the extent not performed at the Closing, shall survive the Closing for the period of one (1) year after the Closing Date and shall not be deemed to merge upon the acceptance of the Deed by Purchaser.

10.4 RIGHT OF ASSIGNMENT. Neither this Agreement nor any interest herein may be assigned or transferred by Purchaser to any person, firm, corporation or other entity without the prior written consent of Seller, which consent may be given or withheld in the sole discretion of Seller.

10.5 NOTICES. All notices, requests and other communications under this Agreement shall be in writing and shall be either (a) delivered in person, (b) sent by certified mail, return-receipt requested or (c) delivered by a recognized national delivery service addressed as follows:

If intended for Seller: Wackenhut Corrections Corporation
4200 Wackenhut Drive, Suite 100
Palm Beach Gardens, FL 33410-4243
Phone: (561) 622-5656
Attention: Dr. George C. Zoley

With a copy to: Akerman, Senterfitt & Eidson, P.A.
One SE Third Avenue
Miami, Florida 33131
Phone: (305) 374-5600
Attention: Bruce I. March, Esq.

If intended for Purchaser: CPT Operating Partnership L.P.
4200 Wackenhut Drive
Palm Beach Gardens, Florida 33410-4243
Phone: (561) 691-6644
Attention: Mr. Charles R. Jones

With a copy to: Josias, Goren, Cherof, Doody and Ezrol, P.A.
3009 East Commercial Boulevard, Suite 200
Ft. Lauderdale, Florida 33308
Phone: (954) 771-4500
Attention: Donald J. Doody, Esq.

or at such other address, and to the attention of such other person, as the parties shall give notice as herein provided. A notice, request and other communication shall be deemed to be duly received if delivered in person or by a recognized national delivery service, when delivered to the address of the recipient, if sent by mail, on the date of receipt by the recipient as shown on the return-receipt card; provided that if a notice, request or other communication is served by hand on a day which is not a Business Day, or after 5:00 P.M. on any Business Day at the addressee's location, such notice or communication shall be deemed to be duly received by the recipient at 9:00 A.M. on the first Business Day thereafter.

10.6 ENTIRE AGREEMENT; MODIFICATIONS. This Agreement embodies and constitutes the entire understanding between the Parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the Party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

10.7 APPLICABLE LAW. THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA. The Parties agree that jurisdiction and venue for any litigation arising out of this Agreement shall be in the Courts of Palm Beach County, Florida or the U.S. District Court for the Southern District of Florida and, accordingly, consent thereto.

10.8 CAPTIONS. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe, or limit the scope or intent of this Agreement or any of the provisions hereof.

10.9 BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

10.10 TIME IS OF THE ESSENCE. With respect to all provisions of this Agreement, time is of the essence. However, if the first date of any period which is set out in any provision of this Agreement falls on a day which is not a Business Day, then, in such event, the time of such period shall be extended to the next day which is a Business Day.

10.11 WAIVER OF CONDITIONS. Any Party may at any time or times, at its election, waive any of the conditions to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by such Party. No waiver by a Party of any breach of this Agreement or of any warranty or representation hereunder by the other Party shall be deemed to be a waiver of any other breach by such other Party (whether preceding or succeeding and whether or not of the same or similar nature), and no acceptance of payment or performance by a Party after any breach by the other Party shall be deemed to be a waiver of any breach of this Agreement or of any representation or warranty hereunder by such other Party, whether or not the first Party knows of such breach at the time it accepts such payment or performance. No failure or delay by a Party to exercise any right it may have by reason of the default of the other Party shall operate as a waiver of default or modification of this Agreement or shall prevent the exercise of any right by the first Party while the other Party continues to be so in default.

10.12 LIABILITY OF GENERAL PARTNER OF PURCHASER. Seller acknowledges that Purchaser has disclosed that the general partner of Purchaser (the "General Partner") is a Maryland business trust formed pursuant to a Declaration of Trust, as amended, a copy of which is duly filed with the Department of Assessments and Taxation of the State of Maryland, which provides that no trustee, officer, shareholder, employee or agent of the General Partner shall be held personally liable under any written instrument creating an obligation of, or claim against, the General Partner and that all persons dealing with the General Partner, in any way, shall look only to the assets of the General Partner for the payment of any sum or the performance of any obligation. Seller agrees that any liability of the General Partner or any trustee, officer, shareholder, employee or agent acting on behalf of the General Partner arising out of this Agreement or the performance by Purchaser of its obligations hereunder is limited to the assets of the General Partner in accordance with the above Declaration of Trust.

EXECUTED to be effective as of the Effective Date.

PURCHASER:

CPT OPERATING PARTNERSHIP L.P.

By: Correctional Properties Trust, a Maryland real estate investment trust, its General Partner

By: -----
Charles R. Jones, President

Date: -----

Purchaser's Tax Identification Number:

SELLER:

WACKENHUT CORRECTIONS CORPORATION

By: -----
George R. Zoley, Vice Chairman of the Board

Date: -----

Seller's Tax Identification Number:

AGREEMENT OF TITLE COMPANY

By its execution of this Agreement, the Title Company agrees to: (a) timely file a return with the Internal Revenue Service on Form 1099-B, Form 1099-S and/or such other form or forms as the Internal Revenue Service may by form or regulation require, and (b) furnish Purchaser with a written statement showing the name and address of the Title Company and the information shown on such form or forms with respect to Purchaser, and (c) comply with the provisions of the Agreement which are applicable to the Title Company. Such form or forms shall be filed in order that the parties to this transaction will be in compliance with Section 6045 of the Internal Revenue Code of 1986, as

amended. Purchaser and Seller shall each provide their taxpayer identification numbers to the Title Company so that such information may be included in the form or forms filed by the Title Company.

_____ TITLE INSURANCE CORPORATION

By:

Name:

Its:

Date:

xxix

LIST OF SCHEDULES AND EXHIBITS

Schedule I	-	Purchase Price
Exhibit A	-	Real Property Descriptions
Exhibit B	-	Bill of Sale and Assignment
Exhibit C	-	Certificate of Non-Foreign Status
Exhibit D	-	Closing Certificate
Exhibit E	-	Deed
Exhibit F	-	Excluded Personal Property
Exhibit G	-	Right to Purchase Agreement
Exhibit H	-	Master Agreement to Lease and Lease Agreement
Exhibit I	-	Option Agreements
Exhibit J	-	Personal Property
Exhibit K	-	Surveyor's Certificate
Exhibit L-1	-	Opinion of Seller's Counsel
Exhibit L-2	-	Opinion of Purchaser's Counsel

xxx

FORM OF
CORRECTIONAL PROPERTIES TRUST
ARTICLES OF AMENDMENT AND RESTATEMENT
OF DECLARATION OF TRUST

Correctional Properties Trust, a Maryland real estate investment trust (the "Trust"), hereby certifies to the State Department of Assessment and Taxation of Maryland that:

FIRST: The Trust desires to amend and restate its Declaration of Trust as currently in effect.

SECOND: The Declaration of Trust is amended and as so amended is restated in its entirety by striking out Articles I through Article XII and inserting in lieu thereof the following:

ARTICLE I

FORMATION

The Trustees hereby form a real estate investment trust (the "Trust") within the meaning of Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time ("Maryland REIT Law"). The Trust is not intended to be, and shall not be deemed to be, a general partnership, limited partnership, limited liability partnership, joint venture, joint stock company, limited liability company, corporation or other form of organization (but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Internal Revenue Code of 1986, as amended from time to time (the "Code")). The shareholders shall be beneficiaries of the Trust, subject to the terms and conditions set forth herein.

ARTICLE II

NAME

The name of the Trust is:

CORRECTIONAL PROPERTIES TRUST

Under circumstances in which the Board of Trustees of the Trust (the "Board of Trustees" or "Board") determines that the use of the name of the Trust is not practical, legal or convenient, the

Trust may use any other designation or name of the Trust as designated by the Board of Trustees from time to time. The Trust shall have the authority to operate under an assumed name or names, including, without limitation, in such state or states or any political subdivision thereof where it would not be legal, practical or convenient to operate in the name of the Trust. The Trust shall have the authority to file such assumed name certificate or other instruments in such places as may be required by applicable law to operate under such assumed name or names.

ARTICLE III

PURPOSES AND POWERS

Section 1. PURPOSES. The Trust is a for-profit real estate investment trust organized for the purpose of engaging in any activity permitted to real estate investment trusts under the laws of the State of Maryland.

Section 2. POWERS. The Trust shall have all the powers granted to real estate investment trusts generally by the Maryland REIT Law or any successor statute and shall have all further powers as are not inconsistent with and are appropriate to promote and attain its purposes. In addition, it is intended that the business of the Trust will be conducted so that the Trust will qualify as a "real estate investment trust" as defined in the Code and the provisions of this Declaration of Trust shall be construed in such manner as to facilitate that qualification under the Code.

ARTICLE IV

RESIDENT AGENT AND PRINCIPAL OFFICE

The name and address of the resident agent of the Trust in the State of Maryland is The CSC Lawyers Incorporating Service Company, 11 East Chase Street, Baltimore, Maryland 21202. The address of the Trust's initial principal office is 4200 Wackenhut Drive, Palm Beach Gardens, Florida 33410-4243. The Trust may have such other offices or places of business within or without the State of Maryland as the Trustees from time to time determine.

ARTICLE V

BOARD OF TRUSTEES

Section 1. NUMBER. The Trust currently has nine (9) Trustees, but such number may be hereafter increased and decreased from time to time by the Board of Trustees acting pursuant to the Bylaws to not more than fifteen (15) members and not less three (3) members. At least a majority of the members of the Board of Trustees must be Independent Trustees. An "Independent Trustee"

is an individual who qualifies as a Trustee under the Bylaws of the Trust, but who is neither (a) an officer or an employee of the Trust or its affiliates, nor (b) a director, trustee, officer or employee of, or other person who has a material financial interest in, any of (1) The Wackenhut Corporation, a Florida corporation, or Wackenhut Corrections Corporation, a Florida corporation, or (2) any lessee or tenant of property owned by the Trust, or (3) any owner, lessee or tenant of any property financed by the Trust or by the Trust's affiliates, other than any such owner, lessee or tenant which is an affiliate of the Trust, or (4) any management company operating any property owned or financed by the Trust or by the Trust's affiliates, or (5) an affiliate of any of the foregoing. As used herein, the term "affiliate" shall have the meaning ascribed to such term in Rule 405 under the Securities Act of 1933, as amended. A Trustee need not be a shareholder. The business and affairs of the Trust shall be managed under the direction of the Trustees and the Trustees shall have full, exclusive and absolute power, control, and authority over the assets of the Trust and over the business of the Trust as if they, in their own right, are the sole owners of the Trust. This Declaration of Trust shall be construed with the presumption in favor of the grant of power and authority to the Trustees.

Section 2. ELECTION.

(a) The Trustees of the Trust (other than any Trustees who may be elected by holders of Preferred Shares as provided for pursuant to Article VIII Section 5 hereof) shall be and are divided into three classes: Class I, Class II and Class III. The number of Trustees in each class shall be as nearly equal as the then-authorized number of Trustees constituting the Board of Trustees permits. Each Trustee shall serve for a term ending on the date of the third Annual Meeting of the shareholders following the Annual Meeting at which such Trustee was elected; PROVIDED, HOWEVER, that each initial Trustee in Class I shall serve for a term ending on the date of the Annual Meeting held in 1999, each initial Trustee in Class II shall serve for a term ending on the date of the Annual Meeting held in 2000, and each initial Trustee in Class III shall serve for a term ending on the date of the Annual Meeting held in 2001. Any Trustee who may be elected by holders of Preferred Shares as provided for pursuant to Article VIII Section 5 hereof shall serve for a term ending on the date of the Annual Meeting next following the Annual Meeting of shareholders at which such Trustee was elected or for such other period not beyond the third Annual Meeting of shareholders following such Trustee's election as may be provided for pursuant to such provisions. The names of the initial Class I Trustees are: Richard R. Wackenhut, William M. Murphy and Robert R. Veach, Jr. The names of the initial Class II Trustees are: George R. Wackenhut, Anthony D. Travisono and Clarence E. Anthony. The names of the initial Class III Trustees are: George C. Zoley, Charles R. Jones and James D. Motta.

(b) In the event of any increase or decrease in the authorized number of Trustees:

(1) Each Trustee then serving shall nevertheless continue as a Trustee of the class of which he is a member until the expiration of his term or his prior death, retirement, resignation or removal; and

(2) Except to the extent that an increase or decrease in the authorized number of Trustees occurs in connection with the rights of holders of Preferred Shares to elect additional Trustees, the newly-created or eliminated trusteeships resulting from any increase or decrease shall be apportioned by the Board of Trustees among the three classes so as to keep the number of Trustees in each class as nearly equal as possible.

(c) Cumulative voting will not be permitted in the election of Trustees.

Section 3. TERM. Notwithstanding the provisions of Article V Sections 2(a) and (b), each Trustee shall serve until his successor is elected and qualifies or until his prior death, retirement, resignation or removal.

Section 4. REMOVAL. Subject to the provisions of Article V Section 5(b), the shareholders may, at any time, remove any Trustee, with or without cause, by an affirmative vote of holders of two-thirds of shares entitled to vote in the election of Trustees.

Section 5. VACANCY.

(a) Except as may otherwise be provided pursuant to Article VIII Section 5 hereof with respect to any rights of holders of Preferred Shares to elect additional Trustees or any agreement relating to the right to designate nominees for election to the Board of Trustees, should a vacancy in the Board of Trustees occur or be created (whether arising through death, retirement, resignation or removal or through an increase but not a decrease in the number of authorized Trustees), such vacancy shall be filled by the affirmative vote of a majority of the remaining Trustees, even though less than a quorum of the Board of Trustees may exist. A Trustee so elected to fill a vacancy shall serve for the remainder of the term of the class to which he was elected and until his successor is elected and qualifies.

(b) During any period when the holders of any series of Preferred Shares have the right to elect additional Trustees as provided for or fixed pursuant to the provisions of Article VIII Section 5 hereof, then upon commencement and for the duration of the period during which such right continues (i) the then otherwise total and authorized number of Trustees of the Trust shall automatically be increased by the number of such additional Trustees, and such holders of Preferred Shares shall be entitled to elect the additional Trustees so provided for or fixed pursuant to said provisions, (ii) each such additional Trustee shall serve until the next Annual Meeting of shareholders and until such Trustee's successor shall have been duly elected and qualifies, or until such Trustee's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his earlier death, disqualification, resignation or removal and (iii) the removal of any such additional Trustee shall be governed by the terms of the Preferred Shares as provided for or fixed pursuant to Article VIII Section 5.

Section 6. LEGAL TITLE. Legal title to all Trust Property (as hereinafter defined) shall be vested in the Trustees, but they may cause legal title to any Trust Property to be held by or in the

name of any Trustee, or the Trust, or any other person as nominee. "Trust Property" shall mean all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Trust or the Trustees (including all rents, income, profits and gains therefrom), or which is otherwise owned or held by, or for the account of, the Trust or the Trustees.

Section 7. SUCCESSOR TRUSTEES. The right, title and interest of the Trustees in and to the Trust Property shall vest automatically in all persons who may become Trustees hereafter upon their due election and qualification without any further act, and thereupon they shall have the same rights, privileges, powers, duties and immunities as though originally named as Trustees in this Declaration of Trust. Appropriate written evidence of the election and qualification of successor Trustees shall be filed with the records of the Trust and in such other offices or places as the Trustees may deem necessary, appropriate or desirable. Upon the resignation, removal or death of a Trustee or other termination of his term of office, he (and in the event of his death, his estate) automatically shall cease to have any right, title or interest in or to any of the Trust Property, and the right, title and interest of such Trustee in and to the Trust Property shall vest automatically in the remaining Trustees without any further act.

ARTICLE VI

POWERS OF TRUSTEES

Section 1. POWERS OF TRUSTEES. The Trustees shall have all the powers necessary, convenient or appropriate to effectuate the purposes of the Trust and may take any action which they deem necessary or desirable to carry out such purposes. Any determination of the purposes of the Trust made by the Trustees in good faith shall be conclusive. In construing the provisions of this Declaration of Trust, the presumption shall be in favor of the grant of power to the Trustees. Except as otherwise provided under the Maryland REIT Law or this Declaration of Trust, the Trustees' powers shall include, without limitation, the following:

(1) To purchase, acquire through the issuance of shares in the Trust, obligations of the Trust or otherwise, and to mortgage, sell, acquire or lease, hold, manage, improve, lease to others, option, exchange, release and partition, real estate interests of every nature, including freehold, leasehold, mortgage, ground rent and other interests therein, and to erect, construct, alter, repair, demolish or otherwise change buildings and structures of every nature;

(2) To purchase, acquire through the issuance of shares in the Trust, obligations of the Trust or otherwise, option, sell and exchange, stocks, bonds, notes, certificates of indebtedness and securities of every nature;

(3) To purchase, acquire through the issuance of shares in the Trust, obligations of the Trust or otherwise, mortgage, sell, acquire or lease, hold, manage, improve, lease to others, option and exchange personal property of every nature;

(4) To hold legal title to property of the Trust in the name of the Trust, or in the name of one or more of the Trustees for the Trust, or of any other person for the Trust, without disclosure of the interest of the Trust therein;

(5) To borrow money for the purposes of the Trust and to give notes, debentures, bonds or other negotiable or nonnegotiable instruments or obligations of the Trust therefor; to enter into other obligations or guarantee the obligations of others on behalf of and for the purposes of the Trust; and to mortgage or pledge or cause to be mortgaged or pledged real and personal property of the Trust to secure such notes, debentures, bonds, instruments or other obligations;

(6) To lend money on behalf of the Trust and to invest the funds of the Trust;

(7) To create reserve funds for such purposes as they deem advisable;

(8) To deposit funds of the Trust in banks and other depositories without regard to whether such accounts will draw interest;

(9) To pay taxes and assessments imposed upon or chargeable against the Trust or the Trustees (other than income, social security and other taxes required to be paid by the Trustees individually based upon their compensation from the Trust) by virtue of or arising out of the existence, property, business or activities of the Trust;

(10) To purchase, issue, sell or exchange shares in the Trust;

(11) To exercise in respect of property of the Trust all options, privileges and rights, whether to vote, assent, subscribe or convert; or of any other nature; to grant proxies; and to participate in and accept securities issued under any voting trust agreement;

(12) To participate in any reorganization, readjustment, consolidation, merger, dissolution, sale or purchase of assets, lease, or similar proceedings of any corporation, partnership or other organization in which the Trust shall have an interest and in connection therewith to delegate discretionary powers to any reorganization, protective or similar committee and to pay assessments and other expenses in connection therewith;

(13) To engage or employ officers, other employees, agents and representatives of any nature, or independent contractors, including, without limiting the generality of the foregoing, transfer agents for the transfer of shares in the Trust, registrars, underwriters, dealers, agents or other distributors for the sale of shares in the Trust, independent certified public accountants, attorneys at law, appraisers, real estate agents and brokers; and to delegate to one or more Trustees, agents, representatives, officers, employees, independent contractors or other persons such powers and duties as the Trustees deem appropriate;

(14) To determine conclusively the allocation between capital and income of the receipts, holdings, expenses and disbursements of the Trust, regardless of the allocation which might be considered appropriate in the absence of this provision;

(15) To determine conclusively the value from time to time, and to revalue, the real estate, securities and other property of the Trust by means of independent appraisals or otherwise;

(16) To compromise or settle claims, questions, disputes and controversies by, against or affecting the Trust;

(17) To solicit proxies of the shareholders;

(18) To adopt a fiscal year for the Trust and to change such fiscal year;

(19) To adopt and use a seal;

(20) To merge the Trust with or into any other trust, corporation, entity or person in accordance with the laws of the State of Maryland;

(21) To exercise exclusive power to make and alter the Bylaws of the Trust in a manner that is not inconsistent with law or this Declaration of Trust to regulate the governance of the Trust and the administration of its affairs;

(22) To make donations for the public welfare or for community, charitable, religious, educational, scientific, civic or similar purposes, regardless of any direct benefit to the Trust;

(23) To cause the Trust to purchase interests in one or more general or limited partnerships or limited liability companies formed to carry out the activities described above, and to exercise all of the rights, powers and duties granted by the laws of the jurisdictions in which such partnerships and limited liability companies are formed to general or limited partners or members, as the case may be;

(24) To deal with the Trust Property in every way, including providing for the Trust to be promotor, general or limited partner, member, associate or manager of any joint ventures, partnerships, limited liability companies and any other combinations or associations, that would be lawful for an individual, whether similar to or different from the ways herein and hereinabove specified; and

(25) To cause the Trust to exercise its powers through ownership or operation of corporate subsidiaries, partnerships, limited liability companies and other combinations and operations.

Section 2. TRUSTEES' RIGHT TO OWN SHARES. A Trustee may acquire, hold and dispose of shares in the Trust for his individual account and may exercise all rights of a shareholder to the same extent and in the same manner as if he were not a Trustee.

Section 3. TRANSACTIONS BETWEEN THE TRUST AND ITS TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS. Subject to any express restrictions in this Declaration of Trust or adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind (including without limitation for the purchase, lease or sale of property or for any type of services, including those in connection with underwriting or the offer or sale of securities of the Trust) with any person, including any Trustee, officer, employee or agent of the Trust or any person affiliated or associated with a Trustee, officer, employee or agent of the Trust, whether or not any of them has a financial interest in such transaction.

ARTICLE VII

REIT STATUS

The Trust is intended to qualify as a real estate investment trust under the Maryland REIT Law, or any successor statutes. The Trust shall also seek to elect and maintain status as a real estate investment trust ("REIT") under Sections 856-860 or any successor sections of the Code. It shall be the duty of the Board of Trustees to use its commercially reasonable efforts to ensure that the Trust satisfies the requirements for qualification as a REIT under the Code, including, but not limited to, the ownership of its outstanding shares, the nature of its assets, the sources of its income, and the amount and timing of its distributions to its shareholders. The Board of Trustees shall endeavor to take no action to disqualify the Trust as a REIT or to otherwise revoke the Trust's election to be taxed as a REIT without the affirmative vote of the holders of not less than two-thirds of all of the outstanding shares of the Trust entitled to vote on such matter.

ARTICLE VIII

SHARES AND SHAREHOLDERS

Section 1. AUTHORIZED CAPITAL SHARES. The total number of shares which the Trust initially has authority to issue is 150,000,000 shares of a class denominated Common Shares, \$.001 par value per share, and 50,000,000 shares of a class denominated Preferred Shares, \$.001 par value per share, for an aggregate of 200,000,000 shares with an aggregate par value of \$200,000.

Section 2. CERTIFICATES OF OWNERSHIP. Ownership of shares shall be, as determined by the Trustees, either (i) evidenced by certificates in such form as shall be determined by the Trustees from time to time, or (ii) registered in uncertificated form, each in accordance with the laws of the State

of Maryland. The owners of the shares, who are the beneficiaries of the Trust, shall be designated as "shareholders." The certificates shall be negotiable and title thereto shall be transferred by assignment or delivery in all respects as a stock certificate of a Maryland corporation except as may be noted thereon.

Section 3. FRACTIONAL SHARES. The Trust may issue shares in fractional denominations to the same extent as its whole shares, and any fractional share shall carry proportionately the rights of a whole share, including without limitation, the right to vote, the right to receive dividends and distributions and the right to participate upon liquidation of the Trust. A fractional share shall not however, have any right to receive a certificate evidencing it, regardless of whether a full share has such right, but if so determined by the Trustees, may be represented by scrip.

Section 4. NO LEGAL TITLE TO TRUST PROPERTY. The shareholders shall have no legal title or interest in the Trust Property and no right to a partition thereof or to an accounting therefor during the continuance of the Trust but only to the rights expressly provided in this Declaration of Trust and under Maryland REIT Law. Neither the transfer of shares nor the death, insolvency or incapacity of any shareholder shall operate to dissolve or terminate the Trust, nor shall it entitle any transferee, legal representative or other person to a partition of the property of the Trust or to an accounting therefor.

Section 5. COMMON SHARES/PREFERRED SHARES. Common Shares may be issued from time to time upon authorization by the Board of Trustees of the Trust. Preferred Shares may be issued from time to time upon authorization by the Board of Trustees of the Trust, in such series and with such preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption or other provisions as may be fixed by the Board of Trustees, except as otherwise set forth in this Declaration of Trust. Without limiting the foregoing, the Board of Trustees shall have the power to classify and reclassify any unissued shares of the Trust of any class or series from time to time by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of the shares. Shares may be issued for such consideration, if any, as the Board of Trustees determines, including, without limitation, for services and as otherwise provided in this Article VIII Section 12, and also may be issued as a result of a share dividend or share split, without any consideration, and all shares so issued will be fully paid and non-assessable by the Trust. The Board of Trustees may also authorize the issuance of debt instruments, shares, and securities convertible into shares of the Trust for such consideration as the Board of Trustees may deem advisable.

Section 6. ANNUAL MEETING. A meeting of shareholders shall be held annually after the delivery of the annual report of the Trust at a convenient location, within or without the United States, as determined by the Board of Trustees, upon proper notice as set forth in the Bylaws of the Trust. However, the failure to hold an annual meeting shall not invalidate the Trust's existence or affect any otherwise valid act of the Trust or Trustees.

Section 7. DIVIDENDS AND DISTRIBUTIONS. Subject to the provisions of Article VII, the Trustees, within thirty (30) days after the end of each fiscal year in each calendar year after the calendar year in which the Trust is created, and, in their discretion, more frequently, shall use commercially reasonable efforts to declare and pay to the shareholders such dividends and distributions, as may be necessary to continue to qualify the Trust as a "real estate investment trust," as defined in the Code, as well as such additional dividends and distributions as the Trustees in their discretion may declare.

Section 8. DIVIDENDS AND DISTRIBUTIONS; RIGHTS UPON LIQUIDATION. After the provisions with respect to preferential dividends or distributions of any class or series of Preferred Shares, if any, shall have been satisfied, and subject to any other conditions that may be fixed in accordance with the provisions of this Article VIII Section 5, then, and not otherwise, all Common Shares will participate equally in dividends and distributions payable to holders of shares of Common Shares when and as declared by the Board of Trustees at their discretion. In the event of voluntary or involuntary dissolution or liquidation of the Trust, after providing for the payment of all liabilities, and after distribution in full of the preferential amounts, if any, to be distributed to the holders of Preferred Shares pursuant to the additional rights, if any, of the holders of Preferred Shares fixed in accordance with Article VIII Section 5, the holders of Common Shares shall be entitled to receive all of the remaining assets of the Trust, tangible and intangible, of whatever kind available for distribution to shareholders ratably in proportion to the number of Common Shares held by them respectively.

Section 9. VOTING. Each holder of Common Shares shall be entitled to one vote per share on all matters to be voted on by the holders of Common Shares of the Trust. Except as may be otherwise provided or fixed by the Board of Trustees with respect to the voting rights of Preferred Shares pursuant to Article VIII Section 5, and except as required by law or the rules of any stock exchange on which the shares of the Trust may be listed, the holders of Preferred Shares shall have no voting rights and shall have no rights to receive notice of any meetings.

Section 10. VOTING RIGHTS OF COMMON SHAREHOLDERS. Holders of the Common Shares shall be entitled to vote only on the following matters: (a) except as may be otherwise provided or fixed by the Board of Trustees with respect to voting rights of Preferred Shares pursuant to Article VIII Section 5, election or removal of Trustees as provided in Article V Sections 2 and 4; (b) amendment of this Declaration of Trust to the extent provided in Article XI; (c) a merger of the Trust to the extent required under the Maryland REIT Law or the rules of any stock exchange on which the shares of the Trust may be listed; (d) with regard to the REIT status, as provided in Article VII; (e) termination of the Trust as provided in Article XII; (f) on such other matters as a vote of the holders of Common Shares may be required by law or pursuant to the rules of any stock exchange on which the shares of the Trust may be listed from time to time; and (g) with respect to such other matters as may be determined by the Board of Trustees from time to time. Except with respect to the foregoing matters, no action taken by the shareholders at any meeting shall in any way bind the Trust or Trustees.

Section 11. PREEMPTIVE RIGHTS. No holder of shares of the Trust shall have any preemptive or preferential rights to subscribe to or purchase (i) any shares of any class or series of the Trust, whether now or hereafter authorized; (ii) any warrants, rights, or options to purchase any such shares; or (iii) any securities or obligations convertible into or exchangeable for any such shares or into or for warrants, rights or options to purchase any such shares.

Section 12. EMPLOYEE, TRUSTEE AND OTHER OPTIONS AND PLANS. By action of the Trustees, the Trust may issue, for such consideration as the Trustees deem appropriate, options, warrants or other rights, including share appreciation rights, to acquire shares, and securities convertible into and exchangeable for shares, and, in the case of incentive or other compensatory plans for Trustees, officers or employees of, and independent contractors and consultants to, the Trust, the Trustees may award such securities as fully paid and nonassessable shares to plan participants for no or nominal consideration, and may cause the Trust to make loans to (or accept promissory obligations for future payment from) such participants to assist them in the exercise of options or other rights and in the payment for shares, and may determine that any such loan (or promissory obligation) shall not affect the fully paid and nonassessable character of shares so issued.

Section 13. REACQUIRED SHARES. Subject to compliance with the Maryland REIT Law, the Trust may repurchase or otherwise acquire its own shares and other securities at such price or prices as the Board of Trustees may authorize and for this purpose the Trust may create and maintain such reserves as are deemed necessary or appropriate. Shares issued hereunder and purchased or otherwise acquired for the account of the Trust shall constitute authorized but unissued shares of the Trust.

Section 14. TRANSFERABILITY OF SHARES. Subject to the provisions of Article IX, shares in the Trust shall be transferable in accordance with the procedures prescribed from time to time in the Trust's Bylaws. Except as may be otherwise provided in the Bylaws, the persons in whose name the shares are registered on the books of the Trust shall be deemed the absolute owners thereof and, until a transfer is effected on the books of the Trust, the Trustees shall not be affected by any notice, actual or constructive, of any transfer.

ARTICLE IX

RESTRICTIONS AND LIMITATIONS ON TRANSFER AND OWNERSHIP OF SHARES

Section 1. RESTRICTIONS ON TRANSFER.

Section 1.1. DEFINITIONS. The following terms shall have the following meanings:

(A) "Beneficial Ownership" shall mean ownership of Equity Shares by a Person who would be treated as an owner of such Equity Shares either directly under Section 542

of the Code or indirectly or constructively through the application of Section 544 of the Code, as modified by Section 856(h) of the Code. The terms "Beneficial Owner," "Beneficially Owns," and "Beneficially Owned" shall have correlative meanings.

(B) "Beneficiary" shall mean, with respect to any Share Trust, one or more organizations described in each of Section 170(b)(1)(A) and Section 170(c) of the Code that are named by the Trust as the beneficiary or beneficiaries of such Share Trust, in accordance with the provisions of Article IX Section 2.1 hereof.

(C) "Constructive Ownership" shall mean ownership of equity interests by a Person who would be treated as an owner of such interests either directly, indirectly or constructively under the Code including, without limitation, Sections 318 of the Code, as applied by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns," and "Constructively Owned" shall have correlative meanings.

(D) "Equity Shares" shall mean Preferred Shares and Common Shares. The term "Equity Shares" shall include all Preferred Shares and Common Shares that are held as Shares- in-Trust in accordance with the provisions of this Article IX hereof.

(E) "Initial Public Offering" means the sale of Common Shares pursuant to the Trust's first effective registration statement for such Common Shares filed under the Securities Act of 1933, as amended.

(F) "Market Price" shall mean, with respect to Common Shares or Preferred Shares, the last reported sales price of such shares reported on the New York Stock Exchange on the trading day immediately preceding the relevant date, or if such shares are not then traded on the New York Stock Exchange, the last reported sales price of such shares on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which such shares may be traded, or if such shares are not then traded over any exchange or quotation system, then the market price of such shares on the relevant date as determined in good faith by the Board of Trustees of the Trust.

(G) "Non-Transfer Event" shall mean an event other than a purported Transfer that would cause any Person to Beneficially Own or Constructively Own Equity Shares in excess of the Ownership Limit, including, but not limited to, the granting of any option or entering into any agreement for the sale, transfer or other disposition of Equity Shares, or the Transfer of any securities or rights convertible into or exchangeable for Equity

Shares or the acquisition of an interest in any entity other than the Trust, or the commencement of a relationship with any Person.

(H) "Operating Partnership" shall mean CPT Operating Partnership L.P., a Delaware limited partnership.

(I) "Ownership Limit" shall mean, with respect to the Common Shares, 9.8% of the number of each class or series of the outstanding Common Shares and, with respect to the Preferred Shares, 9.8% of the number of each class or series of the outstanding Preferred Shares.

(J) "Permitted Transferee" shall mean any Person designated as a Permitted Transferee in accordance with the provisions of Article IX Section 2.5 hereof.

(K) "Person" shall mean an individual, corporation, partnership, estate, trust, a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

(L) "Prohibited Owner" shall mean, with respect to any purported Transfer or Non-Transfer Event, any Person who, but for the provisions of this Article IX Section 2 hereof, would own record title to Equity Shares.

(M) "Restriction Termination Date" shall mean the first day after the date of the Initial Public Offering on which the Board of Trustees and the shareholders of the Trust determine that it is no longer in the best interests of the Trust to attempt to, or continue to, qualify as a REIT.

(N) "Shares-in-Trust" shall mean any Equity Shares designated Shares-in-Trust pursuant to this Article IX Section 1.3 hereof.

(O) "Share Trust" shall mean any separate trust created pursuant to this Article IX Section 1.3 hereof and administered in accordance with the terms of this Article IX Section 2 hereof, for the exclusive benefit of any Beneficiary.

(P) "Share Trustee" shall mean any Person unaffiliated with both the Trust and any Prohibited Owner, such Share Trustee to be designated by the Trust to act as trustee of any Share Trust, or any successor trustee thereof.

(Q) "Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Equity Shares, whether voluntary or involuntary, whether of record, constructively or beneficially and whether by operation of law or otherwise.

Section 1.2. RESTRICTION ON TRANSFERS.

(A) Except as provided in this Article IX Section 1.7 hereof, during the period commencing on the date of the Initial Public Offering and ending immediately prior to the Restriction Termination Date, (i) no Person shall Beneficially Own or Constructively Own any Equity Shares in excess of the Ownership Limit and (ii) any Transfer or Non-Transfer Event that, if effective, would result in any Person Beneficially Owning or Constructively Owning Equity Shares in excess of the Ownership Limit shall be void AB INITIO as to that number of Equity Shares which would be otherwise Beneficially Owned or Constructively Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights with respect to such excess Equity Shares. Notwithstanding the foregoing, in case of a Transfer or Non-Transfer Event arising from the grant of any options to any Person pursuant to any share option plan of the Trust or otherwise, the period referred to in the first sentence of this paragraph shall commence on the date on which the Trust commences its existence.

(B) Except as provided in this Article IX Section 1.7 hereof, from the date of the Initial Public Offering and ending immediately prior to the Restriction Termination Date, any Transfer or Non-Transfer Event that, if effective, would result in the Equity Shares being beneficially owned by fewer than 100 Persons (determined without reference to any rules of attribution) shall be void AB INITIO as to the Transfer of that number of shares which would result in the Equity Shares being beneficially owned by fewer than 100 persons, and the intended transferee shall acquire no rights with respect to such excess Equity Shares.

(C) From the date of the Initial Public Offering and ending immediately prior to the Restriction Termination Date, any Transfer or Non-Transfer Event that, if effective, would result in the Trust being "closely held" within the meaning of Section 856(h) of the Code shall be void AB INITIO as to that number of Equity Shares which would cause the Trust to be "closely held" within the meaning of Section 856(h) of the Code, and the intended transferee shall acquire no rights with respect to such excess Equity Shares.

(D) From the date of the Initial Public Offering and ending immediately prior to the Restriction Termination Date, any Transfer or Non-Transfer Event that, if effective, would cause the Trust to Constructively Own 9.8% or more of the ownership interests in a tenant of the real property of the Trust, the Operating Partnership or any direct or indirect subsidiary (including, without limitation, partnerships and limited liability companies) of the Trust or the Operating Partnership, within the meaning of Section 856(d)(2)(B) of the Code, shall be void AB INITIO as to that number of Equity Shares which would cause the Trust to Constructively Own 9.8% or more of the ownership interests in a tenant of the real property of the Trust, the Operating Partnership or any direct or indirect subsidiary (including, without limitation, partnerships and limited liability

companies) of the Trust or the Operating Partnership, within the meaning of Section 856(d)(2)(B) of the Code, and the intended transferee shall acquire no rights with respect to such excess Equity Shares. Notwithstanding the foregoing, in case of a Transfer or Non-Transfer Event arising from the grant of any options to any Person pursuant to any share option plan of the Trust or otherwise, the period referred to in the first sentence of this paragraph shall commence on the date on which the Trust commences its existence.

Section 1.3. TRANSFER TO SHARE TRUST.

(A) If, notwithstanding the other provisions contained in this Article IX, at any time after the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer or Non-Transfer Event such that any Person would either Beneficially Own or Constructively Own Equity Shares in excess of the Ownership Limit, then (i) except as otherwise provided in Article IX Section 1.7 hereof, the purported transferee shall acquire no right or interest (and, in the case of a Non-Transfer Event, the person holding record title to the Equity Shares Beneficially Owned or Constructively Owned by such Beneficial Owner or Constructive Owner, shall cease to own any right or interest) in such number of Equity Shares which would cause such Beneficial Owner or Constructive Owner to Beneficially Own or Constructively Own Equity Shares in excess of the Ownership Limit, and (ii) such number of Equity Shares in excess of the Ownership Limit (rounded up to the nearest whole share) shall be designated Shares-in-Trust and, in accordance with the provisions of Article IX Section 2 hereof, transferred automatically and by operation of law to a Share Trust to be held in accordance with that Article IX Section 2. Such transfer to a Share Trust and the designation of shares as Shares-in-Trust shall be effective as of the close of business on the business day prior to the date of the Transfer or Non-Transfer Event, as the case may be.

(B) If, notwithstanding the provisions contained in this Article IX, at any time after the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer or Non-Transfer Event that, if effective, would cause the Trust to become "closely held" within the meaning of Section 856(h) of the Code or would cause the Trust to Constructively Own 9.8% or more of the ownership interests in a tenant of the real property of the Trust, the Operating Partnership or any direct or indirect subsidiary (including, without limitation, partnerships and limited liability companies) of the Trust or the Operating Partnership, within the meaning of Section 856(d)(2)(B) of the Code, then (i) the purported transferee shall not acquire any right or interest (and, in the case of a Non-Transfer Event, the person holding record title to the Equity Shares with respect to which such Non-Transfer Event, occurred, shall cease to own any right or interest) in such number of Equity Shares the ownership of which by such purported transferee or record holder would cause the Trust to be "closely held" within the meaning of Section 856(h) of the Code or would cause the Trust to Constructively Own 9.8% or more of the ownership interests in a tenant of the real property of the Trust, the Operating Partnership or any direct or indirect subsidiary (including, without limitation, partnerships and limited liability companies) of the Trust or the Operating Partnership, within the meaning of Section 856(d)(2)(B) of the Code, and (ii) such number of Equity Shares (rounded up to the nearest whole share) shall be designated Shares-in-Trust and,

in accordance with the provisions of Article IX Section 2 hereof, transferred automatically and by operation of law to a Share Trust to be held in accordance with that Article IX Section 2. Such transfer to a Share Trust and the designation of shares as Shares-in-Trust shall be effective as of the close of business on the business day prior to the date of the Transfer or Non-Transfer Event, as the case may be.

Section 1.4. REMEDIES FOR BREACH. If the Trust or its designees shall at any time determine in good faith that a Transfer or Non-Transfer Event has taken place in violation of Article IX Section 1.2 hereof or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any Equity Shares in violation of Article IX Section 1.2 hereof, the Trust shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or acquisition, including, but not limited to, refusing to give effect to such Transfer on the books of the Trust or instituting proceedings to enjoin such Transfer or acquisition.

Section 1.5. NOTICE OF RESTRICTED TRANSFER. Any Person who acquires or attempts to acquire Equity Shares in violation of Article IX Section 1.2 hereof, or any Person who owned Equity Shares that were transferred to a Share Trust pursuant to the provisions of Article IX Section 1.3 hereof, shall immediately give written notice to the Trust of such event and shall provide to the Trust such other information as the Trust may request in order to determine the effect, if any, of such Transfer or Non-Transfer Event, as the case may be, on the Trust's status as a REIT.

Section 1.6. OWNERS REQUIRED TO PROVIDE INFORMATION. From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(A) Every Beneficial Owner or Constructive Owner of more than 5%, or such lower percentages as required pursuant to regulations under the Code, of the outstanding Equity Shares of the Trust shall, within 30 days after the close of the Trust's taxable year, give written notice to the Trust stating the name and address of such Beneficial Owner or Constructive Owner, the number of shares of Equity Shares Beneficially Owned or Constructively Owned, and a description of how such shares are held. Each such Beneficial Owner or Constructive Owner shall provide to the Trust such additional information as the Trust may request in order to determine the effect, if any, of such Beneficial Ownership or Constructive Ownership on the Trust's status as a REIT and to ensure compliance with the Ownership Limit.

(B) Each person who is a Beneficial Owner or Constructive Owner of Equity Shares and each Person (including the shareholder of record) who is holding Equity Shares for a Beneficial Owner or Constructive Owner shall provide to the Trust such information as the Trust may request in order to determine the Trust's status as a REIT and to ensure compliance with the Ownership Limit.

Section 1.7. EXCEPTION. The Ownership Limit shall not apply to the acquisition of Equity Shares by an underwriter that participates in a public offering of such Shares for a period of 90 days following the purchase by such underwriter of such Shares provided that the restrictions

contained in Section 1.2 of this Article IX will not be violated following the distribution by such underwriter of such Shares. In addition, the Board of Trustees may, in its sole discretion, exempt a Person from the Ownership Limit under terms and conditions established in the sole discretion of the Board of Trustees as it may deem necessary or desirable in order to maintain the Trust's status as a REIT.

Section 2. SHARES-IN-TRUST.

Section 2.1. SHARE TRUST. Without limiting the automatic effect of the following provisions of this Article IX Section 2.1, the Prohibited Owner shall be obligated to submit the Shares-in-Trust to the Trust for registration in the name of the Share Trustee. Any Equity Shares transferred automatically and by operation of law to a Share Trust and designated Shares-in-Trust pursuant to Article IX Section 1.3 hereof shall be held for the exclusive benefit of the Beneficiary. The Trust shall name a Beneficiary of each Share Trust within five days after discovery of the existence thereof. Any transfer to a Share Trust, and subsequent designation of Equity Shares as Shares-in-Trust pursuant to Article IX Section 1.3 hereof, shall be effective as of the close of business on the business day prior to the date of the Transfer or Non-Transfer Event that results in the transfer to the Share Trust. Shares-in-Trust shall remain issued and outstanding Equity Shares of the Trust and shall be entitled to the same rights and privileges on identical terms and conditions as are all other issued and outstanding Equity Shares of the same class and series. When transferred to the Permitted Transferee in accordance with the provisions of Article IX Section 2.5 hereof, such Shares-in-Trust shall cease to be designated as Shares-in-Trust.

Section 2.2. DIVIDEND RIGHTS. The Share Trustee, as record holder of Shares-in-Trust, shall be entitled to receive all dividends and distributions as may be declared by the Board of Trustees on such Equity Shares and shall hold such dividends or distributions in trust for the benefit of the Beneficiary. The Prohibited Owner with respect to Shares-in-Trust shall repay to the Share Trustee the amount of any dividends or distributions received by it that (i) are attributable to any Equity Shares designated Shares-in-Trust and (ii) the record date of which was on or after the date that such shares became Shares-in-Trust. The Trust shall take all measures that it determines are reasonably necessary to recover the amount of any such dividend or distribution paid to a Prohibited Owner, including, if necessary, withholding any portion of future dividends or distributions payable on Equity Shares Beneficially Owned or Constructively Owned by the Person who, but for the provisions of Article IX Section 1.3 hereof, would Constructively Own or Beneficially Own the Shares-in-Trust.

Section 2.3. RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or in a distribution of the assets of the Trust, the Share Trustee of Shares-in-Trust shall be entitled to receive on behalf of each Share Trust, ratably with each other holder of Equity Shares of the same class or series, that portion of the assets of the Trust which is available for distribution to the holders of such class and series of Equity Shares. The Share Trustee shall distribute to the Prohibited Owner the amounts received upon such liquidation, dissolution, or winding up, or distribution; provided, however, that the Prohibited Owner shall not

be entitled to receive amounts pursuant to this Article IX Section 2.3 in excess of, in the case of a purported Transfer in which the Prohibited Owner gave value for Equity Shares and which Transfer resulted in the transfer of the shares to the Share Trust, the price per share, if any, such Prohibited Owner paid for the Equity Shares and, in the case of a Non-Transfer Event or Transfer in which the Prohibited Owner did not give value for such shares (e.g., if the shares were received through a gift or devise) and which Non-Transfer Event or Transfer, as the case may be, resulted in the transfer of shares to the Share Trust, the price per share equal to the Market Price on the date of such Non-Transfer Event or Transfer. Any remaining amount in such Share Trust shall be distributed to the Beneficiary.

Section 2.4. VOTING RIGHTS. The Share Trustee shall be entitled to vote all Shares-in-Trust. Any vote by a Prohibited Owner as a holder of Equity Shares prior to the discovery by the Trust that the Equity Shares are Shares-in-Trust shall, subject to applicable law, be rescinded and shall be void AB INITIO with respect to such Shares-in-Trust and the Prohibited Owner shall be deemed to have given, as of the close of business on the business day prior to the date of the purported Transfer or Non-Transfer Event that results in the transfer to the Share Trust of Equity Shares under Article IX Section 1.3 hereof, an irrevocable proxy to the Share Trustee to vote the Shares-in-Trust in the manner in which the Share Trustee, in its sole and absolute discretion, desires.

Section 2.5. DESIGNATION OF PERMITTED TRANSFEREE. The Share Trustee shall have the exclusive and absolute right to designate a Permitted Transferee of any and all Shares-in-Trust. As soon as reasonably practicable, in an orderly fashion so as not to materially adversely affect the Market Price of the Shares-in-Trust, the Share Trustee shall designate any Person as a Permitted Transferee, PROVIDED, HOWEVER, that (i) the Permitted Transferee so designated purchases for valuable consideration (whether in a public or private sale) the Shares-in-Trust, and (ii) the Permitted Transferee so designated may acquire such Shares-in-Trust without such acquisition resulting in a transfer to a Share Trust and the redesignation of such Equity Shares so acquired as Shares-in-Trust under Article IX Section 1.3 hereof. Upon the designation by the Share Trustee of a Permitted Transferee in accordance with the provisions of this Article IX Section 2.5, the Share Trustee of a Share Trust shall (i) cause to be transferred to the Permitted Transferee that number of Shares-in-Trust acquired by the Permitted Transferee, (ii) cause to be recorded on the books of the Trust that the Permitted Transferee is the holder of record of such number of Equity Shares, and (iii) distribute to the Beneficiary any and all amounts held with respect to the Shares-in-Trust after making that payment to the Prohibited Owner pursuant to Article IX Section 2.6 hereof.

Section 2.6. COMPENSATION TO RECORD HOLDER OF EQUITY SHARES THAT BECOME SHARES- IN-TRUST. Any Prohibited Owner shall be entitled (following discovery of the Shares-in-Trust and subsequent designation of the Permitted Transferee in accordance with Article IX Section 2.5 hereof) to receive from the Share Trustee the lesser of (i) in the case of (a) a purported Transfer in which the Prohibited Owner gave value for Equity Shares and which purported Transfer resulted in the transfer of the shares to the Share Trust, the price per share, if any, such Prohibited Owner paid for the Equity Shares, or (b) a Non-Transfer Event or Transfer in which the Prohibited Owner did not give value for such shares (e.g., if the shares were received through a gift or devise) and which Non-Transfer

Event or Transfer, as the case may be, resulted in the transfer of shares to the Share Trust, the price per share equal to the Market Price on the date of such Non-Transfer Event or Transfer, and (ii) the price per share received by the Share Trustee of the Share Trust from the sale or other disposition of such Shares-in-Trust in accordance with Article IX Section 2.5 hereof. Any amounts received by the Share Trustee in respect of such Shares-in-Trust and in excess of such amounts to be paid the Prohibited Owner pursuant to this Article IX Section 2.6 shall be distributed to the Beneficiary in accordance with the provisions of Article IX Section 2.5 hereof. Each Beneficiary and Prohibited Owner waive any and all claims that they may have against the Share Trustee and the Share Trust arising out of the disposition of Shares-in-Trust, except for claims arising out of the gross negligence or willful misconduct of, or any failure to make payments in accordance with this Article IX by such Share Trustee or the Share Trust.

Section 2.7. PURCHASE RIGHT IN SHARES-IN-TRUST.

Shares-in-Trust shall be deemed to have been offered for sale to the Trust, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that created such Shares-in-Trust (or, in the case of devise, gift or Non-Transfer Event, the Market Price at the time of such devise, gift, or Non-Transfer Event) and (ii) the Market Price on the date the Trust, or its designee, accepts such offer. The Trust shall have the right to accept such offer for a period of ninety (90) days after the later of (i) the date of the Non-Transfer Event or purported Transfer which resulted in such Shares-in-Trust and (ii) the date the Trust determines in good faith that a Transfer or Non-Transfer Event resulting in Shares-in-Trust has occurred, if the Trust does not receive a notice of such Transfer or Non-Transfer Event pursuant to Article IX Section 1.3 hereof

Section 3. REMEDIES NOT LIMITED. Nothing contained in this Article IX shall limit the authority of the Trust to take such other action as it deems necessary or advisable to protect the Trust and the interests of its shareholders by preservation of the Trust's status as a REIT and to ensure compliance with the Ownership Limit; provided, however, that nothing in this Article IX or elsewhere in this Declaration of Trust shall preclude settlement of any transaction entered into or through the facilities of the New York Stock Exchange or any other exchange on which Equity Shares may be listed from time to time.

Section 4. AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of Article IX, including any definition contained in Article IX Section 1 hereof, the Board of Trustees shall have the power to determine the application of the provisions of this Article IX with respect to any situation based on the facts known to it.

Section 5. LEGEND. Each certificate for Equity Shares shall bear the following legend:

"The [Common or Preferred] Shares represented by this certificate are subject to restrictions on transfer as set forth in the Declaration of Trust of the Trust. No Person may (i) Beneficially Own or Constructively Own Common Shares in excess of 9.8% of the number of any class or series of the outstanding Common Shares, (ii) Beneficially Own or Constructively Own Preferred Shares in excess of 9.8% of the

number of any class or series of the outstanding Preferred Shares, (iii) allow any Transfer or Non-Transfer Event to occur that would result in the Equity Shares being beneficially owned by fewer than 100 Persons, (iv) Beneficially Own Equity Shares that would result in the Trust being "closely held" under Section 856(h) of the Internal Revenue Code of 1986, as amended (the "Code"), or (v) Constructively Own Equity Shares that would cause the Trust to Constructively Own 9.8% or more of the ownership interests in a tenant of the real property of the Trust, the Operating Partnership or any direct or indirect subsidiary (including, without limitation, partnerships and limited liability companies) of the Trust or the Operating Partnership, within the meaning of Section 856(d)(2)(B) of the Code. Any Person who attempts to Beneficially Own or Constructively Own Equity Shares in excess of the above limitations must immediately notify the Trust in writing. If the restrictions above are violated, the Equity Shares represented hereby will be transferred automatically and by operation of law to a Share Trust and shall be designated Shares- in-Trust. All capitalized terms in this legend have the meanings defined in the Trust's Declaration of Trust, as the same may be further amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each shareholder who so requests."

Section 6. SEVERABILITY. If any provision of this Article IX or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE X

INDEMNIFICATION AND NON-LIABILITY

Section 1. LIMITATION ON LIABILITY. To the maximum extent that Maryland law in effect from time to time permits limitation of liability of trustees or officers of real estate investment trusts, no Trustee or officer of the Trust shall be liable to the Trust or its shareholders for money damages. Neither the amendment nor repeal of this provision, nor the adoption or amendment of any other provision of this Declaration of Trust or Bylaws inconsistent with this provision, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Section 2. INDEMNIFICATION. The Trust shall indemnify and advance expenses to a Trustee or officer of the Trust to the fullest extent permitted by and in accordance with the laws of the State of Maryland in effect from time to time. To the extent determined by the Board of Trustees, in accordance with the laws of the State of Maryland, the Trust may indemnify and advance expenses to other employees and agents of the Trust. Neither the amendment nor repeal of this provision, nor the adoption or amendment of any other provision of this Declaration of Trust or Bylaws inconsistent with this provision, shall affect any right of any person under this Article X Section 2 based on any event, omission or proceeding prior to such amendment or repeal.

Section 3. NON-LIABILITY AND INDEMNIFICATION OF SHAREHOLDERS.

Shareholders shall not by virtue of being shareholders of the Trust be liable personally or individually in any manner whatsoever for any debt, act, omission or obligation incurred by the Trust or the Trustees and shall be under no obligation to the Trust or its creditors in respect to such shares other than the obligation to pay to the Trust the full amount of the consideration for which the shares were issued or to be issued. The shareholders shall not be liable to assessment and the Trustees shall have no power to bind the shareholders personally. The Trust shall indemnify and hold each shareholder harmless from and against all claims and liabilities, whether they proceed to judgment or are settled or otherwise brought to a conclusion, to which such shareholder may become subject solely by reason of his being a shareholder or having held shares of the Trust, and shall reimburse such shareholder for all legal and other expenses reasonably incurred by him in connection with any such claim or liability; provided, however, that no such shareholder shall be indemnified or reimbursed if such claim, obligation or liability is adjudged finally by a competent court of law to have arisen out of the shareholder's bad faith, willful misconduct or gross negligence, and, provided, further, that such shareholder must give prompt notice as to any such claims or liabilities or suits and must take such action as will permit the Trust to conduct the defense thereof. The rights accruing to a shareholder under this Article X Section 3 shall not exclude any other rights to which such shareholder lawfully may be entitled, nor shall anything herein contained restrict the right of the Trust to indemnify or reimburse a shareholder in any appropriate situation even though not specifically provided herein; provided, however, that the Trust shall have no liability to reimburse shareholders for taxes assessed against them by reason of their ownership of shares, nor for any losses suffered by reason of changes in the market value of securities of the Trust.

Section 4. INSURANCE. The Trust may, but shall not be required to, purchase and maintain insurance on behalf of any person who is or was a shareholder, trustee, officer, employee or agent of the Trust or who, while a trustee, officer, employee or agent of the Trust is or was serving at the request of the Trust as a trustee, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against liability asserted against or incurred by such person in that capacity or arising from such person's status as a shareholder, trustee, officer, employee or agent, whether or not the Trust would have power to indemnify such person against the same liability under Article X hereof.

Section 5. EXPRESS EXCULPATORY CLAUSES IN INSTRUMENTS. Neither the shareholders nor the Trustees, officers, employees or agents of the Trust shall be liable under any written instrument creating an obligation of the Trust, and all persons shall look solely to the Trust Property for the payment of any claim under or for the performance of that instrument. The omission of the foregoing exculpatory language from any instrument shall not affect the validity or enforceability of such instrument and shall not render any shareholder, Trustee, officer, employee or agent liable thereunder to any third party, nor shall the Trustees or any shareholder, officer, employee or agent of the Trust be liable to anyone for such omission.

ARTICLE XI

AMENDMENT

Except as otherwise provided in this Declaration of Trust, or as may be otherwise provided or fixed by the Board of Trustees with respect to voting rights of Preferred Shares pursuant to Article VIII Section 5, this Declaration of Trust may be amended with the approval of the shareholders by the affirmative vote of two-thirds of all of the votes entitled to be cast on such matters; provided, however, that without shareholder approval (a) the Trustees by a two-thirds vote may amend this Declaration of Trust to qualify, or continue to qualify, the Trust as a real estate investment trust under the Code or under Maryland law; (b) the Trustees by a majority vote may amend this Declaration of Trust to increase or decrease the aggregate number of shares or the number of shares of any series or class that the Trust has authority to issue; and (c) to the extent permitted by the Maryland REIT Law, as amended from time to time, a majority of the entire Board of Trustees may amend this Declaration of Trust to change (i) the Trust's name, (ii) the name or designation of any class or series of shares of the Trust, and (iii) the par value of any class or series of shares of the Trust.

ARTICLE XII

TERMINATION OF TRUST

Subject to the voting rights, if any, of the Preferred Shares provided or fixed pursuant to Article VIII Section 5, the existence of the Trust may be terminated by voluntary dissolution upon the affirmative vote of the holders of not less than two-thirds of the Common Shares. After such vote of the shareholders becomes effective, (i) the Trust shall carry on no business except for the purpose of winding up its affairs and (ii) the Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration of Trust shall continue, including the powers to fulfill or discharge the Trust's contracts, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more persons or entities at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its business. After termination of the Trust, the liquidation of its business, and the distribution to the shareholders as set forth in Article VIII Section 8, a majority of the then remaining Trustees shall execute and file with the Trust's records, and with any appropriate Maryland public agency, a document certifying that the Trust has been duly terminated, and the Trustees shall be discharged from all liabilities and duties hereunder, and the rights and interests of all shareholders shall cease.

ARTICLE XIII

RELIANCE BY THIRD PARTIES

Any certificate shall be final and conclusive as to any persons dealing with the Trust if executed by an individual who, according to the records of the Trust or of any recording office in which this Declaration of Trust may be recorded, appears to be the Secretary or an Assistant Secretary of the Trust or a Trustee, and if certifying to: (a) the number or identity of Trustees, officers of the Trust or shareholders; (b) the due authorization of the execution of any document; (c) the action or vote taken, and the existence of a quorum, at a meeting of Trustees or shareholders; (d) a copy of this Declaration of Trust or of the Bylaws as a true and complete copy as then in force; (e) an amendment to this Declaration of Trust; (f) the termination of the Trust; or (g) the existence of any fact or facts which relate to the affairs of the Trust. No purchaser, lender, transfer agent or other person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made on behalf of the Trust by the Trustees or by any officer, employee or agent of the Trust.

THIRD: The Trustees desire to amend and restate the Declaration of Trust. The provisions set forth in these Articles of Amendment and Restatement are all of the provisions of the Declaration of Trust currently in effect, as herein amended.

FOURTH: The amendments to, and the restatement of, the Declaration of Trust set forth in these Articles of Amendment and Restatement were unanimously adopted and declared advisable by the Board of Trustees at a meeting held on _____, 1998, and were approved by the sole shareholder of the Trust by written consent on _____, all in the manner prescribed by and in accordance with the provisions of Section 8-501.3 of the Maryland REIT Law.

FIFTH: The name and address of the current resident agent of the Trust are as set forth herein.

SIXTH: As of the date hereof, the Trust has nine Trustees. The names of the current Trustees are as set forth herein.

SEVENTH: These Articles of Amendment and Restatement shall become effective on _____, 1998 at ____ [a.m. or p.m.] Eastern Time.

IN WITNESS WHEREOF, these Articles of Amendment and Restatement have been executed on _____, 1998 by the undersigned Trustees, representing at least a majority of the entire number of Trustees of the Trust, each of whom acknowledges that this document is the act of the Trust, that to the best of his knowledge, information, and belief, the matters set forth herein with respect to authorization and approval of these Articles of Amendment and Restatement are true in all material respects and that this statement is made under the penalty of perjury.

TRUSTEES:

- George R. Wackenhut
- Richard R. Wackenhut
- George C. Zoley
- Anthony D. Trivisono
- Clarence E. Anthony
- James D. Motta
- William M. Murray
- Robert R. Veach, Jr.
- Charles R. Jones, Trustee and President

FORM OF
CORRECTIONAL PROPERTIES TRUST
AMENDED AND RESTATED
BYLAWS

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Trust shall be located at such place or places as the Trustees may designate. The initial principal office of the Trust shall be 4200 Wackenhut Drive, Palm Beach Gardens, Florida 33410-4243.

Section 2. ADDITIONAL OFFICES. The Trust may have additional offices at such places as the Trustees may from time to time determine or the business of the Trust may require.

Section 3. FISCAL AND TAXABLE YEARS. The fiscal and taxable years of the Trust shall begin on January 1 and end on December 31.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. PLACE. All meetings of shareholders shall be held at the principal office of the Trust or at such other place within or without the United States as shall be determined by the Board of Trustees and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the shareholders for the election of Trustees and the transaction of any business within the powers of the Trust shall be held each year, following the delivery of the annual report, referred to in Section 12 of this Article II, but in no event later than 120 days after the end of the Trust's fiscal year, at a convenient location, as determined by the Board of Trustees, and on proper notice, on a date and at the time set by the Trustees, beginning with the year 1999. Failure to hold an annual meeting does not invalidate the Trust's existence or affect any otherwise valid acts of the Trust.

Section 3. SPECIAL MEETINGS. The Chairman of the Board, a majority of the Trustees or a majority of any committee of the Board of Trustees which has been duly designated by the Board of Trustees and whose powers and authority, as provided in a resolution of the Board of Trustees or

these Bylaws, include the power to call such meetings may call special meetings of the shareholders. Special meetings may not be called by the shareholders or by any other person or persons or entity.

Section 4. NOTICE. Not less than 10 nor more than 90 days before each meeting of shareholders, the secretary shall give to each shareholder entitled to vote at such meeting and to each shareholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail or by presenting it to such shareholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the shareholder at his post office address as it appears on the records of the Trust, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Trust may be transacted at an annual meeting of shareholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of shareholders except as specifically designated in the notice.

Section 6. ORGANIZATION. At every meeting of the shareholders, the Chairman of the Board, if there be one, shall conduct the meeting or, in the case of vacancy in office or absence of the Chairman of the Board, one of the following officers present shall conduct the meeting 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 and the Secretary, or, in his absence, an assistant secretary, or in the absence of both the Secretary and assistant secretaries, a person appointed by the Chairman shall act as Secretary.

Section 7. QUORUM; ADJOURNMENT. At any meeting of shareholders, the presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this Section shall not affect any requirement under any statute or the Declaration of Trust for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the shareholders, the shareholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. In addition, any meeting of Shareholders convened on the date for which it was called may be adjourned to a date not more than 120 days after the original record date without notice other than announcement at the meeting.

Section 8. VOTING: NONAPPLICABILITY OF CONTROL SHARE STATUTE. A plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to elect a Trustee. Each share may be voted for as many individuals as there are Trustees to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of

shareholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required herein or by statute or by the Declaration of Trust. Unless otherwise provided in the Declaration, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

TITLE 3, SUBTITLE 7, VOTING RIGHTS OF CERTAIN CONTROL SHARES, OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE OF THE ANNOTATED CODE OF MARYLAND (OR ANY SUCCESSOR STATUTE) SHALL NOT APPLY TO ANY ACQUISITION OF OWNERSHIP OF, OR VOTING RIGHTS, OR OTHER INTERESTS IN ANY SHARES OF THE TRUST BY ANY PERSON OR ENTITY.

Section 9. PROXIES. A shareholder may vote the shares owned of record either in person or by proxy. The proxy shall be in writing and shall be signed by the shareholder or by the shareholder's duly authorized attorney-in-fact or be in such other form as may be permitted by the Maryland General Corporation Law with respect to the use of proxies by stockholders in Maryland corporations, including documents conveyed by electronic transmission. A copy, facsimile transmission or other reproduction of the writing or transmission may be substituted for the original writing or transmission for any purpose for which the original writing or transmission could be used. Every proxy shall be dated, but need not be sealed, witnessed or acknowledged. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy.

Section 10. VOTING OF SHARES BY CERTAIN HOLDERS. Any trustee or other fiduciary may vote shares registered in his name as such fiduciary, either in person or by proxy. In the case of shares held of record by more than one person, any co-owner or co-fiduciary may execute the proxy without the joinder of the co-owner(s) or co-fiduciary(ies), unless the Secretary of the Trust is notified in writing by any co-owner or co-fiduciary that the joinder of more than one is to be required. Shares standing in the name of a corporation, domestic or foreign, may be voted by the officer, agent, or proxy designated by the corporate shareholder. Shares standing in the name of any general partnership may be voted by any partner thereof, or by any agent or proxy thereof. Shares standing in the name of any limited partnership may be voted by any general partner, or by any agent or proxy thereof. The Trustees may adopt by resolution a procedure by which a shareholder may certify in writing to the Trust that any shares registered in the name of the shareholder are held for the account of a specified person other than the shareholder. The resolution shall set forth the class of shareholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the share transfer books, the time after the record date or closing of the share transfer books within which the certification must be received by the Trust; and any other provisions with respect to the procedure which the Trustees consider necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the shareholder of record of the specified shares in place of the shareholder who makes the certification.

Section 11. INSPECTORS. At any meeting of shareholders, the chairman of the meeting may, or upon the request of any shareholder shall, appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders. Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 12. REPORTS TO SHAREHOLDERS. Not later than 120 days after the close of each fiscal year of the Trust, the Trustees shall deliver or cause to be delivered a report of the business and operations of the Trust during such fiscal year to the shareholders, containing a balance sheet and a statement of income and surplus of the Trust, accompanied by the certification of an independent certified public accountant based on the accountant's full examination of the books and records of the Trust in accordance with generally accepted auditing procedures, and such further information as the Trustees may determine is required pursuant to any law or regulation to which the Trust is subject. A signed copy of the annual report and the accountant's certificate shall be placed on file at the principal office of the Trust and filed by the Trustees with such governmental agencies, if any, as may be required by law and as the Trustees may deem appropriate.

Section 13. NOMINATIONS AND SHAREHOLDER BUSINESS.

(a) ANNUAL MEETINGS OF SHAREHOLDERS.

(1) Nominations of persons for election to the Board of Trustees and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (i) pursuant to the Trust's notice of meeting, (ii) by or at the direction of the Trustees, or (iii) by any shareholder of the Trust who was a shareholder of record at the time of giving of notice provided for in this Section 13(a), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(a).

(2) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (iii) of paragraph (a)(1) of this Section 13, the shareholder must have given timely notice thereof in writing to the Secretary of the Trust. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Trust not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, and with respect to the first annual meeting, notice by the

shareholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such shareholder's notice shall set forth (i) as to each person whom the shareholder proposes to nominate for election or reelection as a Trustee all information relating to such person that is required to be disclosed in solicitations of proxies for election of Trustees, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Trustee if elected); (ii) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such shareholder, as they appear on the Trust's books, and of such beneficial owner, and (y) the number of each class of shares of the Trust which are owned beneficially and of record by such shareholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 13 to the contrary, in the event that the number of Trustees to be elected to the Board of Trustees is increased and there is no public announcement naming all of the nominees for Trustee or specifying the size of the increased Board of Trustees made by the Trust at least 70 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section 13(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Trust not later than the close of business on the tenth day following the day on which such public announcement is first made by the Trust.

(b) SPECIAL MEETINGS OF SHAREHOLDERS. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Trust's notice of meeting. Nominations of persons for election to the Board of Trustees may be made at a special meeting of shareholders at which Trustees are to be elected (i) pursuant to the Trust's notice of meeting, (ii) by or at the direction of the Board of Trustees, or (iii) provided that the Board of Trustees has determined that Trustees shall be elected at such special meeting, by any shareholder of the Trust who was a shareholder of record at the time of giving of notice provided for in this Section 13(b), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(b). In the event the Trust calls a special meeting of shareholders for the purpose of electing one or more Trustees to the Board of Trustees, any such shareholder may nominate a person or persons (as the case may be) for election to such position as specified in the

Trust's notice of meeting, if the shareholder's notice containing the information required by paragraph (a)(2) of this Section 13 shall be delivered to the Secretary at the principal executive offices of the Trust not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Trustees to be elected at such meeting.

(c) GENERAL.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 13 shall be eligible to serve as Trustees and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 13. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 13 and, if any proposed nomination or business is not in compliance with this Section 13, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 13, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Trust with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 13, a shareholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 13. Nothing in this Section 13 shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Trust's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 14. INFORMAL ACTION BY SHAREHOLDERS. Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by each shareholder entitled to vote on the matter and any other shareholder entitled to notice of a meeting of shareholders (but not to vote thereat) has waived in writing any right to dissent from such action, and such consent and waiver are filed with the minutes of proceedings of the shareholders.

Section 15. VOTING BY BALLOT. Voting on any question or in any election may be by voice unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

ARTICLE III

TRUSTEES

Section 1. GENERAL POWERS; QUALIFICATIONS; TRUSTEES HOLDING OVER; INDEPENDENT TRUSTEES. The business and affairs of the Trust shall be managed under the direction of its Board of Trustees. A Trustee shall be an individual at least 21 years of age who is not under legal disability. Unless otherwise agreed between the Trust and the Trustee, each individual Trustee, including each Independent Trustee (as defined below), may engage in other business activities of the type conducted by the Trust and is not required to present to the Trust any investment opportunities presented to them even though the investment opportunities may be within the scope of the Trust's investment policies. In case of failure to elect Trustees at an annual meeting of the shareholders, the Trustees holding over shall continue to direct the management of the business and affairs of the Trust until their successors are elected and qualify. As used herein, the term "Independent Trustee" shall have the same meaning ascribed to it in the Declaration of Trust.

Section 2. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Trustees shall be held immediately after and at the same place as the annual meeting of shareholders, no notice other than this Bylaw being necessary. The Trustees may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Trustees without other notice than such resolution.

Section 3. SPECIAL MEETINGS. Special meetings of the Trustees may be called by or at the request of the Chairman of the Board, the Chief Executive Officer or the President or by a majority of the Trustees then in office. The person or persons authorized to call special meetings of the Trustees may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Trustees called by them.

Section 4. NOTICE. Notice of any special meeting shall be given upon at least 24 hours written notice, with such written notice delivered personally, by telecopy, by mail or by a nationally recognized courier service to each Trustee at his business or residence address. Personally delivered or telecopied notices shall be given at least 24 hours prior to the meeting. If mailed or delivered by a nationally recognized courier service, such notice shall be deemed given 48 hours after the time of mailing or delivery to the courier service. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Trustees need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 5. QUORUM. Except as provided in subsection (b) of Section 6, a majority of the entire Board of Trustees shall constitute a quorum for transaction of business at any meeting of the Trustees, provided that, if less than a majority of such Trustees are present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The Trustees present at a meeting which has been duly called and convened may continue to transact

business until adjournment, notwithstanding the withdrawal of enough Trustees to leave less than a quorum.

Section 6. VOTING.

(a) Except as provided in subsection (b) of this Section 6 and in Section 15 of Article III, the action of the majority of the Trustees present at a meeting at which a quorum is present shall be the action of the Trustees, unless the concurrence of a greater proportion is required for such action by the Declaration of Trust, these Bylaws or applicable statute.

(b) Notwithstanding the foregoing, two-thirds of the Trustees shall be necessary to constitute a quorum to approve the actions set forth below in clauses (1) through (4), and such action shall not be effective unless approved by two-thirds of the Trustees (and, if an Interested Trustee Transaction, as defined in Section 15 of this Article III, also by the vote of the Independent Trustees pursuant to and in accordance with Article IV, Section 3). Such actions are:

- (1) A Change of Control (as hereinafter defined) of the Trust;
- (2) Any amendment to the Declaration of Trust or these Bylaws;
- (3) Any waiver or modification of the Ownership Limit (as defined in the Declaration of Trust); and
- (4) The issuance of any equity securities (other than Common Shares issued (a) for at least the fair market value thereof at the time of issuance as determined in good faith by a majority of the Board of Trustees, (b) pursuant to any share incentive or option plans of the Company, or (c) in a bona fide underwritten public offering managed by one or more nationally recognized investment banking firms) or rights to acquire any such securities.

For purposes of this Section 6(b):

(1) The term "Change of Control" of the Trust shall mean any transaction or series of transactions (whether by purchase of existing Common Shares, issuance of Common Shares, merger, consolidation or otherwise) the result of which is that either (i) any Person or Group becomes the Beneficial Owner, directly or indirectly, of 20% or more of the total voting power in the aggregate of all classes of beneficial interests of the Trust then outstanding normally entitled to vote in the election of Trustees of the Trust (or any surviving entity) or (ii) the Beneficial Owners of the beneficial interests of the Trust normally entitled to vote in the election of Trustees immediately prior to the transaction beneficially own less than 80% of the total voting power in the aggregate of all classes of beneficial interests of the Trust then outstanding normally entitled to vote in the election of Trustees of the Trust (or any surviving entity) immediately after such transaction.

(2) The term "Person" as used herein shall have the same meaning as such term has for purposes of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended.

(3) The term "Group" as used herein shall have the same meaning as such term has for purposes of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended.

(4) The term "Beneficial Owner" as used herein shall have the same meaning as such term has for purposes of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended, except that a Person shall be deemed to have beneficial ownership of all shares that a Person has the right to acquire, whether or not such right is immediately exercisable.

(5) The term "Ownership Limit" as used herein shall have the same meaning as such term has in the Declaration of Trust.

Section 7. TELEPHONE MEETINGS. Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 8. INFORMAL ACTION BY TRUSTEES. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting, if a consent in writing to such action is signed by each Trustee and such written consent is filed with the minutes of proceedings of the Trustees.

Section 9. VACANCIES. If for any reason any or all the Trustees cease to be Trustees, such event shall not terminate the Trust or affect these Bylaws or the powers of the remaining Trustees hereunder (even if fewer than three Trustees remain). Any vacancy (including a vacancy created by an increase in the number of Trustees) shall be filled at any regular meeting or at any special meeting called for that purpose by a majority of the Trustees. Any individual so elected as Trustee shall hold office for the remainder of the term of the class to which he was elected or until his successor is elected and qualifies.

Section 10. COMPENSATION. Trustees shall not receive any stated salary for their services as Trustees but, by resolution of the Trustees, may receive cash compensation, a fixed sum of shares or options for a fixed sum of shares of the Trust for any service or activity they perform or engage in as Trustees. Trustees may receive a fee for, and non-employee Trustees shall be reimbursed for expenses in connection with, attendance, if any, at each annual regular or special meeting of the Trustees or of any committee thereof; and for their expenses, if any, in connection with each property visit and any other service or activity performed or engaged in as Trustees; but nothing herein

contained shall be construed to preclude any Trustees from serving the Trust in any other capacity and receiving compensation therefor.

Section 11. REMOVAL OF TRUSTEES. The shareholders may remove any Trustee in the manner provided in the Declaration of Trust.

Section 12. LOSS OF DEPOSITS. No Trustee shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or shares have been deposited.

Section 13. SURETY BONDS. Unless required by law, no Trustee shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 14. NUMBER, TENURE AND QUALIFICATIONS. The number of Trustees of the Trust is nine (9), but such number may be changed to not less than three (3), and not more than fifteen (15), as determined from time to time by the Board of Trustees. Trustees need not be shareholders of the Trust.

Section 15. INTERESTED TRUSTEE TRANSACTIONS. Notwithstanding any other provision of these Bylaws, the following actions (an "Interested Trustee Transaction") of the Board of Trustees shall require the approval of the Independent Committee, as defined in Article IV of these Bylaws: (i) the selection of operators for the Trust's properties; and (ii) the entering into or the consummation of any agreement or transaction with The Wackenhut Corporation, a Florida corporation, Wackenhut Corrections Corporation, a Florida corporation, or their respective affiliates, including, but not limited to, the negotiation, enforcement and renegotiation of the terms of any lease of any of the Trust's properties. As used herein, the word "affiliate" shall have the meaning given it in Rule 405 under the Securities Act of 1933, as amended. Action by the Independent Committee as provided herein shall be in lieu of action of the full Board of Trustees, except as otherwise required by law or as expressly otherwise provided in these Bylaws.

Section 16. OTHER INTERESTED TRUSTEE MATTERS. Without limiting the requirements of Article III Section 15, a contract or other transaction between the Trust and any of its Trustees or between the Trust and any other trust, corporation, firm or other entity in which any of its Trustees is a trustee or director or has a material financial interest is not void or voidable because of any one or more of the following: (i) the common trustee/directorship or interest; (ii) the presence of the Trustee at the meeting of the Board or committee of the Board which authorizes, approves or ratifies the contract or transaction; (iii) the counting of the vote of the Trustee for the authorization, approval or ratification of the contract or transaction; or (iv) the counting of the Trustee in determining the presence of a quorum at a meeting of the Board of Trustees or committee of the Board of Trustees or at a meeting of the shareholders, as the case may be, at which the contract or transaction is authorized, approved or ratified.

ARTICLE IV

COMMITTEES

Section 1. GENERAL. The Board of Trustees may, by a majority of the whole board, designate one or more committees, each such committee to consist of one or more of the Trustees of the Trust. The board may designate one or more Trustees as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided by the Board of Trustees shall have and may exercise all the powers and authority of the Board of Trustees in the management of the business and affairs of the Trust, and may authorize the seal of the Trust to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending or supplementing the Declaration of Trust (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares adopted by the Board of Trustees, fix the designations and any of the preferences or rights of such shares, including without limitation, those relating to voting powers, restrictions, limitations as to dividends or distributions, terms or conditions of redemption, liquidation, any distribution of assets of the Trust, or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of shares) or authorizing the increase or decrease of the number of authorized shares of any class or series, or amending the Bylaws of the Trust; and, unless the Board of Trustees or the Declaration of Trust so provides, no such committee shall have the power or authority to authorize a merger, declare a dividend or distribution, authorize the issuance of shares or adopt a certificate of ownership.

Section 2. COMMITTEES. The Trust shall initially have the following committees, the specific authority and members of which shall be as designated herein or by resolution of the Board of Trustees.

(a) An Independent Committee, which shall consist solely of all of the Independent Trustees and which shall have the authority to approve the actions of the Board of Trustees as specified in Article III Section 15.

(b) An Audit Committee, which will consist solely of Independent Trustees, and which shall make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the plans and results of the audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Trust's initial accounting controls.

(c) A Compensation Committee, which will consist solely of Independent Trustees, and which shall determine compensation for the Trust's executive officers and administer any share incentive plans adopted by the Trust.

(d) An Executive Committee which shall have such authority as may be delegated to it by the Trustees.

Section 3. RECORDS OF COMMITTEE MEETINGS; QUORUM; VOTE. Each committee shall keep regular minutes of its meetings and report the same to the Board of Trustees when required. The presence of a majority of the total membership of any committee shall constitute a quorum for the transaction of business at any meeting of such committee and the act of a majority of those present shall be necessary and sufficient for the taking of any action at such meeting.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Trust may consist of a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Treasurer, one or more Assistant Treasurers, a Secretary, and one or more Assistant Secretaries. In addition, the Trustees may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Trust shall be elected annually by the Trustees at the first meeting of the Trustees held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except President and Vice President may be held by the same person. In their discretion, the Trustees may leave unfilled any office except that of President and Secretary. Election of an officer or agent shall not of itself create contract rights between the Trust and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Trust may be removed by the Trustees if in their judgment the best interests of the Trust would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Trust may resign at any time by giving written notice of his resignation to the Trustees, the Chairman of the Board, the President or the Secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Trust.

Section 3. VACANCIES. A vacancy in any office may be filled by the Trustees for the balance of the term.

Section 4. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside over the meetings of the Trustees and of the shareholders at which he shall be present and

shall in general oversee all of the business and affairs of the Trust. In the absence of the Chairman of the Board, the Vice Chairman of the Board shall preside at such meetings at which he shall be present. The Chairman and the Vice Chairman of the Board may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed. The Chairman of the Board and the Vice Chairman of the Board shall perform such other duties as may be assigned to them by the Trustees.

Section 5. CHIEF EXECUTIVE OFFICER. The Trustees may designate a Chief Executive Officer from among the officers of the Trust. The Chief Executive Officer shall have responsibility for implementation of the policies of the Trust as determined by the Trustees, and for the administration of the business affairs of the Trust. In the absence of both the Chairman and Vice Chairman of the Board, the Chief Executive Officer shall preside over the meetings of the Trustees and of the shareholders at which he shall be present. The Chief Executive Officer may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed. The Chief Executive Officer shall perform such other duties as may be assigned to him by the Trustees.

Section 6. CHIEF OPERATING OFFICER. The Trustees may designate a Chief Operating Officer from among the officers of the Trust. The Chief Operating Officer may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of Chief Operating Officer and such other duties as may be prescribed by all the Trustees or the Chief Executive Officer from time to time.

Section 7. CHIEF DEVELOPMENT OFFICER. The Trustees may designate a Chief Development Officer from among the officers of the Trust. The Chief Development Officer may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of Chief Development Officer and such other duties as may be prescribed by all the Trustees or the Chief Executive Officer from time to time.

Section 8. CHIEF FINANCIAL OFFICER. The Trustees may designate a Chief Financial Officer from among the officers of the Trust. The Chief Financial Officer may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of Chief Financial Officer and such other duties as may be prescribed by all the Trustees or the Chief Executive Officer from time to time.

Section 9. PRESIDENT. In the absence of the Chairman of the Board, the Vice Chairman of the Board and the Chief Executive Officer, the President shall preside over the meetings of the Trustees and of the shareholders at which he shall be present. In the absence of a designation of a Chief Executive Officer by the Trustees, the President shall be the Chief Executive Officer and shall be ex officio a member of all committees that may, from time to time, be constituted by the Trustees. The President may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Trustees or the Chief Executive Officer from time to time.

Section 10. VICE PRESIDENTS. In the absence of the President or in the event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform 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; and shall perform such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President or the Trustees. The Trustees may designate one or more Vice Presidents as Executive Vice President or as Vice President for particular areas of responsibility.

Section 11. SECRETARY. The Secretary shall (a) keep the minutes of the proceedings of the shareholders, the Trustees and committees of the Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the trust records and of the seal of the Trust; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) have general charge of the share transfer books of the Trust; and (f) in general perform such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President or by the Trustees.

Section 12. TREASURER. The Treasurer shall have the custody of the funds and securities of the Trust and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Trust and shall deposit all moneys and other valuable effects in the name and to the credit of the Trust in such depositories as may be designated by the Trustees. The Treasurer shall disburse the funds of the Trust as may be ordered by the Trustees, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer, the President and Trustees, at the regular meeting of the Trustees or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Trust. If required by the Trustees, the Treasurer shall give the Trust a bond in such sum and with such surety or sureties as shall be satisfactory to the Trustees for the faithful performance of the duties of his office and for the restoration to the Trust in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Trust.

Section 13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries and Assistant Treasurers, in general shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chief Executive Officer, the President or the Trustees. The Assistant Treasurers shall, if required by the Trustees, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Trustees.

Section 14. SALARIES. The salaries of the officers shall be fixed from time to time by the Trustees and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Trustee.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Trustees may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Trust and such authority may be general or confined to specific instances.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Trust shall be signed by such officer or officers, agent or agents of the Trust in such manner as shall from time to time be determined by the Trustees.

Section 3. DEPOSITS. All funds of the Trust not otherwise employed shall be deposited from time to time to the credit of the Trust in such banks, trust companies or other depositories as the Trustees may designate.

ARTICLE VII

SHARES

Section 1. CERTIFICATES. Subject to the authority of the Trustees to determine to issue shares without certificates, each shareholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of beneficial interest held by him in the Trust. Each certificate shall be signed by the Chief Executive Officer, the President or a Vice President and countersigned by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the seal, if any, of the Trust. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Trust shall, from time to time, issue several classes of shares, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are

preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Trust, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the Certificate. In lieu of such statement or summary, the Trust may set forth upon the face or back of the certificate a statement that the Trust will furnish to any shareholder, upon request and without charge, a full statement of such information.

Section 2. TRANSFERS. Certificates shall be treated as negotiable, and title thereto and to the shares they represent shall be transferred by delivery thereof to the same extent as those of a Maryland stock corporation. No transfers of shares of the Trust shall be made if (i) void ab initio pursuant to any provision of the Declaration of Trust or (ii) the Board of Trustees, pursuant to any provision of the Declaration of Trust, shall have refused to permit the transfer of such shares. Permitted transfers of shares of the Trust shall be made on the share records of the Trust only upon the instruction of the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent or transfer clerk, and upon surrender of the certificate or certificates, if issued, for such shares properly endorsed or accompanied by a duly executed share transfer power and the payment of all taxes thereon. Upon surrender to the Trust or the transfer agent of the Trust of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, as to any transfers not prohibited by any provision of the Declaration of Trust or by action of the Board of Trustees thereunder, it shall be the duty of the Trust to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the Trustees may direct a new certificate to be issued in place of any certificate previously issued by the Trust 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 the issuance of a new certificate, the officer designated by the Trustees may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Trust to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. FIXING OF RECORD DATE. The Trustees may set, in advance, a record date for the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or determining shareholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of shareholders for any other purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and in the case of a meeting of shareholders not less than ten days, before the date on which the meeting or particular action requiring such determination of shareholders of record is to be held or taken. If no record date is fixed for the determination of shareholders, (a) the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day on which the notice of meeting is mailed or

the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of shareholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the Trustees, declaring the dividend or allotment of rights, is adopted. 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 that when the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, a new record date shall be determined as set forth herein.

Section 5. SHARE LEDGER. The Trust shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each shareholder and the number of shares of each class held by such shareholder.

ARTICLE VIII

DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the shares of the Trust may be authorized and declared by the Board Trustees in their discretion, subject to the provisions of law and the Declaration of Trust. Dividends may be paid in cash, property or shares of the Trust, subject to the provisions of law and the Declaration of Trust.

Section 2. CONTINGENCIES. Before payment of any dividends or any other distributions, there may be set aside out of any funds of the Trust available for dividends or any other distributions such sum or sums as the Trustees may from time to time, in their absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Trust or for such other purpose as the Trustees shall determine to be in the best interest of the Trust, and the Trustees may modify or abolish any such reserve in the manner in which it was created.

ARTICLE IX

SEAL

Section 1. SEAL. The Trustees may authorize the adoption of a seal by the Trust. The seal shall have inscribed thereon the name of the Trust and the year of its formation. The Trustees may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Trust is required to place its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Trust.

ARTICLE X

INDEMNIFICATION AND ADVANCES FOR EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Trust shall indemnify (a) any Trustee or officer or any former Trustee or officer (including among the foregoing, for all purposes of this Article X and without limitation, any individual who, while a Trustee or officer and at the express request of the Trust, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, shareholder, partner or trustee of such corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) who has been successful, on the merits or otherwise, in the defense of a proceeding to which he was made a party by reason of service in such capacity, against reasonable expenses incurred by him in connection with the proceeding, and (b) any Trustee or officer or any former Trustee or officer against any claim or liability to which he may become subject by reason of such status unless it is established that (i) his act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) he actually received an improper personal benefit in money, property or services or (iii) in the case of a criminal proceeding, he had reasonable cause to believe that his act or omission was unlawful. Notwithstanding the foregoing, if the proceeding was one by or in the right of the Trust, indemnification may not be made in respect of any proceeding in which the Trustee or officer shall have been adjudged to be liable to the Trust. In addition, the Trust shall pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a Trustee or officer or former Trustee or officer made a party to a proceeding by reason such status, provided that, the Trust shall have received (i) a written affirmation by the Trustee or officer of his good faith belief that he has met the applicable standard of conduct necessary for indemnification by the Trust as authorized by these Bylaws and (ii) a written undertaking by or on its behalf to repay the amount paid or reimbursed by the Trust if it shall ultimately be determined that the applicable standard of conduct was not met. The Trust may, with the approval of its Trustees, provide such indemnification or payment or reimbursement of expenses to any Trustee or officer or any former Trustee or officer who served a predecessor of the Trust as a trustee, director, officer or partner, and to any employee or agent of the Trust or a Predecessor of the Trust. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Declaration of Trust or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of this Article with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. Any indemnification or payment or reimbursement of the expenses permitted by these Bylaws shall be furnished in accordance with the procedures provided for indemnification or payment or reimbursement of expenses, as the case may be, under Section 2-418 of the Maryland General Corporation Law (the "MGCL") for directors of Maryland corporations. The provisions of this Article X shall not be deemed to exclude any other rights of indemnification or for the advancement of expenses to which a Trustee or officer, or any former Trustee or officer, of the Trust may be entitled pursuant to the Declaration of Trust, action by the shareholders or Board of Trustees, by

agreement or otherwise. The Trust may provide to Trustees and officers such other and further indemnification or payment or reimbursement of expenses, as the case may be, to the fullest extent permitted by law.

ARTICLE XI

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Declaration of Trust or Bylaws or pursuant to applicable law, 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. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a 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.

ARTICLE XII

AMENDMENT OF BYLAWS

In accordance with Article III hereof, the Trustees shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

ARTICLE XIII

MISCELLANEOUS

All references to the Declaration of Trust shall include any amendments and supplements thereto.

NUMBER	COMMON SHARES OF BENEFICIAL INTEREST	SHARES
--------	---	--------

FORMED UNDER THE LAWS
OF THE STATE OF MARYLAND

CUSIP 22025E 10 4

THIS CERTIFICATE IS TRANSFERABLE
IN NEW YORK, N.Y., DALLAS, TX
AND RIDGEFIELD PARK, N.J.

SEE REVERSE FOR
CERTAIN DEFINITIONS

CORRECTIONAL PROPERTIES TRUST

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF BENEFICIAL INTEREST, PAR VALUE
\$.001 PER SHARE, OF

Correctional Properties Trust, transferable on the books of the Company by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Declaration of Trust of the Company (copies of which are on file with the Transfer Agent), to all of which the holder by acceptance hereof assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

Dated

Countersigned and Registered:

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.
Transfer Agent and Registrar

SEAL

PRESIDENT AND
CHIEF EXECUTIVE OFFICER

By

VICE PRESIDENT, CHIEF FINANCIAL OFFICER,
SECRETARY AND TREASURER

Authorized SIGNATURE

Signature guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY
AN ELIGIBLE GUARANTOR INSTITUTION
(BANKS, STOCKBROKERS, SAVINGS AND LOAN
ASSOCIATIONS AND CREDIT UNIONS WITH
MEMBERSHIP IN AN APPROVED SIGNATURE
GUARANTEE MEDALLION PROGRAM), PURSUANT
TO S.E.C. RULE 17Ad-15.

FORM OF

TAX OPINION TO BE PROVIDED
BY AKERMAN, SENTERFITT & EIDSON, P.A.

_____, 1998

Correctional Properties Trust
4200 Wackenhut Drive
Palm Beach Gardens, Florida 33410-4243

RE: CERTAIN FEDERAL INCOME TAX CONSEQUENCES RELATING TO THE ORGANIZATION
AND OPERATION OF CORRECTIONAL PROPERTIES TRUST AS A REAL ESTATE
INVESTMENT TRUST.

Gentlemen:

We have acted as counsel to Correctional Properties Trust, a Maryland real estate investment trust (the "Company"), in connection with the preparation of a registration statement including the prospectus contained as a part of such registration statement filed with the Securities and Exchange Commission on February 20, 1998 (No.333-46681), as amended through the date hereof, with respect to the offering and sale (the "Offering") of up to 7,130,000 Common Shares of beneficial interest, \$.001 par value per share, of the Company. In connection with that representation, we prepared the summaries under the sections titled "PROSPECTUS SUMMARY - TAX CONSIDERATIONS AND TAX STATUS OF THE COMPANY" and "MATERIAL FEDERAL INCOME TAX CONSIDERATIONS" (the "Tax Summaries") which are contained in the registration statement on Form S-11 with respect to the Offering. This letter refers to the above registration statement, prospectus and all Schedules, Annexes and Exhibits thereto and all amendments made thereto through the date hereof collectively as the "Registration Statement." Capitalized terms used herein have the meaning they have in the Registration Statement.

In rendering the opinion below, we have examined such documents as we have considered necessary or appropriate as a basis for such opinion, including the following: (1) the Company's Declaration of Trust and Articles of Amendment and Restatement of Declaration of Trust; (2) the Company's Bylaws and Amended and Restated Bylaws; (3) the Registration Statement; (4) the Articles of Incorporation of CPT Limited Partner, Inc., a Delaware corporation wholly owned by the Company; (5) the Purchase Agreements; (6) the Certificate of Limited Partnership of the Operating Partnership; (7) the Partnership Agreement of the Operating Partnership among the Company as a general and limited partner and CPT Limited Partner, Inc. as a limited partner; (8) the Master Lease; (9) the Leases; (10) the Option Agreements; (11) the Right to Purchase Agreement; and (12) a letter executed by a duly appointed officer of the Company setting forth certain representations relating to

the Company and its operations (the "Representation Letter"). In our review, we have assumed, with your consent, that the documents that we reviewed in proposed form will be executed in substantially the same form. We have also assumed, with your consent, that all facts, representations and statements set forth in the above documents are true and correct in all material respects, and that the transactions contemplated by those documents and as described in the Registration Statement will be consummated in accordance with their terms and as so described. We have also assumed that all obligations imposed by any such documents on the parties thereto have been, or will be, performed or satisfied in accordance with their terms; that such documents have been, or will be, properly executed; that original documents are authentic and accurate; and that copies of documents conform to the originals thereof.

In connection with the opinions rendered below, we have also made the following assumptions: (1) the Company will comply with all applicable filing, reporting, and administrative requirements relating to real estate investment trust ("REIT") status such as, by way of example, making a timely election under Section 856(c)(1) of the Internal Revenue Code of 1986, as amended (the "Code") and maintaining the required records of actual ownership of its outstanding stock and otherwise complying with Treasury Regulation Section 1.857-8; (2) the Company will operate in a manner that will make the representations contained in the Representation Letter true and correct in all material respects; and (3) the Company will not make any amendments to its organizational documents or the Partnership Agreement after the date hereof that would affect the Company's qualification as a REIT for any taxable year.

In connection with the opinions rendered below, we also have relied upon the correctness of the representations contained in the Representation Letter. To the extent that any of the representations provided to us in the Representation Letter are with respect to matters set forth in the Code and the Regulations, we have reviewed with the individual making such representation the relevant portion of the Code and the applicable Regulations and are reasonably satisfied that such individual understands such provisions and is capable of making such representations.

Since the Company's qualification as a REIT is dependent upon its actual, not just its proposed future conduct, it is possible that the Company's future actions or inactions may cause the Company not to qualify or not to continue to qualify as a REIT. We will not review on a continuing basis the Company's compliance with the documents or assumptions set forth above, or the representations set forth in the Representation Letter. Our opinion does not relate to the actual future operation of the Company to the extent that it may differ from the proposed and intended operation that has been represented to us. No assurance can be given that the actual results of the Company's operations for any given taxable year will satisfy the requirements for qualification and taxation as a REIT.

We have not been asked to nor do we give any opinion regarding Maryland law as it may or may not affect the tax status of the Company. We assume that the Company has been duly and properly formed under Maryland law. We have relied, with your consent, on the opinion of Venable, Baetjer and Howard, LLP regarding various aspects of Maryland law including the enforceability of the Ownership Limit provisions contained in the Articles of Amendment and Restatement of Declaration of Trust. We have not been asked to nor do we give any opinion regarding any foreign, state or local tax issues.

For purposes of our opinions, we have made no independent investigation of the facts contained in the documents and assumptions set forth above or the representations set forth in the Representation Letter. If any of the representations or the assumptions set forth in this opinion are not accurate, the opinions and the Tax Summaries may not be accurate and could change. No facts have come to our attention, however, that would cause us to question the accuracy and completeness of such facts or documents in a material way.

Based on and subject to the documents, assumptions and comments set forth above, the representations set forth in the Representation Letter, we are of the opinion that:

(a) commencing with the Company's taxable year ending December 31, 1998, the Company will qualify to be taxed as a REIT pursuant to sections 856 through 860 of the Code, and the Company's proposed method of operation as described in the Registration Statement, if followed, will enable it to meet the requirements for qualification and taxation as a REIT under the Code;

(b) the descriptions of law and legal conclusions contained in the Tax Summaries are correct in all material respects, and the discussion contained therein fairly summarizes the federal income tax considerations that are material to a holder of the Common Shares; and

(c) the Operating Partnership (and any Subsidiary Partnership) will not be taxed as a corporation under the Code.

The foregoing opinions are based on current provisions of the Code and the Regulations, published administrative interpretations thereof, and published court decisions as of the date hereof. The Internal Revenue Service has not issued Regulations or administrative interpretations with respect to various provisions of the Code relating to REIT qualification. No assurance can be given that the law will not change in a way that will prevent the Company from qualifying as a REIT, or cause the Operating Partnership (or any Subsidiary Partnership) to be taxed as a corporation. In addition, an opinion of counsel is not binding on the Internal Revenue Service or a court.

AGREEMENT OF LIMITED PARTNERSHIP
OF
CPT OPERATING PARTNERSHIP L.P.

AGREEMENT OF LIMITED PARTNERSHIP dated February 19, 1998 among Correctional Properties Trust, a Maryland real estate investment trust (the "General Partner"), and the Persons listed on EXHIBIT A attached hereto (the "Initial Limited Partners," and together with any other Person who becomes a limited partner in the Partnership as hereinafter provided, the "Limited Partners"). The General Partner and the Limited Partners are sometimes referred to individually as a "Partner" and collectively as the "Partners".

RECITALS

The persons executing this Agreement as a Partner desire to form a limited partnership under the Revised Uniform Limited Partnership Act of the State of Delaware (as the same may be amended from time to time, the "Act") to be known as the CPT Operating Partnership L.P. (the "Partnership"). Upon the execution of this Agreement and the simultaneous contributions by the Partners to the Partnership contemplated hereby, the Partnership is created with the General Partner serving as the Partnership's General Partner and owning all of the general partnership interests in the Partnership, and the Initial Limited Partners initially owning all of the limited partnership interests in the Partnership.

TERMS OF AGREEMENT

In consideration of the foregoing and the mutual promises herein contained, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Except as otherwise expressly provided herein, the following terms and phrases used in this Agreement and the Exhibits hereto shall have the meanings set forth below:

"Act" shall have the meaning ascribed to it in the Recitals hereto.

"Adjusted Capital Account Deficit" shall mean, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of any relevant fiscal year and after giving effect to the following adjustments: (a) credit to such Capital Account any amounts which such Partner is obligated or treated as obligated to restore with respect to any deficit balance in such Capital Account pursuant to Section 1.704-1(b)(2)(ii)(c) of the Regulations, or is deemed to be obligated to restore with respect to any deficit balance pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and (b) debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations. The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the requirements of the alternate test for economic effect contained in Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Administrative Expenses" shall mean all those administrative costs and expenses of the General Partner described in SECTION 8.1(A).

"Affiliate" shall mean, with respect to any Partner (or as to any other Person the affiliates of whom are relevant for purposes of any of the provisions of this Agreement), (a) any member of the Immediate Family of such Partner; (b) any shareholder, director, officer, trustee, general partner, shareholder of a general partner or beneficiary of a Partner; (c) any legal representative, successor, or assignee of any Person referred to in the preceding clauses (a) and (b); (d) any trustee for the benefit of any Person referred to in the preceding clauses (a) through (c); or (e) any Entity which directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any Person referred to in the preceding clauses (a) through (d).

"Agreement" shall mean this Agreement of Limited Partnership, as originally executed and as amended, modified, supplemented or restated from time to time, as the context requires.

"Audited Financial Statements" shall mean financial statements (balance sheet, statement of operations, statement of partners' equity and statement of cash flows) prepared in accordance with generally accepted accounting principles and accompanied by an independent auditor's report.

"Bankruptcy" shall mean, with respect to any Partner, (a) the commencement by such Partner of any proceeding seeking relief under any provision or chapter of the federal Bankruptcy Code, 11 U.S.C. ss.101 et seq., as the same may be amended from time to time, or any other federal or state law relating to insolvency, bankruptcy or reorganization; (b) an adjudication that such Partner is insolvent or bankrupt; (c) the entry of an order for relief under the federal Bankruptcy Code with respect to such Partner; (d) the filing of any such petition or the commencement of any such case or proceeding against such Partner, unless such petition and the case or proceeding initiated thereby are stayed or dismissed within ninety (90) days from the date of such filing; (e) the filing of an answer by such Partner admitting the allegations of any such petition; (f) the appointment of a trustee, receiver or custodian for all or substantially all of the assets of such Partner unless such appointment is stayed, vacated or dismissed within ninety (90) days from the date of such appointment but not less than five (5) days before the proposed sale of any assets of such Partner; (g) the insolvency of such Partner or

the execution by such Partner of a general assignment for the benefit of creditors; (h) the convening by such Partner of a meeting of its creditors, or any class thereof, for purposes of effecting a moratorium upon or extension or composition of its debts; (i) the failure of such Partner to pay its debts as they mature; (j) the levy, attachment, execution or other seizure of substantially all of the assets of such Partner where such seizure is not discharged within thirty (30) days thereafter; (k) the admission by such Partner in writing of its inability generally to pay its debts as they mature or that it is generally not paying its debts as they become due; or (l) the taking of any corporate or partnership action in connection with the foregoing.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which the American or New York Stock Exchange or The NASDAQ Stock Market is closed.

"Capital Account" shall mean, with respect to any Partner, the separate "book" account which the Partnership shall establish and maintain for such Partner in accordance with Section 704(b) of the Code and Section 1.704-1(b)(2)(iv) of the Regulations and such other provisions of Section 1.704-1(b) of the Regulations that must be complied with in order for the Capital Accounts to be determined in accordance with the provisions of said Regulations.

"Capital Contribution" shall mean, with respect to any Partner, the amount of money and assets contributed to the Partnership by such Partner (net of liabilities to which such contributed assets are subject).

"Cash Equivalents" shall mean obligations of the United States government with a maturity of not more than 60 days and time deposits and accounts maintained in a national banking association and fully insured by the Federal Deposit Insurance Corporation.

"Certificate" shall mean the Certificate of Limited Partnership establishing the Partnership, as filed with the office of the Secretary of State of in the State of Delaware, as amended and as it may hereafter be amended from time to time in accordance with the terms of this Agreement and the Act.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Contributed Assets" shall mean, with respect to a Partner, the real property, personal property, contract rights, contracts, agreements and other assets contributed by the Partner to the Partnership and shall include the assets being contributed to the Partnership on the date hereof as the initial capital contributions of the Partners.

"Control" shall mean the ability, whether by the direct or indirect ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to select the managing partner of a partnership, or otherwise to select, or have the power to remove and then select, a majority of those persons exercising governing authority over an Entity. In the case of a limited partnership, the sole general partner, all of the general partners to the extent each has equal management control and authority, or the managing general partner or managing general partners

thereof shall be deemed to have control of such partnership and, in the case of a trust, any trustee thereof or any Person having the right to select any such trustee shall be deemed to have control of such trust.

"Depreciation" shall mean, with respect to any asset of the Partnership for any fiscal year or other period, the depreciation, depletion or amortization, as the case may be, allowed or allowable for federal income tax purposes in respect of such asset for such fiscal year or other period; provided, however, that if there is a difference between the Gross Asset Value and the adjusted tax basis of such asset, Depreciation shall mean "book depreciation, depletion or amortization" as determined under Section 1.704-1(b)(2)(iv)(g)(3) of the Regulations.

"Economic Capital Account" shall mean, with respect to any Partner, the balance, if any, in such Partner's Capital Account as of the end of any relevant period, increased by such Partner's share of Partnership Minimum Gain and Minimum Gain Attributable to Partner Nonrecourse Debt, and decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"Entity" shall mean any general partnership, limited partnership, corporation, joint venture, limited liability company, trust, business trust, cooperative or association.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974 as amended from time to time (or any corresponding provisions of succeeding laws).

"Event of Withdrawal" shall mean any event specified in Section 17-402 of the Act or any corresponding provision of succeeding law.

"Fiscal Year" shall have the meaning ascribed to it in SECTION 9.4.

"General Partner" shall mean Correctional Properties Trust, a Maryland real estate investment trust, in its capacity as general partner of the Partnership, its duly admitted successors and assigns and any other person who is a general partner of the Partnership at the time of reference thereto.

"General Partnership Units" means the Units issued to the General Partner.

"General Partnership Interest" shall mean the Partnership Interest held by the General Partner.

"Gross Asset Value" shall mean, with respect to any asset, the asset's adjusted basis for federal income tax purposes except as follows: (1) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset at the time of such contribution, as agreed to by the Partners; (2) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as agreed to by the Partners, as of the following times: (a) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis capital contribution; (b) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property other than

money, unless all Partners receive simultaneous distributions of undivided interests in the distributed property in proportion to their respective Percentage Interests; (c) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and (d) the termination of the Partnership for federal income tax purposes pursuant to Section 708(b)(1)(B) of the Code; and (3) The Gross Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of such asset on the date of distribution. If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (1) or (2) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Loss.

"Initial Limited Partners" means CPT Limited Partner Inc., a Delaware corporation, and Correctional Properties Trust, a Maryland real estate investment trust.

"Limited Partners" shall mean those Persons who are, at the time of reference thereto, a limited partner of the Partnership.

"Limited Partnership Interest" shall mean any Partnership Interest held by any person or entity as a Limited Partner.

"Limited Partnership Units" shall mean the Units issued to the Limited Partners.

"Liquidating Trustee" shall mean such individual or Entity as is selected as the Liquidating Trustee hereunder by the General Partner, which individual or Entity may include the General Partner or an Affiliate of the General Partner, provided such Liquidating Trustee agrees in writing to be bound by the terms of this Agreement. The Liquidating Trustee shall be empowered to give and receive notices, reports and payments in connection with the dissolution, liquidation and/or winding-up of the Partnership and shall hold and exercise such other rights and powers as are necessary or required to permit all parties to deal with the Liquidating Trustee in connection with the dissolution, liquidation and/or winding-up of the Partnership.

"Minimum Gain Attributable to Partner Nonrecourse Debt" shall mean "partner nonrecourse debt minimum gain" as determined in accordance with Regulation Section 1.704-2(i)(2).

"Net Cash Flow" shall mean, with respect to any fiscal period of the Partnership, the excess, if any, of "Receipts" over "Expenditures." For purposes hereof, the term "Receipts" means the sum of (i) all cash receipts of the Partnership from all sources for such period, excluding Net Sale Proceeds and Net Financing Proceeds, (ii) Capital Contributions, and (iii) any amounts held as reserves as of the last day of such period which the General Partner reasonably deems to be in excess of necessary reserves as determined below. The term "Expenditures" means the sum of (i) all cash expenses of the Partnership for such period, (ii) the amount of all payments of principal and interest on account of any indebtedness of the Partnership, or amounts due on such indebtedness during such period, and (iii) such additional cash reserves as of the last day of such period as the General Partner deems necessary for any capital or operating expenditure permitted hereunder.

"Net Financing Proceeds" shall mean the proceeds realized from any financing or refinancing of a Property or group of Properties, net of the amounts used to retire any indebtedness, to pay transaction costs, and to fund reserves established by the General Partner.

"Net Income or Net Loss" shall mean, for each Fiscal Year or other applicable period, an amount equal to the Partnership's net income or loss for such year or period as determined for federal income tax purposes and in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a) of the Code shall be included in taxable income or loss), with the following adjustments: (a) by including as an item of gross income any tax-exempt income received by the Partnership; (b) by treating as a deductible expense any expenditure of the Partnership described in Section 705(a)(2)(B) of the Code (including amounts paid or incurred to organize the Partnership (unless an election is made pursuant to Code Section 709(b)) or to promote the sale of interests in the Partnership and by treating deductions for any losses incurred in connection with the sale or exchange of Partnership property disallowed pursuant to Section 267(a)(1) or Section 707(b) of the Code as expenditures described in Section 705(a)(2)(B) of the Code; (c) in lieu of depreciation, depletion, amortization, and other cost recovery deductions taken into account in computing total income or loss, there shall be taken into account Depreciation; (d) gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of such property rather than its adjusted tax basis; and (e) in the event of an adjustment of the Gross Asset Value of any Partnership asset which requires that the Capital Accounts of the Partnership be adjusted pursuant to Regulation Section 1.704-1(b)(2)(iv)(e), (f) and (m), the amount of such adjustment is to be taken into account as additional Net Income or Net Loss pursuant to ARTICLE VII hereof.

"Net Sale Proceeds" shall mean the net proceeds realized from any sale of a Property or group of Properties, net of amounts used to repay indebtedness and transaction costs and to fund reserves established by the General Partner.

"Nonrecourse Deductions" shall have the meaning set forth in Sections 1.704-2(b)(1) and (c) of the Regulations.

"Nonrecourse Liabilities" shall have the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Partner Nonrecourse Debt" shall have the meaning set forth in Section 1.704-2(i)(3) of the Regulations.

"Partner Nonrecourse Deductions" shall have the meaning set forth in Section 1.704-2(i)(2) of the Regulations.

"Partners" shall mean the General Partner and the Limited Partners, their duly admitted successors or assigns or any Person who is a partner of the Partnership at the time of reference hereto.

"Partnership" shall mean the limited partnership hereby constituted, as such limited partnership may from time to time be constituted.

"Partnership Minimum Gain" shall have the meaning set forth in Section 1.704-2(b)(2) of the Regulations.

"Partnership Interest" shall mean the entire ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all of the terms and provisions of this Agreement and of the Act.

"Partnership Units" shall mean a unit of interest in the Partnership issued under this Agreement.

"Percentage Interest" shall mean, with respect to any Partner, the ratio of the number of General Partnership Units and Limited Partnership Units held by such Partner to the aggregate number of Units of all such classes outstanding in the Partnership at the time of determination.

"Person" shall mean any individual or Entity.

"Property" shall mean any real property in which the Partnership, directly or indirectly, acquires ownership of all or a portion of a fee or leasehold interest.

"Register" shall mean the register established pursuant to SECTION 3.5.

"Registered Office" shall mean the location of the principal office of the Partnership as set forth in filings made by the Partnership pursuant to the Act.

"Regulations" shall mean the final or temporary income tax regulations promulgated under the Code, as such regulations may be amended and in affect from time to time (including corresponding provisions of succeeding regulations).

"Regulatory Allocations" shall have the meaning set forth in SECTION 7.3(F).

"REIT" shall mean a real estate investment trust as defined in Section 856 of the Code.

"REIT Requirements" shall mean the requirements for qualifying as a real estate investment trust under the Code and Regulations.

"Section 704(c) Tax Items" shall have the meaning set forth in SECTION 7.3(C).

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which a majority of (i) the voting power of the voting equity securities; or (ii) the outstanding equity interests, is owned, directly or indirectly, by such Person.

"Tax Items" shall have the meaning set forth in SECTION 7.3(A).

"Tax Matters Partner" shall have the meaning ascribed to it in SECTION 9.3.

"Tax Payment Loan" shall have the meaning ascribed to it in SECTION 6.5.

"Transfer" as a noun, shall mean any sale, assignment, conveyance, pledge, hypothecation, gift, encumbrance or other transfer, and as a verb, shall mean to sell, assign, convey, pledge, hypothecate, give, encumber or otherwise transfer.

"Transferred Partnership Interest" shall have the meaning ascribed to it in SECTION 11.3.

"Unit" shall have the meaning ascribed to it in SECTION 3.1(C).

"WCC" shall mean Wackenhut Corrections Corporation, a Florida corporation, and each of its subsidiaries.

"Withholding Tax Act" shall have the meaning ascribed to it in SECTION 6.5.

ARTICLE II

FORMATION OF PARTNERSHIP

SECTION 2.1 FORMATION OF PARTNERSHIP.

The Partners hereby agree to form the Partnership as a limited partnership pursuant to the provisions of the Act for the purposes and upon the terms and conditions hereinafter set forth. The Partners agree that the rights and liabilities of the Partners shall be as provided herein, except as otherwise expressly required by the Act or other applicable law, if any.

SECTION 2.2 NAME, PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE.

(a) The business of the Partnership shall be conducted under the name of "CPT OPERATING PARTNERSHIP L.P." or such other name as the General Partner may select, and all

transactions of the Partnership and title to all of the Partnership's assets, to the extent permitted by applicable law, shall be carried on and completed in such name.

(b) The principal place of business and registered office of the Partnership shall be located at 4200 Wackenhut Drive, Palm Beach Gardens, Florida 33410-4243. The General Partner may change the principal place of business or the registered office of the Partnership at any time in its sole discretion, and, in such event, shall give written notice thereof to all Limited Partners and file any required amendments to the Certificate required by the Act.

SECTION 2.3 PURPOSE.

The purpose of the Partnership shall be, directly or indirectly, to acquire, hold, own, develop, redevelop, construct, improve, maintain, sell, lease, rent, transfer, encumber, mortgage, convey, exchange, and otherwise dispose of or deal with real property of every kind and nature, including without limitation, the Properties; to act as and exercise all of the powers of the general partner or a limited partner, as the case may be, in partnerships or joint ventures in which the Partnership has an interest; to acquire, own, deal with and dispose of securities and other interests in partnerships, corporations or joint ventures, including corporations, partnerships, joint ventures and other associations formed for the acquisition, development or redevelopment of real and personal property or the provision of services thereto; to undertake such other activities as may be necessary, advisable, desirable or convenient to the business of the Partnership; to engage in such other ancillary activities as shall be necessary or desirable to effectuate the foregoing purposes; and to otherwise engage in or conduct any enterprise, business or activity in which a limited partnership may engage in or conduct under the Act.

SECTION 2.4 POWERS.

The Partnership shall have and exercise all powers now or hereafter permitted by the State of Delaware to be exercised by a limited partnership formed under the Act. In connection with (and without limiting) the foregoing, the Partnership shall have full power and authority, directly or through its interests in other partnerships, corporations, joint ventures or other associations, to enter into, perform, and carry out contracts of any kind, to borrow and lend money and to issue evidences of indebtedness, whether or not secured by mortgages, trust deeds, pledges or other liens, and to guaranty, provide security for or cause any subsidiary joint venture or other association in which the Partnership has an interest to guaranty or provide security for indebtedness or other obligations of the Partnership or any subsidiary.

SECTION 2.5 TERM.

The Partnership shall commence existence upon the filing of the Certificate with the Secretary of the State of Delaware and shall dissolve at 12:01 a.m. on December 31, 2048, unless sooner dissolved pursuant to law or this Agreement.

SECTION 2.6 AMENDMENT OF CERTIFICATE.

Promptly upon the execution and delivery hereof, the General Partner shall cause the Certificate to be filed with the Secretary of State of Delaware and such other elections, notices, instruments, documents or certificates as may be required by applicable law, including, without limitation, applications to do business in all jurisdictions where the Partnership will own property, and which may be necessary to enable the Partnership to conduct its business, and to own its properties, under the Partnership's name, to be amended and/or filed or recorded in all appropriate public offices.

SECTION 2.7 PARTNERSHIP ASSETS.

(a) The Partners shall use the Partnership's credit and assets solely for the benefit of the Partnership. All real and personal property owned by the Partnership shall be owned by the Partnership, and the Partners as such shall have no direct interest therein.

(b) To the extent allowable under applicable law, title to all or any part of the properties of the Partnership may be held in the name of the Partnership or any other Person as nominee for the Partnership. Any such title holder shall perform any and all of its respective functions to the extent and upon such terms and conditions as may be determined from time to time by the General Partner.

(c) No Partner shall, either directly or indirectly, take any action to require partition or appraisal of the Partnership or of any of its assets or properties or cause the sale of any Partnership property for other than a Partnership purpose, and notwithstanding any provision of applicable law to the contrary, each Partner (and its legal representatives, successors and assigns) hereby irrevocably waives any and all right to maintain any action for partition or to compel any sale with respect to its Partnership Interest or with respect to any assets or properties of the Partnership, except as expressly provided in this Agreement.

SECTION 2.8 LIMITATION ON LIABILITY OF PERSONS RELATED TO PARTNERS.

Except as otherwise required by applicable law or as expressly agreed in writing, no director, trustee, officer, shareholder, partner, employee or agent of any Partner shall be personally liable for the payment of any sums owing by such Partner to the Partnership or any other Partner under the terms of this Agreement or for the performance of any other covenant or agreement of such Partner contained herein.

SECTION 2.9 CONFLICTS OF INTEREST AND TRANSACTIONS WITH AFFILIATES.

(a) Subject to the limitations expressly set forth herein, any Partner and any Affiliate of any Partner may engage in or possess an interest in any business or activity whatsoever, whether now existing or hereafter created, without any accountability to the Partnership or any Partner. This Agreement shall not give the Partnership or any Partner any interest in, or right to, any

such business or activity or any proceeds, income or profit thereof or therefrom. No Partner shall be obligated to offer any business opportunity to the Partnership or any other Partner.

(b) Subject to the limitations expressly set forth herein, the Partnership may enter into any arrangement, contract, agreement or business venture that is not prohibited under the Act with any Partner or any Partner's Affiliates. Each Partner understands and acknowledges that the conduct of the business of the Partnership will involve business dealings with such other business ventures or undertakings of the Partners and their Affiliates. Without limiting the generality of the foregoing, the Partnership, at the discretion of the General Partner, may borrow funds from any Partner or any Partner's Affiliates. Except to the extent otherwise provided herein, any material transaction between the Partnership and any Partner or Affiliate of a Partner shall be on terms reasonably determined by the General Partner to be no less favorable than the terms which could be obtained from unrelated third parties.

SECTION 2.10 STATUTORY COMPLIANCE.

The General Partner has executed and shall promptly cause to be filed the Certificate in the Office of the Secretary of State of the State of Delaware pursuant to the Act and hereafter shall execute such further documents and take such further action as shall be appropriate to comply with the Act and all other all requirements of law for the formation and operation of a limited partnership in the State of Delaware and all other jurisdictions in which the Partnership may elect to do business.

ARTICLE III

PARTNERSHIP INTERESTS

SECTION 3.1 IN GENERAL.

(a) The Partnership initially shall have two classes of Partnership Interests: "General Partnership Interests," and "Limited Partnership Interests," each of which shall be divided into units as provided in paragraph (c) below. The Partnership may create and issue additional classes of General or Limited Partnership Interests in accordance with SECTION 3.3.

(b) Any Person may at the same time hold more than one class of Partnership Interest and, in such event, shall for the purposes of this Agreement be separately entitled to the rights afforded a Partner in each of such classes under this Agreement. If a General Partner contributes to the capital of the Partnership as a Limited Partner or purchases any Limited Partnership Interest, it shall be treated in all respects as a Limited Partner as to such Limited Partnership Interests.

(c) Each class of Partnership Interest issued by the Partnership shall be divided into units ("Units") with each Unit within a class representing an equal undivided fractional share of

each item of Partnership income, gain, and loss, and in each distribution of Partnership assets, allocable to the Units of that class.

SECTION 3.2 PARTNERSHIP INTERESTS. An aggregate of 150,000,000 Units is hereby authorized for issuance pursuant to SECTION 4.1, SECTION 4.2 and SECTION 4.4. The Limited Partnership Units and the General Partnership Units shall be entitled to such voting and other rights as may be herein specified.

SECTION 3.3 CREATION AND ISSUANCE OF ADDITIONAL CLASSES OF PARTNERSHIP INTERESTS.

(a) Subject only to the limitations expressly set forth in this Agreement, the General Partner may from time to time solicit and accept additional Capital Contributions from any Person and/or cause the Partnership to create and issue such additional classes of Partnership Interests, rights, options or warrants exercisable for or convertible into Partnership Interests, or other securities or instruments of any type or class whatsoever. Any such Partnership Interests, rights, options, warrants, securities or instruments may be issued for cash, property, services, or such other type, form, and amount of consideration (including notes, other evidences of indebtedness or obligations of the Person acquiring the interest, instrument or security, as the case may be) as the General Partner may determine to be appropriate. Each such class of additional Partnership Interest shall have such rights, privileges and preferences, and be subject to such limitations, as the General Partner shall specify, including, without limitation, the right, but not the obligation, of such Person acquiring the interest to exchange all or a portion of their interest for cash or, at the option of the Partnership, for shares of capital stock of the Initial Limited Partner.

(b) The creation of an additional class of Partnership Interest permitted hereunder may be made by the General Partner by setting forth either in an amendment or an addendum to this Agreement the relative rights, obligations, duties, and preferences of each new class of Partnership Interests created. A copy of this Agreement as so amended, or the addendum as so adopted, as the case may be, shall be provided to each other Partner. All filings necessary to be made under the Act or applicable law in connection with the creation of such interests shall be made by the General Partner on behalf of the Partnership.

SECTION 3.4 OTHER PROVISIONS RELATING TO ALL CLASSES OF PARTNERSHIP INTERESTS.

(a) Fractional Units may be issued, with the amount of any such fractional interest being rounded to the fourth decimal place.

(b) By executing this Agreement, each Partner consents and authorizes the Partnership, acting solely through the General Partner, to issue, subject to the express requirements and limitations hereof, such interests, instruments and securities upon such terms and conditions as the General Partner may from time to time determine to be appropriate.

SECTION 3.5 REGISTER.

The General Partner shall maintain a Register at the principal place of business of the Partnership setting forth the names, addresses and Capital Accounts of the Partners, and the number and class of Partnership Interests held by each Partner. Upon any adjustment or cancellation of any Partner's Partnership Interest, the General Partner shall make such adjustment or cancellation in the Register and send written notice thereof to the Partner so affected. Upon an assignment by a Partner of all or a part of its Partnership Interest in the Partnership pursuant to the terms hereof and as permitted hereby, the General Partner shall register such assignment in the Register. The General Partner shall note on the Register any restrictions on the transfer of any Partner's Partnership Interests. In the absence of manifest error, the Register shall constitute conclusive evidence of the interest of each Partner and other Person in Partnership Units.

ARTICLE IV

CONTRIBUTIONS TO CAPITAL AND ISSUANCES OF
PARTNERSHIP INTERESTS

SECTION 4.1 GENERAL PARTNER CAPITAL CONTRIBUTIONS.

Concurrently herewith the General Partner shall contribute, or cause to be contributed, its initial Capital Contribution to the Partnership as General Partner in the amount as set forth on EXHIBIT A, , and the Partnership shall issue to the General Partner, and register in the name of the General Partner on the Register, General Partnership Units as set forth on EXHIBIT A.

SECTION 4.2 INITIAL LIMITED PARTNER CAPITAL CONTRIBUTIONS.

Concurrently herewith the Initial Limited Partners shall contribute, or cause to be contributed, their initial Capital Contributions to the Partnership in the amount as set forth on EXHIBIT A hereto, and the Partnership shall issue to the Initial Limited Partners, and register in the name of the Initial Limited Partners on the Register, Limited Partnership Units as set forth on EXHIBIT A.

SECTION 4.3 CAPITAL CONTRIBUTIONS GENERALLY.

Except as otherwise expressly provided herein or to the extent that a Partner agrees to make a Capital Contribution to, or to purchase Partnership Interests from, the Partnership: (i) no Partner shall be required to contribute any capital to the Partnership; (ii) no Partner may withdraw any of its capital from the Partnership; (iii) no Partner shall be required to make any loan to the Partnership; (iv) loans by a Partner to the Partnership shall not be considered a contribution of capital, shall not increase the Capital Account of the lending Partner or the lending Partner's ownership interest in the

Partnership and the repayment of such loans by the Partnership shall not decrease, or result in any adjustment to, the Capital Account of the Partner making the loans; (v) no interest shall be paid on any capital contributed to the Partnership by any Partner; (vi) under any circumstances requiring a return of all or any portion of a Capital Contribution, no Partner shall have the right to receive property other than cash; and (vii) no Partner shall be required at any time to restore any deficit in such Partner's Capital Account.

SECTION 4.4 CONTRIBUTION OF PROCEEDS OF ISSUANCE OF GENERAL PARTNER STOCK

In connection with the initial offering of common stock by the General Partner, the General Partner and the Initial Limited Partners shall make aggregate Capital Contributions to the Partnership of the proceeds raised in connection with such offering, grant, award, or issuance, provided that if the proceeds actually received by the General Partner are less than the gross proceeds of such offering, grant, award, or issuance as a result of any underwriter's discount, commission, or fee or other expenses paid or incurred in connection with such offering, grant, award, or issuance, then the General Partner and the Initial Limited Partners shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have paid pursuant to SECTION 8.1 for the amount of such underwriter's discount or other expenses. Upon contribution of such additional capital to the Partnership, the General Partner and the Initial Limited Partners will receive additional Units, and their Percentage Interests will be adjusted, on a proportionate basis based upon the amount of such additional capital contributions and the value of the Partnership at the time of such contributions.

SECTION 4.5 NO THIRD PARTY BENEFICIARY.

No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners.

ARTICLE V

CAPITAL ACCOUNTS

SECTION 5.1 ESTABLISHMENT AND MAINTENANCE OF CAPITAL ACCOUNTS.

(a) A Capital Account shall be established for each Partner in the amount of such Partner's initial Capital Contribution to the Partnership. Unless otherwise provided in this

Agreement, each Partner's Capital Account shall be determined and maintained in accordance with the rules of Regulation Section 1.704-1(b)(2)(iv) (or any corresponding provision of succeeding law), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with such regulations. If the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such regulations, the General Partner shall make such modifications.

(b) Pursuant to the foregoing accounting rules, a Partner's Capital Account shall be increased, decreased, adjusted, and maintained as provided in ARTICLE VII.

SECTION 5.2 SUCCESSION TO CAPITAL ACCOUNTS.

Subject to SECTION 11.4, in the event of a transfer of any Partnership Interest permitted herein, the Capital Account of the transferor Partner that is attributable to the transferred Partnership Interest shall be carried over to the transferee of such interest and adjusted as provided in the Regulations under Code Section 704.

SECTION 5.3 CERTAIN ADJUSTMENTS.

In connection with any Capital Contribution to the Partnership in consideration for a Partnership Interest, or a distribution by the Partnership to a Partner in respect of a Partnership Interest, the General Partner shall be authorized to increase or decrease the Capital Accounts to reflect a revaluation of Partnership property as provided in Regulation Section 1.704-1(b)(2)(iv)(f).

ARTICLE VI

DISTRIBUTIONS

SECTION 6.1 DISTRIBUTIONS.

The General Partner shall cause the Partnership to declare and pay quarterly (or more frequently, as the General Partner may determine) distributions of Net Cash Flow to the holders of the General Partnership Units and the Limited Partnership Units within ninety (90) days following the end of the quarter in respect of which the payment is made, out of funds legally available therefor, in such aggregate amount as the General Partner in its discretion shall determine, in accordance with their respective Percentage Interests.

SECTION 6.2 DISTRIBUTIONS TO PAY TAXES.

(a) Notwithstanding anything to the contrary in SECTION 6.1, if the Partnership has taxable income for any Fiscal Year (including any taxable gain associated with the sale of section

704(c) property (as defined in Regulation Section 1.704-3)), the Partnership shall, out of any funds legally available therefor, distribute to the Partners, on or before the 90th day following the end of the calendar year that includes the last day of such Fiscal Year, the amount necessary for the Partners (and all Persons who are required to pay taxes on the taxable income of the Partnership by reason of their direct or indirect ownership of any interest in the Partnership) to pay federal, state and local income taxes with respect to such taxable income, computed by multiplying such taxable income by the highest combined federal, state and local income tax rate applicable to any such Person for the calendar year that includes the last day of the Fiscal Year in which such taxable income is allocated to such Partner.

(b) The Partnership shall not make a distribution under this SECTION 6.2 if it does not have sufficient cash on hand to fund such distribution.

SECTION 6.3 DISTRIBUTIONS UPON LIQUIDATION.

Liquidating distributions shall in all cases be made in accordance with the provisions of SECTION 13.5.

SECTION 6.4 ADDITIONAL DISTRIBUTION RULES.

(a) EFFECTIVE DATE. Distributions shall be charged against the Partners' Capital Accounts as of the date the distributions are made.

(b) DIVISION AMONG LIMITED PARTNERS. Except as may otherwise be provided herein or in the instruments creating a class of Partnership Interests, each distribution made to the Limited Partners of a given class pursuant to this ARTICLE VI shall be divided among the Limited Partners of such class so that each of them shall receive the same proportion thereof as the Units of such class owned by such Limited Partner bear to all Units of the same class then owned by all Limited Partners.

(c) OBLIGATION TO REPAY DISTRIBUTION. In the absence of fraud or mistake, or except as otherwise required by law, no Partner shall have any obligation or responsibility to repay to the Partnership any distribution made by the Partnership to a Partner pursuant to this Agreement.

(d) LEGAL REQUIREMENTS. Notwithstanding anything contained herein to the contrary, the General Partner may withhold making a distribution to any Limited Partner, or to any transferee of a Limited Partner, until the Limited Partner or the transferee has provided the General Partner with all necessary information and assurances, including an opinion of counsel satisfactory to the General Partner requested by the General Partner, to determine that such distribution will be in compliance with all applicable laws.

SECTION 6.5 TAXES WITHHELD.

Unless treated as a Tax Payment Loan (as hereinafter defined), any amount paid by the Partnership for or with respect to any Partner on account of any withholding tax or other tax payable with respect to the income, profits or distributions of the Partnership pursuant to the Code, the Regulations, or any state or local statute, regulation or ordinance requiring such payment (a "Withholding Tax Act") shall be treated as a distribution to such Partner for all purposes of this Agreement, consistent with the character or source of the income, profits or cash which gave rise to the payment or withholding obligation. To the extent that the amount required to be remitted by the Partnership under the Withholding Tax Act exceeds the amount then otherwise distributable to such Partner, the excess shall constitute a loan from the Partnership to such Partner (a "Tax Payment Loan") which shall be payable upon demand and shall bear interest, from the date that the Partnership makes the payment to the relevant taxing authority, at the federal tax underpayment rate, under Section 6621(a)(2) of the Code, as reported from time to time. So long as any Tax Payment Loan or the interest thereon remains unpaid, the Partnership shall make future distributions due to such Partner under this Agreement by applying the amount of any such distribution first to the payment of any unpaid interest on all Tax Payment Loans of such Partner and then to the repayment of the principal of all Tax Payment Loans of such Partner. The General Partner shall have the authority to take all actions necessary to enable the Partnership to comply with the provisions of any Withholding Tax Act applicable to the Partnership and to carry out the provisions of this Section. Nothing in this Section shall create any obligation on the General Partner to advance funds to the Partnership or to borrow funds from third parties in order to make any payments on account of any liability of the Partnership under a Withholding Tax Act.

SECTION 6.6 IN-KIND DISTRIBUTIONS.

If, at the discretion of the General Partner, any assets of the Partnership other than cash are distributed to the Partners in kind, such assets shall be valued on the basis of the fair market value thereof as determined by the General Partner in its reasonable discretion on the date of distribution. Without limiting the General Partner's discretion to make such a valuation or requiring that any such appraisal be made, the valuation of any asset by the General Partner on the basis of the determination of its fair market value by an independent appraiser shall be deemed to be a reasonable value for such asset and a reasonable exercise of such discretion. If any Partnership property other than cash is distributed to a Partner, the Capital Accounts of the Partners shall be adjusted to reflect the manner in which the unrealized income, gain, loss or deduction inherent in such property (that has not previously been reflected in the Partners' Capital Accounts) would be allocated among the Partners if there had been a taxable disposition of such property at its fair market value on the date of distribution. The Capital Accounts of the Partner receiving a distribution in kind shall then be reduced by the fair market value of the property distributed. Subject to the limitations on such distributions in connection with any distribution of property of the Partnership in kind, including any distribution in connection with the liquidation of the Partnership, the General Partner need not distribute each asset ratably to all Partners, so long as all Partners concurrently receive distributions of cash and other property, valued as provided above, in the proportion to which they would otherwise be entitled.

ARTICLE VII

ALLOCATIONS

SECTION 7.1 ALLOCATION OF NET INCOME AND NET LOSS.

Any Net Income or Net Loss shall, except as otherwise provided herein, be allocated among the Partners as follows:

(a) First, Net Income or Net Loss shall be allocated to the Partners in such manner as to cause, as quickly as possible, their Capital Accounts to be proportionate to their Percentage Interests; and

(b) Any remaining Net Income or Net Loss shall be allocated to the Partners in proportion to their Percentage Interests.

SECTION 7.2 SPECIAL ALLOCATIONS.

Notwithstanding anything to the contrary contained in this Agreement:

(a) MINIMUM GAIN CHARGEBACK (NONRECOURSE LIABILITIES). If there is a net decrease in Partnership Minimum Gain for any Partnership fiscal year (except as a result of conversion or refinancing of Partnership indebtedness, certain capital contributions or revaluation of the Partnership property as further outlined in Regulation Sections 1.704-2(d)(4), (f)(2) or (f)(3)), each Partner shall be specially allocated items of Partnership income and gain for each year (and, if necessary, subsequent years) in an amount equal to that Partner's share of the net decrease in Partnership Minimum Gain. The items to be so allocated shall be determined in accordance with Regulation Section 1.704-2(f). This paragraph (a) is intended to comply with the minimum gain chargeback requirement in said section of the Regulations and shall be interpreted consistently therewith. Allocations pursuant to this paragraph (a) shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant hereto.

(b) MINIMUM GAIN ATTRIBUTABLE TO PARTNER NONRECOURSE DEBT. If there is a net decrease in Minimum Gain Attributable to Partner Nonrecourse Debt during any fiscal year (other than due to the conversion, refinancing or other change in the debt instrument causing it to become partially or wholly nonrecourse, certain capital contributions, or certain revaluations of Partnership property as further outlined in Regulation Section 1.704-2(i)(4)), each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to that Partner's share of the net decrease in the Minimum Gain Attributable to Partner Nonrecourse Debt. The items to be so allocated shall be determined in accordance with Regulation Section 1.704-2(i)(4) and (j)(2). This paragraph (b) is intended to comply with the minimum gain chargeback requirement with respect to Partner Nonrecourse Debt contained in said section of the Regulations and shall be interpreted consistently therewith. Allocations pursuant to

this paragraph (b) shall be made in proportions to the respective amounts required to be allocated to each Partner pursuant hereto.

(c) QUALIFIED INCOME OFFSET. In the event a Partner receives any adjustments, allocations or distributions described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), and such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit as quickly as possible. This paragraph (c) is intended, among other things, to meet the requirements for a "qualified income offset" under Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) NONRECOURSE DEDUCTIONS. Nonrecourse Deductions for any fiscal year or other applicable period shall be allocated to the Partners in accordance with their respective Percentage Interests.

(e) PARTNER NONRECOURSE DEDUCTIONS. Partner Nonrecourse Deductions for any fiscal year or other applicable period shall be specially allocated to the Partner that bears the economic risk of loss for the debt (i.e., the Partner Nonrecourse Debt) in respect of which such Partner Nonrecourse Deductions are attributable (as determined under Regulation Section 1.704-2(b)(4) and (i)(1)).

(f) CURATIVE ALLOCATIONS. The Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Partners so that, to the extent possible, the cumulative net amount of allocations of Partnership items under SECTION 7.1 shall be equal to the net amount that would have been allocated to each Partner if the Regulatory Allocations had not occurred. This paragraph (f) is intended to minimize to the extent possible and to the extent necessary any economic distortions which may result from application of the Regulatory Allocations and shall be interpreted in a manner consistent therewith. For purposes hereof, "Regulatory Allocations" shall mean the allocations provided under this SECTION 7.2 (except under paragraphs (d) and (f) hereof).

SECTION 7.3 TAX ALLOCATIONS.

(a) GENERALLY. Subject to paragraphs (b), (c) and (d) hereof, items of income, gain, loss, deduction and credit to be allocated for income tax purposes (collectively, "Tax Items") shall be allocated among the Partners on the same basis as their respective book items.

(b) SECTIONS 1245/1250 RECAPTURE. If any portion of gain from the sale of property is treated as gain which is ordinary income by virtue of the application of Code Sections 1245 or 1250 ("Affected Gain"), then (i) such Affected Gain shall be allocated among the Partners in the same proportion that the depreciation and amortization deductions giving rise to the Affected Gain were allocated and (ii) other Tax Items of gain of the same character that would have been recognized, but for the application of Code Sections 1245 and/or 1250, shall be allocated away from

those Partners who are allocated Affected Gain pursuant to clause (i) so that, to the extent possible, the other Partners are allocated the same amount, and type, of capital gain that would have been allocated to them had Code Sections 1245 and/or 1250 not applied. For purposes hereof, in order to determine the proportionate allocations of depreciation and amortization deductions for each fiscal year or other applicable period, such deductions shall be deemed allocated on the same basis as Net Income and Net Loss for such respective period.

(c) ALLOCATIONS RESPECTING SECTION 704(C) AND REVALUATIONS.

Notwithstanding paragraph (b) hereof, Tax Items with respect to Partnership property that is subject to Code Section 704(c) and/or Regulation Section 1.704-1(b)(2)(iv)(f) (collectively "Section 704(c) Tax Items") shall be allocated in accordance with said Code section and/or Regulation Section 1.704-1(b)(4)(i), as the case may be. The Partnership shall apply the "traditional method" for such allocations, as described in Regulation Section 1.704-3(b), and the allocation of Tax Items shall be subject to the ceiling rule stated in Regulation Section 1.704-3(b)(1).

SECTION 7.4 ADDITIONAL SPECIAL ALLOCATIONS.

Notwithstanding anything to the contrary in SECTION 7.1 or elsewhere in this Agreement, a portion of any Net Income or Net Loss allocable to the Partnership from certain partnerships in which it holds interests that would otherwise be allocable to the holder of the General Partnership Units shall instead be allocable to the other Partners in proportion to their respective Percentage Interests.

ARTICLE VIII

EXPENSES; RIGHTS, DUTIES AND RESTRICTIONS OF
THE GENERAL PARTNER

SECTION 8.1 EXPENSES BORNE BY THE PARTNERSHIP.

(a) The total costs and expenses to be incurred by the General Partner in connection with the transactions contemplated by this Agreement shall be paid by, and allocated to, the Partnership. Such costs and expenses shall include, without limitation, (i) all expenses relating to the formation of the General Partner and the Partnership, (ii) all expenses relating to the public offering and registration of securities by the General Partner, (iii) all expenses associated with the preparation and filing of any periodic reports by the Partnership and the General Partner under federal, state or local laws or regulations, (iv) all expenses associated with compliance by the Partnership and the General Partner with laws, rules and regulations promulgated by any regulatory body and (v) all other operating or administrative costs of the Partnership and the General Partner incurred in the ordinary course of its business on behalf of the Partnership (collectively "Administrative Expenses").

(b) Except as otherwise provided in paragraph (c) below, all fees and other costs that the General Partner incurs for legal and accounting services provided to the General Partner after the date hereof by third parties in connection with the preparation and maintenance of the General Partner's books and records, financial statements, tax returns and reports to stockholders and the Securities and Exchange Commission, shall be paid by, and allocated to, the Partnership and shall be deemed Administrative Expenses. The General Partner shall be entitled to reimbursement by the Partnership for any such expenditures incurred by it on behalf of the Partnership.

(c) In the event that the General Partner hereafter acquires any assets outside of the Partnership or an entity wholly-owned by the Partnership, the percentage of Administrative Expenses allocated to the Partnership shall be reduced to an amount that is fair and equitable to the Partnership under the circumstances, as determined by the General Partner.

SECTION 8.2 POWERS AND DUTIES OF GENERAL PARTNER.

(a) The General Partner shall be responsible for the management of the Partnership's business and affairs. Except as otherwise herein expressly provided, the General Partner shall have, and is hereby granted, full and complete power, authority and discretion to take such action for and on behalf of the Partnership as the General Partner shall, in its sole and absolute discretion, deem necessary or appropriate to carry out the purposes for which the Partnership was organized. Except as otherwise expressly provided herein, the General Partner shall exercise all of the powers of the Partnership and have specifically, without limiting the foregoing the right, power and authority:

(i) To manage, control, invest, reinvest, acquire by purchase, lease or otherwise, sell, contract to purchase or sell, grant, obtain, or exercise options to purchase, options to sell or conversion rights, assign, transfer, convey, deliver, endorse, exchange, pledge, mortgage, abandon, improve, repair, maintain, insure, lease for any term and otherwise deal with any and all property of whatsoever kind and nature, and wheresoever situated, in furtherance of the business or purposes of the Partnership;

(ii) To acquire, directly or indirectly, interests in real estate of any kind and of any type, and any and all kinds of interests therein and interests in Entities investing therein, and to determine the manner in which title thereto is to be held; to manage (directly or through property managers), insure against loss, protect and subdivide any of the real estate, interests therein or parts thereof; to improve, develop or redevelop any such real estate; to participate in the ownership and development of any property; to dedicate for public use, to vacate any subdivisions or parts thereof, to re-subdivide, to contract to sell, to grant options to purchase or lease, to sell on any terms; to convey, to mortgage, pledge or otherwise encumber said property, or any part thereof; to lease said property or any part thereof from time to time, upon any terms and for any period of time, and to renew or extend leases, to amend, change or modify the terms and provisions of any leases and to grant options to lease and options to renew leases and options to purchase; to partition or to exchange said real

property, or any part thereof, for other real or personal property; to collect all rental and other income accruing to the Partnership; to grant easements or charges of any kind; to release, convey or assign any right, title or interest in or about or easement appurtenant to said property or any part thereof; to construct and reconstruct, remodel, alter, repair, add to or take from buildings on said premises; to insure any Person having an interest in or responsibility for the care, management or repair of such property; to direct the trustee of any land trust to mortgage, lease, convey or contract to convey the real estate held in such land trust or to execute and deliver deeds, mortgages, notes, and any and all documents pertaining to the property subject to such land trust or in any matter regarding such trust; to execute assignments of all or any part of the beneficial interest in such land trust;

(iii) To employ, engage or contract with or dismiss from employment or engagement Persons to the extent deemed necessary or appropriate by the General Partner for the operation and management of the Partnership business, including but not limited to, contractors, subcontractors, engineers, architects, surveyors, mechanics, consultants, accountants, attorneys, insurance brokers, real estate brokers and others;

(iv) To enter into, make, amend, perform and carry out or cancel and rescind, contracts and other obligations on behalf of the Partnership and to cause all Administrative Expenses to be paid;

(v) To borrow money, procure loans and advances from any Person for Partnership purposes, and to apply for and secure, from any Person, credit or accommodations; to contract liabilities and obligations, direct or contingent and of every kind and nature (including interest rate swaps, caps and hedges) with or without security; and to repay, discharge, settle, adjust, compromise, or liquidate any such loan, advance, credit, obligation or liability;

(vi) To pledge, hypothecate, mortgage, assign, deposit; deliver, enter into sale and leaseback arrangements or otherwise give as security or as additional or substitute security, or for sale or other disposition any and all Partnership property, tangible or intangible, including, but not limited to, real estate and beneficial interests in land trusts, and to make substitutions thereof, and to receive any proceeds thereof upon the release or surrender thereof; to sign, execute and deliver any and all assignments, deeds and other contracts and instruments in writing; to authorize, give, make, procure, accept and receive moneys, payments, property, notices, demands, vouchers, receipts, releases, compromises and adjustments; to waive notices, demands, protests and authorize and execute waivers of every kind and nature; to enter into, make, execute, deliver and receive written agreements, undertakings and instruments of every kind and nature; to give oral instructions and make oral agreements; and generally to do any and all other acts and things incidental to any of the foregoing or with reference to any dealings or transactions which the General Partner may deem necessary, proper or advisable to effect or accomplish any of the foregoing or to carry out the business and purposes of the Partnership;

(vii) To sell or otherwise dispose of any or all assets of the Partnership;

(viii) To acquire and enter into any contract of insurance which the General Partner deems necessary or appropriate for the protection of the Partnership, for the conservation of the Partnership's assets or for any purpose convenient or beneficial to the Partnership and to settle claims under such insurance;

(ix) To conduct any and all banking transactions on behalf of the Partnership; to adjust and settle checking, savings, and other accounts with such institutions as the General Partner shall deem appropriate; to draw, sign, execute, accept, endorse, guarantee, deliver, receive and pay any checks, drafts, bills of exchange, acceptances, notes, obligations, undertakings and other instruments for or relating to the payment of money in, into, or from any account in the Partnership's name; to execute, procure, consent to and authorize extensions and renewals of the same; to make deposits and withdraw the same and to negotiate or discount commercial paper, acceptances, negotiable instruments, bills of exchange and dollar drafts; to pay all taxes, assessments, rents and other impositions applicable to the assets of the Partnership and to seek to reduce the same; to invest all monies of the Partnership;

(x) To demand, sue for, receive, and otherwise take steps to collect or recover all debts, rents, proceeds, interests, dividends, goods, chattels, income from property, damages and all other property, to which the Partnership may be entitled or which are or may become due the Partnership from any Person; to commence, prosecute or enforce, or to defend, answer or oppose, contest and abandon all legal proceedings in which the Partnership is or may hereafter be interested; and to settle, compromise or submit to arbitration any accounts, debts, claims, disputes and matters which may arise between the Partnership and any other Person and to grant an extension of time for the payment or satisfaction thereof on any terms, with or without security;

(xi) To confess judgment against the Partnership;

(xii) To make arrangements for financing, including the taking of all action deemed necessary or appropriate by the General Partner to cause any approved loans to be closed including, without limitation, the execution and delivery on behalf of the Partnership of notes, mortgages, deeds of trust and like instruments;

(xiii) To take all reasonable measures necessary to insure compliance by the Partnership with applicable arrangements, and other contractual obligations and arrangements entered into by the Partnership from time to time in accordance with the provisions of this Agreement, including periodic reports as required to be submitted to lenders and using all due diligence to insure that the Partnership is in compliance with its contractual obligations;

(xiv) To maintain the Partnership's books and records;

(xv) To prepare and deliver, or cause to be prepared and delivered by the Partnership's accountants, all financial and other reports with respect to the operations of the Partnership, and all federal and state tax returns and reports;

(xvi) To act in any state or nation in which the Partnership may lawfully act, for itself or as principal, agent or representative for any Person, including the Partnership, with respect to any business of the Partnership;

(xvii) To become a partner or member in, and perform the obligations of a partner or member of, any general or limited partnership or limited liability company;

(xviii) To apply for, register, obtain, purchase or otherwise acquire trademarks, trade names, labels and designs relating to or useful in connection with any business of the Partnership, and to use, exercise, develop and license the use of the same;

(xix) To pay or reimburse any and all actual fees, costs and expenses incurred in the formation and organization of the Partnership;

(xx) To do all acts which are necessary, customary or appropriate for the protection and preservation of the Partnership's assets, including the establishment of reserves;

(xxi) To exercise all rights, and to perform all duties, responsibilities and obligations, granted to or required of the General Partner by this Agreement; and

(xxii) In general, to exercise all of the general rights, privileges and powers permitted to be had and exercised by the provisions of the Act.

SECTION 8.3 PROSCRIPTIONS.

The General Partner shall not have the authority to:

(a) Do any act in contravention of this Agreement or which would make it impossible to carry on the ordinary business of the Partnership;

(b) Possess any Partnership property or assign rights in specific Partnership property for other than Partnership purposes; or

(c) Do any act in contravention of applicable law.

SECTION 8.4 ADDITIONAL PARTNERS.

Additional Partners may be admitted to the Partnership only as provided in ARTICLE XII hereof.

SECTION 8.5 COMPENSATION OF THE GENERAL PARTNER.

The General Partner shall not be entitled to any compensation for services rendered to the Partnership solely in its capacity as General Partner except with respect to reimbursement for those costs and expenses pursuant to SECTION 8.1 hereof including those constituting Administrative Expenses.

SECTION 8.6 WAIVER AND INDEMNIFICATION.

(a) Neither the General Partner nor any Person acting on its behalf, pursuant hereto, shall be liable, responsible or accountable in damages or otherwise to the Partnership or to any Partner for any acts or omissions performed or omitted to be performed by it within the scope of the authority conferred upon the General Partner by this Agreement and the Act, provided that the General Partner's or such other Person's conduct or omission to act was taken in good faith and in the belief that such conduct or omission was in the best interests of the Partnership and, provided further, that the General Partner or such other Person shall not be guilty of fraud, willful misconduct or gross negligence.

(b) To the fullest extent permitted by Delaware law, the Partnership shall indemnify the General Partner and its Affiliates and any Person acting on their behalf (each, an "Indemnitee") from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, reasonable attorneys' fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership or the General Partner as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, except to the extent it is finally determined by a court of competent jurisdiction, from which no further appeal may be taken, that such Indemnitee's action constituted intentional acts or omissions constituting willful misconduct or fraud. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this SECTION 8.6 in favor of any Indemnitee having or potentially having liability for any such indebtedness. Any indemnification pursuant to this SECTION 8.6 shall be made only out of the assets of the Partnership, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership, or otherwise provide funds, to enable the Partnership to fund its obligations under this SECTION 8.6.

(c) Reasonable expenses incurred by an Indemnitee who is a party to a proceeding shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding.

(d) The indemnification provided by this SECTION 8.6 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitees are indemnified.

(e) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(f) For purposes of this SECTION 8.6, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by such Indemnitee of its duties to the Partnership also imposes duties on, or otherwise involves services by, such Indemnitee to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this SECTION 8.6; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participant and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(g) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(h) An Indemnitee shall not be denied indemnification in whole or in part under this SECTION 8.6 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(i) The provisions of this SECTION 8.6 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this SECTION 8.6 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this SECTION 8.6, as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(j) All rights of any indemnitee hereunder shall survive the dissolution of the Partnership; provided, however, that a claim for indemnification under this Agreement must be made

by or on behalf of the Person seeking indemnification prior to the time the Partnership is liquidated hereunder. The indemnification rights contained in this Agreement shall be cumulative of, and in addition to, any and all other rights, remedies and recourse to which the person seeking indemnification shall be entitled, whether at law or at equity.

SECTION 8.7 OPERATION IN ACCORDANCE WITH REIT REQUIREMENTS.

The Partners acknowledge and agree that the Partnership shall be operated in a manner that will enable the General Partner to (a) satisfy the REIT Requirements and (b) avoid the imposition of any federal income or excise tax liability on either the General Partner or the Partnership. The General Partner shall not be required to take any action which would result in the General Partner ceasing to satisfy the REIT Requirements or the imposition of any federal income or excise tax liability on the General Partner.

SECTION 8.8 RELIANCE BY THIRD PARTIES.

(a) Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially.

(b) Each Limited Partner hereby waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner shall be conclusive evidence in favor of any and every person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

(c) Nothing herein contained shall impose any obligation on any Person or firm doing business with the Partnership to inquire as to whether or not the General Partner has properly exercised its authority in executing any contract, lease, mortgage, deed or other instrument on behalf of the Partnership, and any such third Person shall be fully protected in relying upon such authority.

SECTION 8.9 OTHER MATTERS CONCERNING THE GENERAL PARTNER.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such General Partner reasonably believes to be within such Person's professional expertise shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and any attorney or attorneys-in-fact duly appointed by the General Partner; and any Person dealing with the Partnership shall be entitled to rely on any certificate, document or other instrument executed on behalf of the Partnership by a duly authorized officer or by a duly authorized attorney or attorneys-in-fact of the General Partner. Each such attorney-in-fact shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

(d) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect or further the ability of the General Partner to continue to have the General Partner qualify as a REIT or (ii) to avoid the General Partner incurring any taxes under Section 857 or Section 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners. Nothing however in this Agreement shall be deemed to give rise to any liability on the part of the Limited Partners for the General Partner's failure to have the General Partner qualify or continue to qualify as a REIT or failure to avoid incurring any taxes under the foregoing Sections of the Code.

SECTION 8.10 MEETINGS OF PARTNERS.

(a) Meetings of Partners may be called at any time by the General Partner to consider, and shall be so called so that the Partners may act on, any matter on which they are entitled to act under the terms of this Agreement or the Act.

(b) The General Partner may fix a date not more than 60 nor less than five (5) days preceding the date of any meeting of Partners, or preceding the last day on which the consent of Partners may be effectively expressed for any purpose without a meeting, as a record date for the determination of the Partners entitled to notice of, and to vote at, such meeting or to express such consent. In either such case, such Partners, and only such Partners as shall be Partners of record on

the record date shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to express such consent, as the case may be, notwithstanding any transfer of any Partnership Interest on the Register after any such record date fixed as aforesaid.

(c) Notice of any meeting at which Partners are entitled to vote, or of any matter upon which action by written consent of such Partners is to be taken, shall be given to each Partner of record not less than five (5) nor more than 60 days prior to the date of such meeting or the date on which consent must be given, as the case may be. Each such notice will include a statement setting forth (i) the date, time and place of the meeting or the date by which such action is to be taken, (ii) a description of the matter on which such Partners are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

(d) Except as otherwise provided by law, at any meeting of Partners, the holders of a majority of the Units entitled to vote as such meeting shall constitute a quorum at such meeting. In the absence of a quorum, the holders of a majority of the Units entitled to vote thereat present in person or by proxy may adjourn any meeting, from time to time, until a quorum shall be present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

(e) Each Partner entitled to vote at a meeting or to express consent to Partnership action in writing without a meeting may authorize another person or persons to act for him by proxy. A proxy acting for any Partner shall be duly appointed by an instrument in writing subscribed by such Partner and reasonably acceptable in form and substance to the General Partner. Except as otherwise provided by law, no vote on any question upon which a vote of the Partners may be taken need be by ballot unless the General Partner shall determine that it shall be by ballot or the holders of a majority of all Units present in person or by proxy and entitled to participate in such vote shall so demand. In a vote by ballot each ballot shall state the Partnership Interests voted and the name of the Partner or proxy voting. Unless otherwise provided by law or by this Agreement, all questions shall be decided by the vote of the holders of a majority of the Units present in person or by proxy at the meeting and entitled to vote on the question.

(f) Any action required to or which may be taken at a meeting of Partners 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 Partners having not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all Units entitled to vote thereon were present and voted, and shall be delivered to the Partnership by delivery to the General Partner (who shall have custody of the books in which proceedings of meetings of Partners are recorded). Prompt notice of the taking of action without a meeting shall be given to the Partners entitled to vote who have not consented in writing.

(g) The General Partner, in its sole discretion, shall establish all other provisions relating to meetings of Partners, in addition to those expressly provided herein, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Partner,

waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy or any other matter with respect to the exercise of any such right to vote, in each case consistent with the terms hereof and in accordance with the Act.

ARTICLE IX

ACCOUNTING AND RECORDS

SECTION 9.1 BOOKS AND RECORDS.

The General Partner shall keep books of account for the Partnership in accordance with the method of accounting used for federal income tax purposes. Upon at least five Business Days' prior notice to the General Partner, any Limited Partner shall have the right, to the extent provided for in the Act, to inspect and copy at its own expense the Partnership's books and records during normal business hours.

SECTION 9.2 ANNUAL REPORTS.

(a) Not later than 90 days after the end of each Fiscal Year (or such earlier date as may be required under the Code) the General Partner shall deliver to each Partner a report indicating each Partner's share for federal income tax purposes of the Partnership's income, credits and deductions for the immediately preceding Fiscal Year, together with all other information concerning the Partnership which may be required by the Code from time to time.

(b) The General Partner shall also cause an annual report of the operation of the Partnership to be distributed to the Partners within 120 days after the end of each Fiscal Year together with Audited Financial Statements reflecting the Partnership's operation during such year.

(c) The General Partner may also furnish the Limited Partners with such other periodic reports concerning the Partnership's business and activities as the General Partner considers necessary to advise all Partners properly about their investment in the Partnership and shall, upon the written request of any Limited Partner, provide such Partner with:

(i) a copy of the Partnership's federal, state and local income tax returns for each Fiscal Year;

(ii) a current list of the name and last known business, residence or mailing address of each Partner; and

(iii) a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed.

SECTION 9.3 TAX RETURNS.

The General Partner shall cause all income and other tax returns of the Partnership to be prepared and filed in a timely manner. The General Partner shall be the Tax Matters Partner (as defined in section 6231(a)(7) of the Code) of the Partnership.

SECTION 9.4 FISCAL YEAR.

The fiscal year ("Fiscal Year") of the Partnership shall be the calendar year.

SECTION 9.5 BANK ACCOUNTS.

All funds of the Partnership shall be deposited in such accounts established in the Partnership's name with such financial institutions as may be determined from time to time by the General Partner. Withdrawals from any such accounts shall be made in the Partnership's name upon the signature of such officers of the General Partner and such other signature or signatures, if any, as the General Partner shall from time to time designate. Funds in such accounts shall not be commingled with the funds of any Partner.

ARTICLE X

CHANGES IN GENERAL PARTNERS

SECTION 10.1 PERMITTED ASSIGNMENT OF GENERAL PARTNERSHIP INTEREST;
PERMITTED WITHDRAWAL BY THE GENERAL PARTNER.

The General Partner shall not have the right to resign or withdraw or to Transfer all or any portion of its General Partnership Interest represented by General Partnership Units, except that the General Partner may (a) assign all or a portion of its General Partnership Interest represented by outstanding General Partnership Units to a substitute or additional General Partner permitted under and selected in accordance with SECTION 10.2; (b) assign its General Partnership Interest represented by outstanding General Partnership Units to any Entity that has, by merger, consolidation or otherwise, acquired substantially all of its assets and continued its business and has been designated to succeed to its rights and obligations under this Agreement in accordance herewith; and (c) pledge or grant a security interest in its right to receive payments and distributions under this Agreement. In connection with any Transfer described in clauses (a) and(b) of all the General Partnership Interest,

the General Partner may withdraw as such upon the admission of the assignee. SECTIONS 10.2 AND 10.4 shall apply in the case of a Transfer of all or a portion of a General Partnership Interest.

SECTION 10.2 ADMISSION OF ADDITIONAL GENERAL PARTNERS.

One or more additional or substitute General Partners may be admitted to the Partnership from time to time by the General Partner in the circumstances contemplated by SECTION 10.1, provided the additional or substitute general partner is to be able to fulfill the duties of a general partner hereunder, as determined by the General Partner. Otherwise, no additional General Partner may be admitted to the Partnership except as provided in SECTION 12.1. The terms of such assignment and the nature of the duties of the newly admitted General Partner shall be as agreed upon between the General Partner and such additional General Partner.

SECTION 10.3 EFFECT OF WITHDRAWAL OF GENERAL PARTNER.

(a) Upon the occurrence of an Event of Withdrawal of the General Partner (other than one permitted by SECTION 10.1), the General Partner shall cease to be such, and its Partnership Interest shall be converted to an undesignated Limited Partnership Interest entitling the holder thereof to the same share of the Partnership's income, gain, loss, deduction and distributions as are allocated to the General Partner hereunder, subject to the Partnership's right to set off (i) any damages caused to it if the Event of Withdrawal is in violation of this Agreement and (ii) any obligation of the General Partner under paragraph (b).

(b) Upon the occurrence of an Event of Withdrawal of the General Partner, the General Partner shall pay to the Partnership in cash the amount of any deficit balance in its Capital Account unless the Event of Withdrawal is permitted by SECTION 10.1.

SECTION 10.4 LIABILITY OF A WITHDRAWN GENERAL PARTNER.

Any General Partner who shall commit or suffer an Event of Withdrawal or shall otherwise withdraw from the Partnership shall remain liable for obligations and liabilities incurred by it as General Partner prior to the occurrence of such Event of Withdrawal or other withdrawal, but it shall be free of any such obligation or liability incurred on account of the activities of the Partnership thereafter.

ARTICLE XI

TRANSFERS OF LIMITED PARTNERSHIP INTERESTS

SECTION 11.1 GENERAL TRANSFER PROVISIONS AND RESTRICTIONS.

(a) Subject to SECTION 11.1(B), any Limited Partner may Transfer all or any portion of, or right in or to, Units of Limited Partnership Interest, without the consent of the General Partner or any other Partner.

(b) Notwithstanding the foregoing,

(i) no Transfer of any Limited Partnership Interest shall be permitted if, in the opinion of the General Partner based on the advice of counsel, there is a significant possibility that such Transfer:

(A) may not be effected without registration under the Securities Act of 1933, or would result in the violation of any applicable state securities laws; or

(B) would result in the termination of the Partnership within the meaning of section 708 of the Code, or would have a material adverse effect on any Partner for federal income tax purposes; or

(C) would cause the Partnership to be taxed other than as a partnership for federal income tax purposes or impair the ability of the Partnership to take advantage of any favorable tax election or treatment as a result of being taxed as a partnership (whether such impairment shall arise from the termination of the Partnership for federal tax purposes or otherwise); or

(D) would cause the Partnership to become, with respect to any employee benefit plan subject to Title 1 of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); or

(E) would cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; and

(ii) No Limited Partner shall effect any Transfer:

(A) to any person or entity who lacks the legal right, power or capacity to own Partnership Units;

(B) in violation of any provision of any mortgage or trust deed (or the note or bond secured thereby) to which the Partnership is a party or is otherwise bound;

(C) of any component portion of Partnership Units, such as the Capital Account, or rights to distribution, separate and apart from all other components of Partnership Units; or

(D) in the event such Transfer would cause the General Partner or any successor thereto to cease to comply with the REIT Requirements.

In furtherance of this subsection, the General Partner and the Partnership shall in no event recognize any trade of a Limited Partnership Interest in a secondary market or the substantial equivalent thereof and shall take such actions as are necessary so that such trades are not recognized.

(c) All Transfers of Limited Partnership Interests shall be by instrument in form and substance reasonably satisfactory to the General Partner. Any Transfer of Limited Partnership Interests in violation of this Agreement shall be null and void and shall not operate to vest any rights in any transferee.

(d) In no event shall the Partnership dissolve or terminate upon the admission of any Partner to the Partnership or upon any permitted Transfer of a Partnership Interest by any Partner. Each Partner hereby waives its right to dissolve, liquidate or terminate the Partnership in such event. No Transfer of any Limited Partnership Interest in the Partnership shall constitute a change of Control of the Partnership.

SECTION 11.2 EXPENSES.

All expenses of the Partnership and of the Partners occasioned by a permitted Transfer shall be borne by the Partner effecting such Transfer.

SECTION 11.3 ALLOCATIONS WITH RESPECT TO TRANSFERRED INTEREST.

Upon the permitted Transfer of all or any part of a Partnership Interest ("Transferred Partnership Interest"), each item of Partnership income (or loss) and deduction allocable to such Partnership Interest shall be pro rated (as to the Transferred Partnership Interest) between the transferor and transferee on the basis of the number of days in the taxable year of the Partnership preceding (and including) and succeeding, respectively, the date as of which the assignment is executed. Unless otherwise agreed by the transferor and transferee Partners, gain or loss from the sale or other taxable disposition of a Partnership capital asset shall be allocated to the Persons who were Partners at the time such gain or loss was recognized by the Partnership.

SECTION 11.4 ELECTION.

The General Partner may, in its sole discretion, cause the Partnership to elect, pursuant to section 754 of the Code, to adjust the basis of Partnership property as provided in sections 734(b)

and 743(b) of the Code. The General Partner shall be responsible for determining the adjustments required or permitted by said sections of the Code, except that, in the case of any adjustment required or permitted under section 743(b) of the Code, the transferee Partner or Partners shall be solely responsible for determining the adjustments required thereunder unless such Partner or Partners provide the General Partner with all the information necessary for the General Partner to determine the adjustments. If any adjustments to the basis of Partnership property are made pursuant to section 732(d), 734(b) or 743(b), the capital accounts of the Partners shall be adjusted as specified in Regulation Section 1.704-1(b)(2)(iv)(m).

SECTION 11.5 TRANSFEREE'S RIGHTS.

The Transfer of a Limited Partnership Interest in accordance with this Agreement entitles the transferee to share in such profits and losses, to receive such distributions, and to receive such allocations of income, gain, loss, deduction, or credit or similar item to which the transferor Partner was entitled (to the extent of the Transferred Partnership Interest) but does not entitle the transferee to become or to exercise any other rights of a Partner unless and until the transferor Partner has advised the General Partner that such transferor Partner is to be admitted as a Partner pursuant to, and has satisfied the requirements of, ARTICLE XII.

ARTICLE XII

ADMISSION OF PARTNERS

SECTION 12.1 PROCEDURE.

(a) Substitute or additional General or Limited Partners may be admitted to the Partnership as a result of a permitted Transfer of Partnership Interests pursuant to ARTICLE X OR XI. Additional General or Limited Partners shall also be admitted to the Partnership as a result of the issuance of additional Partnership Interests pursuant to ARTICLE III. Each substitute or additional Partner shall sign a supplement to this Agreement at the time such Partner is admitted confirming the admission of the new Partner hereunder, and containing such Person's binding agreement to be bound by all of the terms of this Agreement.

(b) In connection with the admission of any new Partner to the Partnership, the General Partner shall have the power, right and authority to amend this Agreement to reflect the rights and obligations of such new Partner, including without limitation its obligations to contribute to the capital of the Partnership, rights to distributions, or rights to approve or consent to Partnership actions.

ARTICLE XIII

DISSOLUTION, LIQUIDATION AND WINDING-UP

SECTION 13.1 EVENTS OF DISSOLUTION.

The occurrence of any of the following shall constitute an event of dissolution of the Partnership (an "Event of Dissolution"):

(a) the expiration of the term of the Partnership as provided herein;

(b) the sale or other disposition in a single transaction or series of related transactions of all or substantially all of the assets of the Partnership unless such sale or other disposition involves any deferred payment of the consideration for such sale or disposition, in which case the General Partner may elect to defer the dissolution of the Partnership until the last day of the Fiscal Year during which the Partnership shall receive the balance of such deferred payment;

(c) SUBJECT TO SECTION 13.2, the occurrence of an Event of Withdrawal with respect to a General Partner;

(d) the acquisition by a single Person of all of the Partnership Interests;

(e) the issuance of a decree of dissolution by a court of competent jurisdiction pursuant to the Act; or

(f) the consent of the General Partner and the holders of at least 50% of the Limited Partnership Units.

SECTION 13.2 CONTINUATION OF THE BUSINESS OF THE PARTNERSHIP AFTER CERTAIN EVENTS OF DISSOLUTION.

(a) Notwithstanding SECTION 13.1(C), if, at the time of an Event of Withdrawal, there shall be one or more General Partners not affected by the Event of Withdrawal, then such other General Partner or General Partners shall (and are hereby authorized to) carry on the business of the Partnership, and if they do so the Partnership shall not be liquidated and its business wound up.

(b) Notwithstanding SECTION 13.1(C), at the time of an Event of Withdrawal to which subsection (a) is not applicable, the Partnership shall not be liquidated and its business wound up if, within 90 days after the occurrence of the Event of Withdrawal, not less than a majority in interest of the remaining Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of the Event of Withdrawal of one or more replacement General Partners who agree to serve as such.

SECTION 13.3 EFFECT OF EVENT OF DISSOLUTION.

Upon the occurrence of an Event of Dissolution, unless otherwise provided in SECTION 13.2, the Partnership shall be dissolved and shall continue solely for the purposes of winding up its business and liquidating in accordance with this Article all of its assets and collecting the proceeds from such liquidation, at which time the Partnership shall be wound up. Unless the business of the Partnership is continued as provided in SECTION 13.2, after the occurrence of an Event of Dissolution the Partnership shall engage in no further business other than as necessary to operate on an interim basis and for the Partnership to collect its receivables, liquidate its assets and pay or discharge its liabilities in accordance with this Article.

SECTION 13.4 ACCOUNTING.

In the event of the dissolution, liquidation and winding-up of the Partnership, a proper accounting (which shall be certified) shall be made of the Capital Account of each Partner and of the Net Income or Net Losses of the Partnership from the date of the last previous accounting to the date of dissolution. Financial statements presenting such accounting shall include a report thereon of a certified public accountant selected by the Liquidating Trustee.

SECTION 13.5 DISTRIBUTION ON DISSOLUTION.

(a) In the event of the dissolution and liquidation of the Partnership for any reason, the assets of the Partnership shall be liquidated for distribution and distributed in the following rank and order:

(i) First, for payment of creditors of the Partnership (including creditors who are Partners) in the order of priority as provided by law;

(ii) Next, for establishment of reserves as provided by the Liquidating Trustee to provide for contingent liabilities, if any;

(iii) Last, for payment to the General Partner and the Limited Partners in accordance with the positive balances in their respective Capital Accounts after giving effect to all contributions, distributions and allocations for all periods, including the period in which such distribution occurs (other than those adjustments made pursuant to this SECTION 13.5(A)(IV)).

(b) Whenever the Liquidating Trustee reasonably determines that any reserves established pursuant to paragraph (a)(ii) above are in excess of the reasonable requirements of the Partnership, the amount determined to be excess shall be distributed to the Partners in accordance with the above provisions.

SECTION 13.6 TIMING REQUIREMENTS.

In the event that the Partnership is "liquidated" within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, any and all distributions to the Partners pursuant to SECTION 13.5(A) hereof shall be made no later than the later to occur of (i) the last day of the taxable year of the Partnership in which such liquidation occurs, or (ii) ninety (90) days after the date of such liquidation.

SECTION 13.7 SALE OF PARTNERSHIP ASSETS.

In the event of the liquidation of the Partnership in accordance with the terms of this Agreement, the Liquidating Trustee may sell Partnership property if the Liquidating Trustee has in good faith solicited bids from unrelated third parties before making any such sale; provided, however, all sales, leases, encumbrances or transfers of Partnership assets shall be made by the Liquidating Trustee solely on an "arm's-length" basis, at the best price and on the best terms and conditions as the Liquidating Trustee in good faith believes are reasonably available at the time and under the circumstances and on a non-recourse basis to the Limited Partners. The liquidation of the Partnership shall not be deemed finally completed until the Partnership shall have received cash payments in full with respect to obligations such as notes, installment sale contracts or other similar receivables received by the Partnership in connection with the sale of Partnership assets and all obligations of the Partnership have been satisfied, released or assumed by the General Partner. The Liquidating Trustee shall continue to act to enforce all of the rights of the Partnership pursuant to any such obligations until such obligations are paid in full or otherwise satisfied.

SECTION 13.8 DISTRIBUTIONS IN KIND.

In the event that it becomes necessary to make a distribution of Partnership property in kind, the Liquidating Trustee may transfer and convey such property to the distributees as tenants in common, subject to any liabilities attached thereto, so as to vest in them undivided interests in the whole of such property in proportion to their respective rights to share in the proceeds of the sale of such property (other than as a creditor) in accordance with the provisions of SECTION 13.5 hereof.

SECTION 13.9 DOCUMENTATION OF LIQUIDATION.

Upon the completion of the dissolution and liquidation of the Partnership, the Partnership shall terminate and the Liquidating Trustee shall have the authority to execute and record any and all documents or instruments required to effect the dissolution, liquidation and termination of the Partnership.

SECTION 13.10 LIABILITY OF THE LIQUIDATING TRUSTEE.

The Liquidating Trustee shall be indemnified and held harmless by the Partnership from and against any and all claims, demands, liabilities, costs, damages and causes of action of any nature

whatsoever arising out of or incidental to the Liquidating Trustee's taking of any action authorized under or within the scope of this Agreement; provided, however, that the Liquidating Trustee shall not be entitled to indemnification, and shall not be held harmless, where the claim, demand, liability, cost, damage or cause of action at issue arose out of: (a) a matter entirely unrelated to the Liquidating Trustee's action or conduct pursuant to the provisions of this Agreement; or (b) the willful misconduct or gross negligence of the Liquidating Trustee.

ARTICLE XIV

RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

SECTION 14.1 NO PARTICIPATION IN MANAGEMENT.

The Limited Partners shall not take part in the management or control of the Partnership's business, transact any business in the Partnership's name, have the power to sign documents for or otherwise bind the Partnership or except as required by the Act or expressly provided by this Agreement, have any right to vote on or consent to any matter, provided, however, that nothing in the foregoing shall be deemed to prohibit or preclude any Limited Partner or its Affiliates from serving as an officer, trustee, director or employee of the General Partner or its Affiliates or otherwise transacting business with the Partnership.

SECTION 14.2 DEATH, INCOMPETENCE, BANKRUPTCY, ETC.

The death, incompetence, Bankruptcy, dissolution or liquidation of a Limited Partner shall not cause a dissolution of the Partnership. The rights of such a Limited Partner to share in the income and losses of the Partnership, to receive distributions and to assign its Partnership Interest pursuant to this Article, on the happening of such an event, shall devolve on such Limited Partner's beneficiary or other successor, executor, administrator, guardian or other legal representative for the purpose of settling the estate or administering the property of such Limited Partner. Such successor or personal representative, however, shall be admitted as a Limited Partner only upon compliance with the requirements set forth in SECTION 12.1(A).

SECTION 14.3 NO WITHDRAWAL.

No Limited Partner may withdraw from the Partnership without the prior written consent of the General Partner, other than as expressly provided in this Agreement.

SECTION 14.4 POWER OF ATTORNEY.

(a) Each Limited Partner constitutes and appoints the General Partner, any Liquidating Trustee, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact,

with full power and authority in its name, place and stead to: execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (i) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or the Liquidating Trustee deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (ii) all instruments that the General Partner deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the General Partner deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; and (iv) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to the provisions of this Agreement, or the Capital Contribution of any Partner.

(b) The foregoing power of attorney is irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive the death, incapacity or incompetency of a Limited Partner to the effect and extent permitted by law and the Transfer of all or any portion of such Limited Partner's Partnership Units and shall extend to such Limited Partner's heirs, distributees, successors, assigns and personal representatives.

SECTION 14.5 LIMITED LIABILITY OF LIMITED PARTNERS.

The Limited Partners shall not be personally liable for any obligations or debts of the Partnership to third parties, except to the extent provided in the Act.

ARTICLE XV

GENERAL PROVISIONS

SECTION 15.1 NOTICES.

All notices, offers or other communications required or permitted to be given pursuant to this Agreement shall be in writing and may be personally served, telecopied, delivered by reputable courier service or sent by United States mail and shall be deemed to have been given when delivered in person, upon receipt of telecopy or courier service or three business days after deposit in United States Mail, registered or certified, postage prepaid, and properly addressed to the most current address of such party noted in the Register, by or to the appropriate party. The address of any party hereto may be changed by a notice in writing given in accordance with the provisions hereof.

SECTION 15.2 SUCCESSORS.

This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of all Partners, and their legal representatives, heirs, successors and permitted assigns, except as expressly herein otherwise provided.

SECTION 15.3 EFFECT AND INTERPRETATION.

This Agreement and all of the terms and provisions hereof shall be governed by and construed in accordance with the law, including the law on conflicts of law, of the State of Delaware.

SECTION 15.4 COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

SECTION 15.5 PARTNERS NOT AGENTS.

Nothing contained herein shall be construed to constitute any Partner the agent of another Partner, except as specifically provided herein, or in any manner to limit the Partners in the carrying on of their own respective businesses or activities. Notwithstanding anything to the contrary contained herein, no recourse shall be had by the Partnership or any Partner against any trustee, director, shareholder, officer, employee, agent or attorney of the General Partner under this Agreement, and none of the foregoing shall have any personal liability for or with respect to any of the foregoing.

SECTION 15.6 ENTIRE UNDERSTANDING.

This Agreement constitutes the entire agreement and understanding among the Partners and supersedes any prior understandings and/or written or oral agreements among them respecting the subject matter within.

SECTION 15.7 AMENDMENTS.

(a) The General Partner shall have the power and authority, in its sole discretion and without the consent of any other Partner, to amend any and all of the provisions of this Agreement, including, without limitation, to (i) establish the rights, privileges, duties and obligations of any Partner or class of Partnership Interest, (ii) add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners; (iii) reflect the issuance of additional Partnership Interests, and the admission, substitution, termination or withdrawal of Partners, in each case in accordance with the provisions of this Agreement; (iv) record permitted Transfers of Partnership Units on the books of the Partnership; (v) reflect a change that is of an inconsequential nature and does not adversely

affect the holders of the Limited Partnership Units in any material respect; (vi) cure any ambiguity or correct plain errors in this Agreement; or (vii) satisfy any legal requirements; except that, without the consent of each existing Partner adversely affected thereby, the General Partner shall not (except, in each and every case, as may be required to correct plain errors or ambiguities in this Agreement) amend this Agreement so as to (i) require any Partner to make any additional contribution to the capital of the Partnership; or (ii) require any Partner to restore any negative balance in its capital account or otherwise to contribute any capital to the Partnership, except as required under the Act, the Code or other applicable laws or as expressly provided herein. In addition, this Agreement shall not be amended without the prior written consent of each Partner adversely affected if such amendment would (i) convert a Limited Partnership Interest in the Partnership into a General Partnership Interest, (ii) affect a Limited Partner's right to receive distributions or (iii) modify the limited liability of a Limited Partner.

(b) The General Partner will provide notice to the Limited Partners promptly after any action under SECTION 15.7(A) if taken.

(c) This SECTION 15.7 may not be amended except with the prior written consent of the General Partner and the holders of 50% of the then outstanding Limited Partnership Units of each class.

SECTION 15.8 SEVERABILITY.

If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid by such court, shall not be affected thereby.

SECTION 15.9 TRUST PROVISION.

This Agreement, to the extent executed by the trustee of a trust, is executed by such trustee solely as trustee and not in a separate capacity. Nothing herein contained shall create any liability on, or require the performance of any covenant by, any such trustee individually, nor shall anything contained herein subject the individual personal property of any trustee to any liability.

SECTION 15.10 PRONOUNS AND HEADINGS.

As used herein, all pronouns shall include the masculine, feminine and neuter, and all defined terms shall include the singular and plural thereof wherever the context and facts require such construction. The headings, titles and subtitles herein are inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof. Any references in this Agreement to "including" shall be deemed to mean "including without limitation".

SECTION 15.11 ASSURANCES.

Each of the Partners shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed as of the date and year first above written.

GENERAL PARTNER:

Correctional Properties Trust, a Maryland real estate investment trust

By: /s/ George C. Zoley

Name: George C. Zoley
Title: Chairman of the Board

INITIAL LIMITED PARTNERS:

Correctional Properties Trust, a Maryland real estate investment trust

By: /s/ George C. Zoley

Name: George C. Zoley
Title: Chairman of the Board

CPT Limited Partner Inc., a Delaware corporation

By: /s/ Charles R. Jones

Name: Charles R. Jones
Title: President

EXHIBIT A

GENERAL PARTNER

Name: Correctional Properties Trust
Address: 4200 Wackenhut Drive
Palm Beach Gardens, FL 33410-4243

Initial Capital Contribution: \$20.00
General Partnership Units: One (1)

INITIAL LIMITED PARTNERS

1. Name: Correctional Properties Trust
Address: 4200 Wackenhut Drive
Palm Beach Gardens, FL 33410-4243

Initial Capital Contribution: \$1,960.00
Limited Partnership Units: Ninety-eight (98)

2. Name: CPT Limited Partner Inc.
Address: 4200 Wackenhut Drive
Palm Beach Gardens, FL 33410-4243

Initial Capital Contribution: \$20.00
Limited Partnership Units: One (1)

FORM OF
MASTER AGREEMENT TO LEASE
BETWEEN
CPT OPERATING PARTNERSHIP L.P., LANDLORD
AND
WACKENHUT CORRECTIONS CORPORATION, TENANT
DATED: _____, 1998

TABLE OF CONTENTS

	PAGE
ARTICLE I	
SEPARATE LEASE AGREEMENTS; PREMISES AND TERM	1
1.01 Separate Lease Agreements	1
1.02 Leased Property	2
1.03 Term	2
1.04 Holding Over	3
1.05 Surrender	3
1.06 Affiliates as Tenant	3
ARTICLE II	
RENT	4
2.01 Base Rent	4
2.02 Additional Rent	4
2.03 Other Additional Rent	5
2.04 Place(s) of Payment of Rent; Direct Payment of Other Additional Rent	5
2.05 Net Lease	5
2.06 No Termination, Abatement, Etc	5
ARTICLE III	
IMPOSITIONS AND UTILITIES	6
3.01 Payment of Impositions	6
3.02 Definition of Impositions	7
3.03 Utilities	8
3.04 Escrow of Impositions	8
3.05 Discontinuance of Utilities	9
ARTICLE IV	
INSURANCE	9
4.01 Property Insurance	9
4.02 Liability Insurance	10
4.03 Insurance Requirements	10
4.04 Replacement Cost	11

4.05	Blanket Policy	11
4.06	No Separate Insurance	12
4.07	Waiver of Subrogation	12
4.08	Mortgages	12

ARTICLE V

INDEMNITY; HAZARDOUS SUBSTANCES		13
5.01	Tenant's Indemnification	13
5.02	Hazardous Substances or Materials	13
5.03	Limitation of Landlord's Liability	15

ARTICLE VI

USE AND ACCEPTANCE OF PREMISES		15
6.01	Use of Leased Property	15
6.02	Acceptance of Leased Property	16
6.03	Conditions of Use and Occupancy	16
6.04	Financial Statements and Other Information	16

ARTICLE VII

REPAIRS, COMPLIANCE WITH LAWS, AND MECHANICS' LIENS		17
7.01	Maintenance	17
7.02	Compliance with Laws	17
7.03	Required Alterations	17
7.04	Mechanics' Liens	18
7.05	Replacements of Fixtures	18

ARTICLE VIII

ALTERATIONS AND SIGNS; TENANT'S PROPERTY; CAPITAL ADDITIONS TO THE LEASED PROPERTY		19
8.01	Tenant's Right to Construct	19
8.02	Scope of Right	19
8.03	Cooperation of Landlord	20
8.04	Commencement of Construction	20
8.05	Rights in Tenant Improvements	21
8.06	Personal Property	21
8.07	Requirements for Personal Property	21
8.08	Signs	23
8.09	Financings of Capital Additions to a Leased Property	23

ARTICLE IX		
DEFAULTS AND REMEDIES		25
9.01 Events of Default		25
9.02 Remedies		27
9.03 Right of SetOff		29
9.04 Performance of Tenant's Covenants		29
9.05 Interest on Past Due Payments		29
9.06 Litigation; Attorneys' Fees		29
9.07 Remedies Cumulative		30
9.08 Escrows and Application of Payments		30
9.09 Power of Attorney		30
ARTICLE X		
DAMAGE AND DESTRUCTION		31
10.01 General		31
10.02 Landlord's Inspection		32
10.03 Landlord's Costs		32
10.04 Rent Abatement		32
10.05 Substantial Damage During Lease Term		32
10.06 Damage Near End of Term		33
ARTICLE XI		
CONDEMNATION		33
11.01 Definition		33
11.02 Apportionment of Compensation		33
11.03 Effect on Lease Obligations		34
11.04 Condemnation Caused by Default of Tenant		35
11.05 Restoration of Premises		35
11.06 Landlord's Inspection		36
ARTICLE XII		
TENANT'S RIGHT OF FIRST REFUSAL		36
12.01 Rights of First Refusal		36
12.02 Restriction on Exercise of Purchase Refusal Right ..		37
ARTICLE XIII		
ASSIGNMENT AND SUBLETTING; ATTORNMENT		37
13.01 Prohibition Against Subletting and Assignment		37

13.02	Changes of Control	38
13.03	Operating/Service Agreements	38
13.04	Permitted Subleases	39
13.05	Assignment	39
13.06	REIT Limitations	40
13.07	Attornment	40

ARTICLE XIV

ARBITRATION	40
14.01 Controversies	40
14.02 Appointment of Arbitrators	41
14.03 Arbitration Procedure	41
14.04 Expenses	41
14.05 Enforcement of the Arbitration Award	41

ARTICLE XV

QUIET ENJOYMENT, SUBORDINATION, ATTORNMENT, ESTOPPEL CERTIFICATES	42
15.01 Quiet Enjoyment	42
15.02 Landlord Mortgages; Subordination	42
15.03 Attornment; NonDisturbance	42
15.04 Estoppel Certificates	43

ARTICLE XVI

MISCELLANEOUS	44
16.01 Notices	44
16.02 Advertisement of Leased Property	44
16.03 Landlord's Access	44
16.04 Entire Agreement	45
16.05 Severability	45
16.06 Captions and Headings	45
16.07 Governing Law	45
16.08 Memorandum of Lease	45
16.09 Waiver	45
16.10 Binding Effect	45
16.11 Authority	45
16.12 Transfer of Permits, Etc	46
16.13 Modification	46
16.14 Incorporation by Reference	46
16.15 No Merger	46

16.16	Laches	46
16.17	Waiver of Jury Trial	47
16.18	Permitted Contests	47
16.19	Construction of Lease	47
16.20	Counterparts	48
16.21	Relationship of Landlord and Tenant	48
16.22	Landlord's Status as a REIT	48
16.23	Sale of Real Estate Assets	48
16.24	Arbitration	48
16.25	Liability of General Partner of Landlord	49
16.26	Warranties	49

MASTER AGREEMENT TO LEASE

This Master Agreement to Lease ("Agreement") dated as of the _____ day of _____, 1998 by and between CPT OPERATING PARTNERSHIP L.P., a Delaware limited partnership ("Landlord") and WACKENHUT CORRECTIONS CORPORATION, a Florida corporation ("Tenant").

RECITALS

A. Tenant has concurrently conveyed to Landlord various properties upon which Tenant engages in the business of the development and management of correctional and detention facilities, which properties are listed on Schedule A attached hereto (the "Real Estate Conveyance"), and Landlord and Tenant desire to provide for the lease by Landlord back to the Tenant of such properties; and

B. Landlord may from time to time lease additional properties that Landlord may acquire to Tenant; and

C. Landlord and Tenant desire that each of the properties listed on Schedule A and each additional property that Landlord may lease to Tenant shall be the subject of a separate and individual lease agreement describing said property, the rent and various other terms of said lease (each such lease agreement referred to individually as a "Lease," and the property that is the subject of an individual Lease being referred to as "Leased Property"); and

D. Landlord and Tenant desire to set forth in this Agreement certain terms and conditions applicable to all Leases of all Leased Properties, except as any individual Lease with respect to a particular Leased Property may otherwise provide;

NOW, THEREFORE, in consideration of the premises and of their respective agreements and undertakings herein and in each Lease, Landlord and Tenant agree as follows:

ARTICLE I

SEPARATE LEASE AGREEMENTS; PREMISES AND TERM

1.01 SEPARATE LEASE AGREEMENTS. Landlord and Tenant are concurrently entering into a separate Lease for each of the Leased Properties referred to in Schedule A hereto, and may in the future enter into one or more additional separate Leases for one or more additional Leased Properties. Except as specifically set forth in a separate Lease, or any amendment, supplement, schedule or exhibit thereto, all of the provisions of this Agreement shall be deemed to be

incorporated into and made a part of each such separate Lease made between the Landlord as landlord (or Lessor) and the Tenant as tenant (or Lessee) during the term of such separate Lease.

1.02 LEASED PROPERTY. Except as set forth in an individual Lease (including any schedule or exhibit thereto), the property that is the subject of each Lease and that shall be considered as leased by the Landlord to the Tenant thereunder shall consist of:

(a) The land described in the Lease, together with all rights, titles, appurtenant interests, covenants, licenses, privileges and benefits thereto belonging, and any easements, rights-of-way, rights of ingress or egress or other interests in, on, or to any land, highway, street, road or avenue, open or proposed, in, on, across, in front of, abutting or adjoining such real property including, without limitation, any strips and gores adjacent to or lying between such real property and any adjacent real property (the "Land");

(b) All buildings, improvements, structures and Fixtures now located or to be located or to be constructed on the Land, including, without limitation, landscaping, parking lots and structures, roads, drainage and all above ground and underground utility structures, and other so-called "infrastructure" improvements (the "Improvements");

(c) All equipment, machinery, fixtures, and other items of real and/or personal property, including all components thereof, located in, on or used in connection with, and permanently affixed to or incorporated into, the Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, electronic security equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, and similar systems, all of which, to the greatest extent permitted by law, are hereby deemed to constitute real estate, together with all replacements, modifications, alterations and additions thereto (collectively the "Fixtures");

(d) All furniture, equipment, inventory and other personal property identified on Schedule B attached hereto or in an individual Lease and incorporated herein or therein by reference (collectively, the "Personal Property"). For purposes hereof, Personal Property shall not include certain proprietary property of Tenant as set forth on Schedule C.

The Land, Improvements, Fixtures and Personal Property are hereinafter referred to as the "Leased Property."

SUBJECT, HOWEVER, to the easements, liens, encumbrances, restrictions, agreements, and other title matters listed or specifically referred to in any individual Lease ("Permitted Exceptions").

1.03 TERM. The term of each Lease shall be as set forth in the individual Lease for a particular Leased Property (the "Term").

1.04 HOLDING OVER. Should Tenant, without the express consent of Landlord, continue to hold and occupy the Leased Property after the expiration of the Term, such holding over beyond the Term and the acceptance or collection of Rent by the Landlord shall operate and be construed as creating a tenancy from month-to-month and not for any other term whatsoever. During any such holdover period, Tenant shall pay to Landlord for each month (or portion thereof) Tenant remains in the Leased Property one hundred fifty percent (150%) of the Base Rent in effect on the expiration date. Said month-to-month tenancy may be terminated by Landlord by giving Tenant thirty (30) days written notice, and at any time thereafter Landlord may re-enter and take possession of the Leased Property.

1.05 SURRENDER. Subject to Landlord's option to purchase Tenant's personal property in accordance with Section 8.06 and except as a result of (i) Tenant Improvements and Capital Additions (as such terms are defined in Section 8.01 hereof); (ii) normal and reasonable wear and tear (subject to the obligation of Tenant to maintain the Leased Property in good order and repair during the Term); and (iii) casualty, taking or other damage and destruction not required to be repaired by Tenant, Tenant shall surrender and deliver up the Leased Property, including all Personal Property and replacements thereof required to be provided by Tenant pursuant to the terms of Sections 8.06 and 8.07 hereof, at the expiration or termination of the Term broom clean, free of all Tenant's personal property (but not the Personal Property), and in good order and condition.

1.06 AFFILIATES AS TENANT. Subject to the Landlord's reasonable right to approve the terms of any subleases in accordance with the provisions of Article XIII and the receipt by Landlord of such certifications and opinions of counsel as Landlord may reasonably require, any Affiliate of Wackenhut Corrections Corporation ("Wackenhut Corrections") may become a party to this Lease as a Tenant (each as "alternate Tenant") with respect to an individual Leased Property, and shall be liable (jointly and severally with Wackenhut Corrections) for all obligations of a Tenant. The foregoing notwithstanding, (a) Wackenhut Corrections shall remain fully liable for all obligations as Tenant with respect to each Leased Property, and (b) Wackenhut Corrections shall have the right to give any notice, consent or waiver, or to exercise any option permitted under any Lease and to agree to any amendment or modification with respect to this Lease or any individual Lease with respect to a Leased Property, as and on behalf of the Lessee with respect to each such Leased Property (and each alternate Tenant hereby grants to Wackenhut Corrections an irrevocable power of attorney, coupled with an interest, to take any such actions) and any other party to this Lease or to any related and associated agreements shall be fully protected in relying on any such actions taken by Wackenhut Corrections or (with respect to the applicable Leased Property) by any alternate Tenant. For purposes of this Section, "Affiliate" shall mean any Person directly or indirectly controlling, controlled by, or under common control with Wackenhut Corrections. A "Person" as used herein shall mean and include natural persons, corporations, limited partnerships, general partnerships, joint stock companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

ARTICLE II

RENT

2.01 BASE RENT. Unless otherwise provided in an individual Lease, Tenant shall pay Landlord annual base rent for each Leased Property that is the subject of a Lease without notice, demand, set-off or counterclaim in advance, in lawful money of the United States of America in the amount specified therein (the "Base Rent") for the Term in consecutive monthly installments payable in advance on the Commencement Date of each Lease and thereafter on the first day of each month during the Term, in accordance with the Base Rent Schedule set forth in or attached to each individual Lease.

2.02 ADDITIONAL RENT. Beginning on the first day of the first month of each Lease Year following the first Lease Year, the Tenant shall pay Landlord an amount (the "Additional Rent") equal to a percentage of the prior Lease Year's Total Rent (for purposes hereof, "Total Rent" is Base Rent plus the Additional Rent for the prior Lease Year) determined as follows:

(a) for the second and third Lease Year of each Lease, Tenant shall pay as Additional Rent an amount equal to the greater of: (i) the product of the prior Lease Year's Total Rent multiplied by three percent (3%) or (ii) the product of the prior Lease Year's Total Rent multiplied by the percentage increase in the Cost of Living Increase (as defined below) from the first day of the first month of the prior Lease Year to the first day of the first month of the Lease Year in question, subject to a maximum annual adjustment to Additional Rent for any Lease Year of four percent (4%) of the prior Lease Year's Total Rent.

(b) for the fourth Lease Year and each Lease Year thereafter, Tenant shall pay as Additional Rent an amount equal to the product of the prior Lease Year's Total Rent multiplied by the percentage increase in the Cost of Living Increase (as defined below) from the first day of the first month of the prior Lease Year to the first day of the first month of the Lease Year in question, subject to a maximum annual adjustment to Additional Rent for any Lease Year of four percent (4%) of the prior Lease Year's Total Rent.

(c) the term "Lease Year" for purposes hereof means for each Lease the twelve (12) month period during the Term commencing on the Commencement Date or, if the Commencement Date is not the first day of a calendar month, commencing on the first day of the first calendar month following the Commencement Date, and each successive twelve month period thereafter during the Term.

(d) The term "Consumer Price Index" for the purposes hereof shall mean the Consumer Price Index for All Urban Consumers (1982-84 = 100) U.S. City Average, All Items, as published by the Bureau of Labor Statistics of the United States Department of Labor (the "Index"). If the Index is changed so that base years of other than 1982-84 are used, the Index used herein shall be converted in accordance with the conversion factor published by the Bureau of Labor Statistics

of the United States Department of Labor. If the Index is discontinued or otherwise revised during the Term, such other government index or computation by which Landlord and Tenant agree that the Index has been replaced, shall be used by Landlord in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised; provided, however, that if Landlord and Tenant cannot, in good faith, agree upon such replacement index, Landlord shall, in its reasonable discretion, select the replacement index.

(e) In no event shall Total Rent for any Lease Year of the Term, as determined pursuant to this Section 2.02, be less than the amount of Total Rent paid by Tenant for the immediately prior Lease Year.

2.03 OTHER ADDITIONAL RENT. In addition to Base Rent and Additional Rent, Tenant shall pay all other amounts, liabilities, obligations and Impositions (as hereinafter defined) which Tenant assumes or agrees to pay under this Agreement or any Lease and any fine, penalty, interest, charge and cost which may be added for nonpayment or late payment of such items (collectively the "Other Additional Rent").

2.04 PLACE(S) OF PAYMENT OF RENT; DIRECT PAYMENT OF OTHER ADDITIONAL RENT. The Base Rent, Additional Rent and Other Additional Rent are hereinafter referred to as "Rent." Landlord shall have all legal, equitable and contractual rights, powers and remedies provided either in this Agreement, in any Lease or by statute or otherwise in the case of nonpayment of the Rent. Tenant shall make all payments of Base Rent and Additional Rent at Landlord's principal place of business or as Landlord may otherwise from time to time direct in writing, and all payments of Other Additional Rent directly to the person or persons to whom such amount is owing at the time and times when such payments are due, and shall give to Landlord such evidence of such direct payments as Landlord shall reasonably request.

2.05 NET LEASE. Each Lease shall be deemed and construed to be an "absolute net lease" or "triple net lease," and Tenant shall pay all Rent, Impositions, and other charges and expenses in connection with each Leased Property throughout the Term, without abatement, deduction or set-off.

2.06 NO TERMINATION, ABATEMENT, ETC. Except as otherwise specifically provided in this Agreement or a particular Lease, Tenant shall remain bound by this Agreement or such Lease in accordance with its terms. Except as otherwise specifically provided in this Agreement or a particular Lease, Tenant shall not, without the prior written consent of Landlord, modify, surrender or terminate the Agreement or such Lease, nor seek nor be entitled to any abatement, deduction, deferment or reduction of Rent, or set-off against the Rent. Except as specifically provided in this Agreement or a particular Lease, the obligations of Landlord and Tenant shall not be affected by reason of (i) the lawful or unlawful prohibition of, or restriction upon, Tenant's use of the Leased Property, or any part thereof, the interference with such use by any person, corporation, partnership or other entity, or by reason of eviction by paramount title; (ii) any claim which Tenant has or might have against Landlord or by reason of any default or breach of any warranty by Landlord under this Agreement or a particular Lease or any other agreement between Landlord and Tenant, or to which

Landlord and Tenant are parties; (iii) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceeding affecting Landlord or any assignee or transferee of Landlord; or (iv) any other cause, whether similar or dissimilar to any of the foregoing, other than a discharge of Tenant from any such obligations as a matter of law. Except as otherwise specifically provided in this Agreement or a particular Lease, and to the maximum extent permitted by law, Tenant hereby specifically waives all rights, including but not limited to any rights under any statute relating to rights of tenants in any state in which any Leased Property is located, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law (a) to modify, surrender or terminate any Lease or quit or surrender the Leased Property or any portion thereof; or (b) entitling Tenant to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Tenant hereunder. The obligations of Landlord and Tenant hereunder shall be separate agreements and the Rent and all other sums shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Agreement or a particular Lease or by termination of this Agreement or a particular Lease other than by reason of an Event of Default.

ARTICLE III

IMPOSITIONS AND UTILITIES

3.01 PAYMENT OF IMPOSITIONS. Subject to the adjustments set forth herein, Tenant shall pay, as Other Additional Rent, all Impositions (as hereinafter defined) that may be levied or become a lien on the Leased Property or any part thereof at any time (whether prior to or during the Term), without regard to prior ownership of said Leased Property, before the same becomes delinquent. Tenant shall furnish to Landlord on an annual basis copies of official receipts or other satisfactory proof evidencing such payments. Tenant's obligation to pay such Impositions shall be deemed absolutely fixed upon the date such Impositions become a lien upon the Leased Property or any part thereof. Tenant, at its expense, shall prepare and file all tax returns and reports in respect of any Imposition as may be required by governmental authorities, provided, Landlord shall be responsible for the preparation and filing of any such tax returns or reports in respect of any real or personal property owned by Landlord. Tenant shall be entitled to any refund due from any taxing authority if no Event of Default (as hereinafter defined) shall have occurred hereunder and be continuing. Landlord shall be entitled to any refund from any taxing authority if an Event of Default has occurred and is continuing. Any refunds retained by Landlord due to an Event of Default shall be applied as provided in Section 9.08. Landlord and Tenant shall, upon request of the other, provide such data as is maintained by the party to whom the request is made with respect to the Leased Property as may be necessary to prepare any required returns and reports. In the event governmental authorities classify any property covered by this Lease as personal property, Landlord and Tenant shall file all personal property tax returns in such jurisdictions where it may legally so file with respect to their respective owned personal property. Landlord, to the extent it possesses the same, and Tenant, to the extent it possess the same, will provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so classified as personal

property. Where Landlord is legally required to file personal property tax returns, Tenant will be provided with copies of assessment notices indicating a value in excess of the reported value in sufficient time for Tenant to file a protest. Tenant may, upon notice to Landlord, at Tenant's option and at Tenant's sole cost and expense, protest, appeal, or institute such other proceedings as Tenant may deem appropriate to effect a reduction of real estate or personal property assessments and Landlord, at Tenant's expense as aforesaid, shall fully cooperate with Tenant in such protest, appeal, or other action. Tenant shall provide Landlord copies of all materials filed or presented in connection with any such proceeding. Tenant shall promptly reimburse Landlord for all personal property taxes paid by Landlord upon receipt of billings accompanied by copies of a bill therefor and payments thereof which identify the personal property with respect to which such payments are made. Impositions imposed in respect to the tax-fiscal period during which the Term commences and terminates shall be adjusted and prorated between Landlord and Tenant on a per diem basis, with Tenant being obligated to pay its pro rata share from and including the Commencement Date to and including the expiration or termination date of the Term, whether or not such Imposition is imposed before or after such commencement or termination, and Tenant's obligation to pay its prorated share thereof shall survive such termination.

Tenant shall also pay to Landlord a sum equal to the amount which Landlord may be caused to pay of any privilege tax, sales tax, gross receipts tax, rent tax, occupancy tax or like tax (excluding any income tax payable with respect to Landlord's business operations), hereinafter levied, assessed, or imposed by any federal, state, county or municipal governmental authority, or any subdivision thereof, upon or measured by rent or other consideration required to be paid by Tenant under this Agreement.

3.02 DEFINITION OF IMPOSITIONS. "Impositions" means, collectively, (i) taxes (including without limitation, all real estate and personal property ad valorem (whether assessed as part of the real estate or separately assessed as unsecured personal property, sales and use, business or occupation, single business, gross receipts, transaction, privilege, rent or similar taxes, but not including income or franchise or excise taxes payable with respect to Landlord's receipt of Rent); (ii) assessments (including without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term); (iii) ground rents, water, sewer or other rents and charges, excises, tax levies, and fees (including without limitation, license, permit, inspection, authorization and similar fees); (iv) to the extent they may become a lien on the Leased Property all taxes imposed on Tenant's operations of the Leased Property including without limitation, employee withholding taxes, income taxes and intangible taxes; (v) any taxes arising out of or incurred as a result of any sale, transfer, assignment or other disposition by Tenant of its interest in the Leased Property or this Agreement, whether or not permitted under this Agreement; and (vi) all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Property or any part thereof and/or the Rent (including all interest and penalties thereon due to any failure in payment by Tenant), which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or in respect of or be a lien upon (a) Landlord or Landlord's interest in the Leased Property or any part thereof; (b) the Leased Property

or any part thereof or any rent therefrom or any estate, right, title or interest therein; or (c) any occupancy, operation, use or possession of, or sales from, or activity conducted on, or in connection with the Leased Property or the leasing or use of the Leased Property or any part thereof. Tenant shall not, however, be required to pay (i) any tax based on net income (whether denominated as a franchise or capital stock or other tax) imposed on Landlord; or (ii) any income, franchise, transfer, documentary stamp, intangible, gross receipts, inheritance, devolution, gift, estate, payroll, stamp act, or reassessment or supplemental assessments of ad valorem real or personal property taxes due to the sale, transfer, assignment, or other disposition of the title, estate or interest of Landlord in the Leased Property or this Agreement; provided, however, that if any tax, assessment, tax levy or charge which Tenant is obligated to pay pursuant to the first sentence of this definition and which is in effect at any time during the Term hereof is totally or partially repealed, and a tax, assessment, tax levy or charge set forth in clause (i) or (ii) immediately above is levied, assessed or imposed expressly in lieu thereof Tenant shall then pay such tax, levy, or charge set forth in said clause (i) or (ii).

3.03 UTILITIES. Tenant shall contract for, in its own name, and will pay, as Other Additional Rent all taxes, assessments, charges/deposits, and bills for utilities, including without limitation charges for water, gas, oil, sanitary and storm sewer, electricity, telephone service, trash collection, and all other utilities which may be charged against the occupant of the Improvements during the Term. Tenant shall at all times maintain that amount of heat necessary to ensure against the freezing of water lines. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any liability or damages to the utility systems and the Leased Property that may result from Tenant's failure to maintain sufficient heat in the Improvements.

3.04 ESCROW OF IMPOSITIONS. In the event Tenant persistently fails to timely pay Impositions with respect to any Leased Facility, then, upon thirty (30) days written notice from Landlord to Tenant, Tenant shall thereafter deposit with Landlord on the first day of each month during the remaining Term hereof and any extended Term, a sum equal to one-twelfth (1/12th) of the Impositions assessed against such Leased Property which sums shall be used by Landlord toward payment of such Impositions. If, at the end of any applicable tax year, any such funds held by Landlord are insufficient to make full payment of taxes or other Impositions for which such funds are held, Tenant, on demand, shall pay to Landlord any additional funds necessary to pay and discharge the obligations of Tenant pursuant to the provisions of this section. If, however, at the end of any applicable tax year, such funds held by Landlord are in excess of the total payment required to satisfy taxes or other Impositions for which such funds are held, Landlord shall apply such excess amounts to Tenant's tax and Imposition escrow fund for the next tax year. If any such excess exists following the expiration or earlier termination of any Lease, and subject to Section 9.08 below, Landlord shall promptly refund such excess amounts to Tenant. The receipt by Landlord of the payment of such Impositions by and from Tenant shall only be as an accommodation to Tenant and the taxing authorities, and shall not be construed as rent or income to Landlord, Landlord serving, if at all, only as a conduit for delivery purposes. All such deposits by Tenant shall be held in an interest-bearing account with one or more national banks having total assets of not less than \$1,000,000,000, with all interest thereon accruing in favor of Tenant. In lieu of making escrow

deposits as aforesaid, Tenant may elect to provide Landlord with a letter of credit, or a payment bond, in the face amount of one year's Impositions on the subject Leased Property, issued by a national bank or reputable bonding or surety company, in all respects reasonably acceptable to Landlord. Said letter of credit or payment bond shall be drawable or callable, as the case may be, upon Tenant's failure to timely pay any such Impositions, for the sole purpose of providing the funds necessary to pay such Impositions, and shall otherwise be in form and substance reasonably satisfactory to Landlord.

For purposes hereof, "persistently fails to timely pay Impositions" shall mean failure to timely pay any Imposition with respect to any Leased Premises in any two (2) Lease Years in any five (5) consecutive Lease Year Period, notwithstanding Tenant's subsequent payment of such Impositions.

3.05 DISCONTINUANCE OF UTILITIES. Landlord will not be liable for damages to person or property or for injury to, or interruption of, business for any discontinuance of utilities nor will such discontinuance in any way be construed as an eviction of Tenant or cause an abatement of Rent or operate to release Tenant from any of Tenant's obligations under this Lease.

ARTICLE IV

INSURANCE

4.01 PROPERTY INSURANCE. Tenant shall, at Tenant's expense, keep the Improvements, Fixtures, and other components of the Leased Property insured against the following risks:

(a) Loss or damage by fire, vandalism and malicious mischief, earthquake, sprinkler leakage and all other physical loss perils commonly covered by "All Risk" insurance in an amount not less than one hundred percent (100%) of the then full replacement cost thereof (as hereinafter defined). Such policy shall include an agreed amount endorsement if available at a reasonable cost. Such policy shall also include endorsements for contingent liability for operation of building and zoning laws, demolition costs, and increased cost of construction.

(b) Loss or damage by explosion of steam boilers, pressure vessels, or similar apparatus, now or hereafter installed on the Leased Property, in commercially reasonable amounts acceptable to Landlord.

(c) Loss of rent under a rental value or business interruption insurance policy covering risk of loss during the first six (6) months of reconstruction necessitated by the occurrence of any hazards described in Sections 4.01(a) or 4.01(b), above, and which causes an abatement of Rent as provided in Article X hereof, in an amount sufficient to prevent Landlord or Tenant from becoming a co-insurer, containing endorsements for extended period of indemnity and premium

adjustment, and written with an agreed amount clause, if the insurance provided for in this clause (c) is available.

(d) If the Land is located in whole or in part within a designated flood plain area, loss or damage caused by flood in commercially reasonable amounts acceptable to Landlord.

(e) Loss or damage commonly covered by blanket crime insurance including employee dishonesty, loss of money orders or paper currency, depositor's forgery, and loss of property accepted by Tenant for safekeeping, in commercially reasonable amounts acceptable to Landlord.

(f) In connection with any repairs or rebuilding by Tenant under Article X hereof, Tenant shall maintain (or cause its contractor to maintain) appropriate builder's risk insurance covering any loss or casualty to the subject Improvements during the course of such repairs or rebuilding.

4.02 LIABILITY INSURANCE. Tenant shall, at Tenant's expense, maintain liability insurance against the following:

(a) Claims for personal injury or property damage commonly covered by comprehensive general liability insurance with endorsements for blanket, contractual, personal injury, owner's protective liability, real property, fire damage, legal liability, broad form property damage, and extended bodily injury, with commercially reasonable amounts for bodily injury and property damage acceptable to Landlord, but with a combined single limit of not less than Five Million Dollars (\$5,000,000.00) per occurrence and Ten Million Dollars (\$10,000,000.00) in the aggregate. At Landlord's request, such \$5,000,000.00 and \$10,000,000.00 minimum requirements shall be increased by up to four percent (4%) per year.

(b) Claims commonly covered by worker's compensation insurance for all persons employed by Tenant on the Leased Property. Such worker's compensation insurance shall be in accordance with the requirements of all applicable local, state, and federal law.

4.03 INSURANCE REQUIREMENTS. The following provisions shall apply to all insurance coverages required hereunder:

(a) The carriers of all policies shall have a Best's Rating of "A-" or better and a Best's Financial Category of XII or larger and shall be authorized to do insurance business in the state in which the Leased Property is located.

(b) Tenant shall be the "named insured" and Landlord and any mortgagee of Landlord shall be an "additional named insured" on each liability insurance policy required under Section 4.01, except that if such coverage is under a blanket policy, Landlord and its mortgagee shall each be designated an "additional named insured" only with respect to the particular Leased

Property covered under any such policy or policies and the operations and services conducted thereon. Landlord and any mortgagee of Landlord shall be designated "loss payee" or "mortgagee loss payee" on each property insurance policy required under Section 4.02 except that if such coverage is under a blanket insurance policy, each shall be designated a "loss payee" or "mortgagee loss payee" only with respect to the particular Leased Property covered thereunder.

(c) Tenant shall deliver to Landlord certificates or policies showing the required coverages and endorsements. The policies of insurance shall provide that the policy may not be canceled or not renewed, and no material change or reduction in coverage may be made, without at least thirty (30) days' prior written notice to Landlord.

(d) The policies shall contain a severability of interest and/or cross-liability endorsement, providing that the acts or omissions of Tenant will not invalidate the Landlord's coverage, and providing that Landlord shall not be responsible for payment of premiums.

(e) All loss adjustment shall require the written consent of Landlord and Tenant, as their interests may appear.

(f) At least ten (10) days prior to the expiration of each policy, Tenant shall deliver to Landlord a certificate showing renewal of such policy and payment of the annual premium therefor.

Landlord shall have the right to review the insurance coverages required hereunder with Tenant from time to time with respect to such insurance coverages required hereunder from time to time, to obtain the input of third party professional insurance advisors (at Landlord's expense) with respect to such insurance coverages, and to consult with Tenant in Tenant's annual review and renewal of such insurance coverages. All insurance coverages hereunder shall be in such form, substance and amounts as are customary or standard in Tenant's industry.

4.04 REPLACEMENT COST. The term "full replacement cost" means the actual replacement cost thereof from time to time including increased cost of construction, with no reductions or deductions. If, as reasonably determined by Landlord after consultation with Landlord's third party professional insurance advisors, there has been an increase in the replacement cost of the Improvements, then, upon request of Landlord, Tenant shall, not later than thirty (30) days after the anniversary of each applicable insurance policy, adjust the amount of the replacement cost endorsement to reflect any such increase. If Tenant makes any Permitted Alterations (as hereinafter defined) to the Leased Property, Landlord may have such full replacement cost redetermined at any time after such Permitted Alterations are made, regardless of when the full replacement cost was last determined.

4.05 BLANKET POLICY. Tenant may carry the insurance required by this Article under a blanket policy of insurance, provided that the coverage afforded Tenant will not be reduced or

diminished or otherwise be different from that which would exist under a separate policy meeting all of the requirements of this Agreement.

4.06 NO SEPARATE INSURANCE. Tenant shall not take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article, or increase the amounts of any then existing insurance pertaining to a particular Leased Property by securing an additional policy or additional policies with respect to such Leased Property, unless all parties having an insurable interest in the subject matter of the insurance, including Landlord and any mortgagees, are included therein as additional named insureds or loss payees, the loss is payable under said insurance in the same manner as losses are payable under this Agreement, and such additional insurance is not prohibited by the existing policies of insurance. Tenant shall immediately notify Landlord of the taking out of such separate insurance or the increasing of any of the amounts of the existing insurance by securing an additional policy or additional policies. The term "mortgages" as used in this Agreement includes Deeds of Trust and the term "mortgagees" includes trustees and beneficiaries under a Deed of Trust.

4.07 WAIVER OF SUBROGATION. Each party hereto hereby waives any and every claim which arises or may arise in its favor and against the other party hereto during the Term or any extension or renewal thereof, for any and all loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Property, which loss or damage is covered by valid and collectible insurance policies, to the extent that such loss or damage is recoverable under such policies. Said mutual waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss or damage to property of the parties hereto. Inasmuch as the said waivers will preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto agrees immediately to give each insurance company which has issued to it policies of insurance, written notice of the terms of said mutual waivers, and to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waivers, so long as such endorsement is available at a reasonable cost.

4.08 MORTGAGES. The following provisions shall apply if Landlord now or hereafter places a mortgage on the Leased Property or any part thereof: (i) Tenant shall obtain a standard form of mortgage clause insuring the interest of the mortgagee; (ii) Tenant shall deliver evidence of insurance to such mortgagee; (iii) loss adjustment shall require the consent of the mortgagee; and (iv) Tenant shall obtain such other coverages and provide such other information and documents as may be reasonably required by the mortgagee.

ARTICLE V

INDEMNITY; HAZARDOUS SUBSTANCES

5.01 TENANT'S INDEMNIFICATION. Subject to Section 4.07 and other than for circumstances involving Landlord's gross negligence or intentional misconduct, Tenant hereby agrees to indemnify and hold harmless Landlord, its agents, and employees from and against any and all demands, claims, causes of action, fines, penalties, damages (including consequential damages), losses, liabilities (including strict liability), judgments, and expenses (including, without limitation, attorneys' fees, court costs, and the costs set forth in Section 9.06) incurred in connection with or arising from: (i) the use, condition, operation or occupancy of each Leased Property; (ii) any activity, work, or thing done, or permitted or suffered by Tenant in or about the Leased Property; (iii) any acts, omissions, or negligence of Tenant or any person claiming under Tenant, or the contractors, agents, employees, invitees, or visitors of Tenant or any such person; (iv) any claim of any person incarcerated, held or detained in the Leased Premises, including claims alleging breach or violation of such person's civil or legal rights; (v) any breach, violation, or nonperformance by Tenant or any person claiming under Tenant or the employees, agents, contractors, invitees, or visitors of Tenant or of any such person, of any term, covenant, or provision of this Agreement or any Lease or any law, ordinance, or governmental requirement of any kind; (vi) any injury or damage to the person, property or business of Tenant, its employees, agents, contractors, invitees, visitors, or any other person entering upon the Leased Property under the express or implied invitation of Tenant; and (vii) any accident, injury to or death of persons or loss of damage to any item of property occurring at the Leased Property. If any action or proceeding is brought against Landlord, its employees, or agents by reason of any such claim, Tenant, upon notice from Landlord, will defend the claim at Tenant's expense with counsel reasonably satisfactory to Landlord. In the event Landlord reasonably determines that its interests and the interests of Tenant in any such action or proceeding are not substantially the same and that Tenant's counsel cannot adequately represent the interests of Landlord therein, Landlord shall have the right to hire separate counsel in any such action or proceeding and the reasonable costs thereof shall be paid for by Tenant.

5.02 HAZARDOUS SUBSTANCES OR MATERIALS. If the Leased Property was owned or operated by Tenant prior to the date Landlord acquired such Leased Property, then Tenant warrants and represents to Landlord as of the date of this Agreement the following: (a) no Hazardous Materials (as hereinafter defined) have been installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, or otherwise present in, on or under the Property by or to Tenant's knowledge; (b) no activity has been undertaken on the Leased Property by Tenant or to Tenant's knowledge which would cause (i) the Leased Property to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Leased Property within the ambit of any Hazardous Materials Law (as hereinafter defined), (ii) a release or threatened release of Hazardous Materials from the Leased Property within the meaning of, or otherwise bring the Leased Property within the ambit of, any Hazardous Materials Law or (iii) the discharge of Hazardous Materials into any watercourse, body of surface or subsurface water or wetland, or the discharge into the atmosphere of any Hazardous Materials which would require a

permit under any Hazardous Materials Law; (c) no activity has been undertaken with respect to the Leased Property by Tenant or to Tenant's knowledge which would cause a violation or support a claim under any Hazardous Materials Law; (d) no investigation, administrative order, litigation or settlement with respect to any Hazardous Materials is in existence with respect to the Leased Property, nor, to Tenant's knowledge, is any of the foregoing threatened; (e) no notice has been received by Tenant from any entity, governmental body or individual claiming any violation of any Hazardous Materials Law, or requiring compliance with any Hazardous Materials Law, or demanding payment or contribution for environmental damage or injury to natural resources; (f) Tenant has not obtained and, to Tenant's knowledge, is not required to obtain, and Tenant has no knowledge of any reason Landlord will be required to obtain, any permits, licenses, or similar authorizations to occupy, operate or use the Improvements or any part of the Leased Property by reason of any Hazardous Materials Law. Notwithstanding the representations made herein, such representations are and shall be deemed to be limited by the matters detailed in any Phase I Preliminary Site Assessment or other environmental report obtained by or provided to Landlord prior to the date of this Agreement.

During the Term, Tenant shall not, either with or without negligence, permit the release or other escape onto or from the Leased Property of any Hazardous Substances, or allow the storage or use of such substances or materials on the Leased Property in any manner not sanctioned by law and by the standards prevailing in the industry for the storage and use of such substances or materials. Subject to the provisions of Section 16.03, Landlord or any representatives or agents of Landlord may inspect the Leased Property from time to time to determine compliance by Tenant with the environmental representations and covenants set forth in this Section 5.02, and Tenant will cooperate with such inspections.

Without limitation, "Hazardous Substances" for the purpose of this Section 5.02 shall include any substances regulated by any local, state or federal law relating to environmental conditions and industrial hygiene, including, without limitation, the Resource Conservation and Recovery Act of 1976 ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Hazardous Materials Transportation Act, the Federal Water Pollution Control Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Safe Drinking Water Act, and all similar federal, state and local environmental statutes, ordinances and the regulations, orders, or decrees now or hereafter promulgated thereunder (collectively, "Hazardous Materials Law"). Notwithstanding the foregoing, Tenant anticipates using, storing and disposing of certain hazardous substances in connection with operation of correctional or detention facilities which are not in violation of the foregoing laws. Such substances include, but are not limited to the following: medical wastes, diesel fuel, maintenance and janitorial supplies, and waste from reprographic activities. Upon request by Landlord, Tenant shall submit to Landlord annual reports regarding Tenant's use, storage, and disposal of any of the foregoing materials, said reports to include information regarding continued hazardous materials inspections, personal interviews, and federal, state and local agency listings. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best

knowledge and belief regarding the presence or absence of Hazardous Materials on the Leased Property. Other than for circumstances involving Landlord's gross negligence or intentional misconduct, Tenant shall indemnify and hold harmless Landlord from and against all liabilities (including punitive damages), costs and expenses (including reasonable attorneys' fees) imposed upon or asserted against the Landlord or the Leased Property on account of any applicable federal, state or local law, ordinance, regulation, order, permit, decree or similar items relating to hazardous substances, human health or the environment (collectively, "Environmental Laws") (irrespective of whether there has occurred any violation of any Environmental Law), in respect of the Leased Property, including (a) liability for response costs and for costs of removal and remedial action incurred by the United States Government, any state or local governmental unit to any other person or entity, or damages from injury to or destruction or loss of natural resources, including the reasonable costs of assessing such injury, destruction or loss, incurred pursuant to any Environmental Law, (b) liability for costs and expenses of abatement, investigation, removal, remediation, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any Environmental Law, (c) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private nuisance or for carrying on of a dangerous activity or (d) by reason of a breach of an environmental representation or warranty given by Tenant to Landlord.

5.03 LIMITATION OF LANDLORD'S LIABILITY. Landlord, its agents and employees, will not be liable for any loss, injury, death, or damage (including consequential damages) to persons, property, or Tenant's business occasioned by theft, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, order of governmental body or authority, fire, explosion, falling objects, steam, water, rain or snow, leak or flow of water (including water from the elevator system), rain or snow from any Leased Property or into any Leased Property or from the roof, street, subsurface or from any other place, or by dampness or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures of the Leased Property, or from construction, repair, or alteration of the Leased Property or from any acts or omissions of any other occupant or visitor of the Leased Property, or from the presence or release of any hazardous substance or material on or from the Leased Property or from any other cause beyond Landlord's control.

ARTICLE VI

USE AND ACCEPTANCE OF PREMISES

6.01 USE OF LEASED PROPERTY. Each Leased Property shall be used and occupied exclusively as a correctional or detention facility together with uses related or incidental to the operation of a correctional or detention facility or required pursuant to any governmental operating agreement or sublease or any other purpose for which the Leased Property is being used at the Commencement Date of the Term, and for no other purpose without the prior written consent of the Landlord. Tenant shall obtain and maintain all approvals, licenses, and consents needed to use and

operate each Leased Property for such purposes. Tenant shall promptly deliver to Landlord complete copies of surveys, examinations, certification and licensure inspections, compliance certificates, and other similar reports issued to Tenant by any governmental agency for the use and occupancy of the Leased Property.

6.02 ACCEPTANCE OF LEASED PROPERTY. Except as otherwise specifically provided in this Agreement or in any individual Lease, Tenant acknowledges that (i) Tenant and its agents have had an opportunity to inspect the Leased Property; (ii) Tenant has found the Leased Property fit for Tenant's use; (iii) delivery of the Leased Property to Tenant is in an "as-is" condition; (iv) Landlord is not obligated to make any improvements or repairs to the Leased Property; and (v) the roof, walls, foundation, heating, ventilating, air conditioning, telephone, sewer, electrical, mechanical, utility, plumbing, and other portions of the Leased Property are in good working order. Tenant waives any claim or action against Landlord with respect to the condition of the Leased Property. LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, AS TO QUALITY OR THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY TENANT.

6.03 CONDITIONS OF USE AND OCCUPANCY. Tenant agrees that during the Term it shall use and keep the Leased Property in a careful, safe and proper manner; not injure, overload, deface, damage or otherwise commit any nuisance or suffer any waste thereon; not use or occupy the Leased Property for any unlawful purposes; not use or occupy the Leased Property or permit the same to be used or occupied, for any purpose or business deemed extra hazardous on account of fire or otherwise; keep the Leased Property in such repair and condition as may be required by the local board of health, or other city, state or federal authorities, free of all cost to Landlord; not permit any acts to be done which will cause the cancellation, invalidation, or suspension of any insurance policy; and permit Landlord and its agents to enter upon the Leased Property at all reasonable times after notice to Tenant to examine the condition thereof.

6.04 FINANCIAL STATEMENTS AND OTHER INFORMATION. Within ten (10) days following Tenant's filing of quarterly and annual reports with the Securities and Exchange Commission, Tenant shall deliver to Landlord copies of such reports. Tenant shall provide Landlord at the same time Tenant provides copies of its quarterly and annual reports as aforesaid (or more often as may be reasonably requested by Landlord in writing), the following additional financial information for each calendar quarter hereafter, with respect to each Leased Property: gross revenues, average occupancy rates and total cash flow (i.e., operating income plus depreciation and amortization plus Base Rent plus Additional Rent hereunder). Tenant shall include, with the delivery of such annual and quarterly reports, a certification of any officer of the Tenant as to whether any Event of Default (as hereinafter defined) has occurred or is continuing under a Lease or whether any event has occurred under a Lease which would, with the lapse of time, giving of notice or both, constitute an Event of Default. Tenant shall also deliver to Landlord such additional financial information as

Landlord may reasonably request, provided the same is of a type normally maintained by Tenant or can be obtained without undue cost or burden on Tenant's personnel and does not constitute information which Tenant reasonably determines to be proprietary or confidential. Additionally, upon Landlord's request, Tenant shall provide Landlord with copies of Tenant's annual capital expenditure budgets for each Leased Property and any reports generated by Tenant regarding maintenance and repairs of the Leased Property.

ARTICLE VII

REPAIRS, COMPLIANCE WITH LAWS, AND MECHANICS' LIENS

7.01 MAINTENANCE. Tenant shall maintain each Leased Property in good order, repair and appearance, and repair each Leased Property, including without limitation, all interior and exterior, structural and nonstructural repairs and replacements to the roof, foundations, exterior walls, building systems, HVAC systems, parking areas, sidewalks, water, sewer and gas connections, pipes, and mains. Tenant shall pay as Other Additional Rent the full cost of maintenance, repairs, and replacements. Tenant shall maintain all drives, sidewalks, parking areas, and lawns on or about the Leased Property in a clean and orderly condition, free of accumulations of dirt, rubbish, snow and ice. Tenant shall permit Landlord or any representatives or agents of Landlord to inspect the Leased Property as provided in Section 16.03 and shall implement all reasonable suggestions of the Landlord as to the maintenance and replacement of the Leased Property.

7.02 COMPLIANCE WITH LAWS. Tenant shall comply with all laws, ordinances, orders, rules, regulations, and other governmental requirements relating to the use, condition, or occupancy of each Leased Property, whether now or hereafter enacted and in force including without limitation, (i) licensure requirements for operation as a correctional or detention facility or any other use permitted hereunder, (ii) requirements of any board of casualty insurance underwriters or insurance service office for any other similar body having jurisdiction over the Leased Property, and (iii) all zoning and building codes and Environmental Laws. At Landlord's request, from time to time, Tenant shall deliver to Landlord copies of certificates or permits evidencing compliance with such laws, including without limitation, copies of the correctional or detention facility licenses, certificates of occupancy and building permits. Tenant shall promptly provide Landlord with copies of any notice from any governmental authority alleging any non-compliance by Tenant or any Leased Property with any of the foregoing requirements and such evidence as Landlord may reasonably require of Tenant's remediation thereof. Tenant hereby agrees to defend, indemnify and hold Landlord harmless from and against any loss, liability (including strict liability), claim, damage (including consequential damages), cost and expense (including attorneys' fees) resulting from any failure by Tenant to comply with any laws, ordinances, rules, regulations, and other governmental requirements.

7.03 REQUIRED ALTERATIONS. Tenant shall, at Tenant's sole cost and expense, make any additions, changes, improvements or alterations to each Leased Property, including structural

alterations, which may be required by any governmental authorities, including those required to continue licensure requirements as a correctional or detention facility, whether such changes are required by Tenant's use, changes in the law, ordinances, or governmental regulations, defects existing as of the date of this Lease, or any other cause whatsoever. Tenant shall provide prior written notice to Landlord of any changes to each Leased Property pursuant to this Section 7.03 which involve changes to the structural integrity of such Leased Property or materially affect the operational capabilities or rated capacity of the Leased Property. All such additions, changes, improvements or alterations shall be deemed to be a Tenant Improvement and shall comply with all laws requiring such alterations and with the provisions of Section 8.01.

7.04 MECHANICS' LIENS. Tenant shall have no authority to permit or create a lien against Landlord's interest in the Leased Property, and Tenant shall post notices or file such documents as may be required to protect Landlord's interest in the Leased Property against liens. Tenant hereby agrees to defend, indemnify, and hold Landlord harmless from and against any mechanics' liens against the Leased Property by reason of work, labor services or materials supplied or claimed to have been supplied on or to the Leased Property. Tenant shall immediately remove, bond-off, or otherwise obtain the release of any mechanics' lien filed against the Leased Property. Tenant shall pay all expenses in connection therewith, including without limitation, damages, interest, court costs and reasonable attorneys' fees.

7.05 REPLACEMENTS OF FIXTURES. Tenant shall not remove Fixtures from any Leased Property except to replace the Fixtures by other similar items of equal quality and value. Items being replaced by Tenant may be removed and shall become the property of Tenant and items replacing the same shall be and remain the property of the Landlord. Tenant shall execute, upon written request from Landlord, any and all documents necessary to evidence Landlord's ownership of the Fixtures and replacements therefor. Tenant may finance replacements for the Fixtures by equipment lease or by a security agreement and financing statement; provided, however, that for any item of Fixtures or Personal Property having a cost greater than or equal to Twenty Thousand Dollars (\$20,000.00), Tenant may not finance replacements by security agreement or equipment lease unless (i) Landlord has consented to the terms and conditions of the equipment lease or security agreement, including, without limitation, the amount to be financed and the amortization schedule regarding the principal amount of any such financing; (ii) the equipment lessor or lender has entered into a nondisturbance agreement with the Landlord upon terms and conditions acceptable to Landlord, including without limitation, the following: (a) Landlord shall have the right (but not the obligation) to assume such security agreement or equipment lease upon the occurrence of an Event of Default by Tenant under any Lease; (b) the equipment lessor or lender shall notify Landlord of any default by Tenant under the equipment lease or security agreement and give Landlord a reasonable opportunity to cure such default; and (c) Landlord shall have the right to assign its rights under the equipment lease, security agreement, or nondisturbance agreement; and (iii) Tenant shall, within thirty (30) days after receipt of an invoice from Landlord, reimburse Landlord for all costs and expenses incurred in reviewing and approving the equipment lease, security agreement, and nondisturbance agreement, including without limitation, reasonable attorneys' fees and costs.

ARTICLE VIII

ALTERATIONS AND SIGNS; TENANT'S PROPERTY;
CAPITAL ADDITIONS TO THE LEASED PROPERTY

8.01 TENANT'S RIGHT TO CONSTRUCT. During the Term of this Agreement, so long as no Event of Default shall have occurred and be continuing as to the Leased Property that is the subject of such improvements, Tenant may make Capital Additions (as defined herein), or other alterations, additions, changes and/or improvements to any Leased Property as deemed necessary or useful to operate the Leased Property as a correctional or detention facility or other approved use (the "Primary Intended Use") (individually, a "Tenant Improvement," or collectively, "Tenant Improvements"). "Capital Additions" shall mean the construction of one or more new buildings or one or more additional structures annexed to any portion of any of the Improvements on a particular Leased Property, which are constructed on any parcel of land or portion of the Land of a particular Leased Property during the Term of any individual Lease, including the construction of a new floor, or the repair, replacement, restoration, remodeling or rebuilding of the Improvements or any portion thereof on any Leased Property which are not normal, ordinary or recurring to maintain the Leased Property. Except as otherwise agreed to by Landlord in writing, any such Tenant Improvement shall be made at Tenant's sole expense and shall become the property of Landlord upon termination of this Lease. Unless made on an emergency basis to prevent injury to person or property, Tenant will submit plans to Landlord for Landlord's prior approval, such approval not to be unreasonably withheld or delayed, for any Tenant Improvement which is not a Capital Addition and which has a cost of more than \$500,000 or a cost which, when aggregated with the costs of all such Tenant Improvements for any individual Leased Facility in the same Lease Year, would cause the total costs of all such Tenant Improvements to exceed \$1,000,000. Such \$500,000 and \$1,000,000 amounts shall be increased by four percent (4%) per annum, cumulatively for each subsequent Lease Year. Additionally, in connection with any Tenant Improvement, including any Capital Addition, Tenant shall provide Landlord with copies of any plans and specification therefor, Tenant's budget relating thereto, any required government permits or approvals, any construction contracts or agreements relating thereto, and any other information relating to such Tenant Improvement as Landlord shall reasonably request.

8.02 SCOPE OF RIGHT. Subject to Section 8.01 herein and Section 7.03 concerning required alterations, at Tenant's cost and expense, Tenant shall have the exclusive right to:

(a) seek any governmental approvals, including building permits, licenses, conditional use permits and any certificates of need that Tenant requires to construct any Tenant Improvement;

(b) erect upon the Leased Property such Tenant Improvements as Tenant deems desirable including but not limited to new facilities or expansions to existing facilities;

(c) make additions, alterations, changes and improvements in any Tenant Improvement so erected; and

(d) engage in any other lawful activities that Tenant determines are necessary or desirable for the development of the Leased Property in accordance with its Primary Intended Use;

provided, however, Tenant shall not make any Tenant Improvement which would, in Landlord's reasonable judgment, impair the value or Primary Intended Use of any Leased Property without Landlord's prior written consent and provided, further that Tenant shall not be permitted to create a mortgage, lien or any other encumbrance on any individual Leased Property without Landlord's prior written consent.

8.03 COOPERATION OF LANDLORD. Landlord shall cooperate with Tenant and take such actions, including the execution and delivery to Tenant of any applications or other documents, reasonably requested by Tenant in order to obtain any governmental approvals sought by Tenant which have either been approved by Landlord or for which Landlord's approval is not required to construct any Tenant Improvement within ten (10) business days following the later of (a) the date Landlord receives Tenant's request together with all information reasonably requested by Landlord regarding the Tenant's Improvements, or (b) the date of delivery of any such application or document to Landlord together with all information reasonably requested by Landlord regarding the Tenant's Improvements, so long as the taking of such action, including the execution of said applications or documents, shall be without cost to Landlord (or if there is a cost to Landlord, such cost shall be reimbursed by Tenant), and will not cause Landlord to be in violation of any law, ordinance or regulation.

8.04 COMMENCEMENT OF CONSTRUCTION. Tenant agrees that:

(a) Tenant shall diligently seek all governmental approvals relating to the construction of any Tenant Improvement;

(b) Once Tenant begins the construction of any Tenant Improvement, Tenant shall diligently prosecute any such construction to completion in accordance with applicable insurance requirements and the laws, rules and regulations of all governmental bodies or agencies having jurisdiction over the Leased Property;

(c) Landlord shall have the right at any time and from time to time to post and maintain upon the Leased Property such notices as may be necessary to protect Landlord's interest from mechanics' liens, materialmen's liens or liens of a similar nature;

(d) Tenant shall not suffer or permit any mechanics' liens or any other claims or demands arising from the work of construction of any Tenant Improvement to be enforced against the Leased Property or any part thereof, and Tenant agrees to hold Landlord and said Leased

Property free and harmless from all liability from any such liens, claims or demands, together with all costs and expenses in connection therewith;

(e) All work shall be performed in a good and workmanlike manner consistent with standards in the industry; and

(f) Subject to Section 8.09 in the case of Capital Additions, Tenant shall not secure any construction or other financing for the Tenant Improvements which is secured by a portion of the Leased Property without Landlord's prior written consent, and any such financing (i) shall not exceed the cost of the Tenant Improvements, (ii) shall be subordinate to any mortgage or encumbrance now existing or hereinafter created by Landlord with respect to the Leased Property, and (iii) shall be limited solely to Tenant's interest in the Leased Property that is the subject of the improvements.

8.05 RIGHTS IN TENANT IMPROVEMENTS. Notwithstanding anything to the contrary in this Lease, all Tenant Improvements constructed pursuant to Section 8.01 (other than a Capital Addition purchased or financed by Landlord), any and all subsequent additions thereto and alterations and replacements thereof, shall be the sole and absolute property of Tenant during the Term of the particular Lease. Upon the expiration or early termination of any Lease, all such Tenant Improvements shall become the property of Landlord. Without limiting the generality of the foregoing, Tenant shall be entitled to all federal and state income tax benefits associated with any Tenant Improvement (other than a Capital Addition purchased or financed by Landlord) during the Term of this Agreement.

8.06 PERSONAL PROPERTY. Tenant shall install, place, and use on the Leased Property such fixtures, furniture, equipment, inventory and other personal property in addition to the Fixtures as may be required to effectively operate the Leased Property as a correctional or detention facility or other permitted use or as Tenant may, from time to time, deem necessary or useful to operate the Leased Property as a correctional or detention facility. Upon expiration or earlier termination of a Lease, Landlord shall have the option (exercisable upon at least thirty (30) days notice to Tenant prior to such expiration or termination) to purchase all or a part of such personal property (except for Tenant's proprietary property described on Exhibit C) at net book value as shown on Tenant's books and records. Landlord agrees, however, that such option to purchase may be subject to a governmental entity's superior right to acquire all or a portion of such personal property of Tenant under the terms of its prison operating agreement with Tenant.

8.07 REQUIREMENTS FOR PERSONAL PROPERTY. Tenant shall comply with all of the following requirements in connection with Personal Property:

(a) With respect to each Leased Property, Tenant shall notify Landlord within one hundred twenty (120) days after each Lease Year of any additions, substitutions, or replacements of an item of Personal Property at such Leased Property which individually has a cost of more than \$25,000.00 per item or an aggregate cost of more than \$100,000 for similar items of Personal

Property purchased in one or more lots and shall furnish Landlord with such other information as Landlord may reasonably request from time to time.

(b) The Personal Property shall be installed in a good and workmanlike manner, in compliance with all governmental laws, ordinances, rules, and regulations and all insurance requirements, and be installed free and clear of any mechanics' liens.

(c) Tenant shall, at Tenant's sole cost and expense, maintain, repair, and replace the Personal Property.

(d) Tenant shall, at Tenant's sole cost and expense, keep Personal Property insured against loss or damage by fire, vandalism and malicious mischief, sprinkler leakage, and other physical loss perils commonly covered by fire and extended coverage, boiler and machinery, and difference in conditions insurance in an amount not less than one hundred percent (100%) of the then full replacement cost thereof. Tenant shall use the proceeds from any such policy for the repair and replacement of Personal Property. The insurance shall meet the requirements of Section 4.03.

(e) Tenant shall pay all taxes applicable to Personal Property.

(f) If Personal Property is damaged or destroyed by fire or any other case, Tenant shall promptly repair or replace Personal Property unless Tenant is entitled to and elects to terminate the Lease pursuant to Section 10.05.

(g) Unless an Event of Default (or any event which, with the giving of notice of lapse of time, or both, would constitute an Event of Default) has occurred and remains uncured beyond any applicable grace period, Tenant may remove Personal Property from the Leased Property from time to time provided that (i) the items removed are not required to operate the Leased Property as a licensed correctional or detention facility or other permitted use (unless such items are being replaced by Tenant); and (ii) Tenant repairs any damage to the Leased Property resulting from the removal of Personal Property.

(h) Tenant shall remove any of Tenant's personal property, but not any Personal Property, upon the termination or expiration of the Lease (unless and to the extent the same shall be purchased by Landlord pursuant to Section 8.06) and shall repair any damage to the Leased Property resulting from the removal of Tenant's personal property. If Tenant fails to remove Tenant's personal property within ninety (90) days after the termination or expiration of the Lease, then Tenant shall be deemed to have abandoned Tenant's personal property, Tenant's personal property shall become the property of Landlord, and Landlord may remove, store and dispose of Tenant's personal property. In such event, Tenant shall have no claim or right against Landlord for such property or the value thereof regardless of the disposition thereof by Landlord. Tenant shall pay Landlord, upon demand, all expenses incurred by Landlord in removing, storing, and disposing of Tenant's personal property and repairing any damage caused by such removal. Tenant's obligations hereunder shall survive the termination or expiration of the Lease.

(i) Tenant shall perform its obligations under any equipment lease or security agreement for Personal Property.

8.08 SIGNS. Tenant may, at its own expense, erect and maintain identification signs at the Leased Property, provided such signs comply with all laws, ordinances, and regulations. On the termination or expiration of a Lease, Tenant shall, within thirty (30) days after notice from Landlord, remove the signs and repair any damage to the Leased Property resulting from such removal.

8.09 FINANCINGS OF CAPITAL ADDITIONS TO A LEASED PROPERTY.

(a) Landlord may, but shall be under no obligation to, provide or arrange construction, permanent or other financing for a Capital Addition proposed to be made to any Leased Property by Tenant. Within thirty (30) days of receipt of such a request by Tenant, Landlord shall notify Tenant as to whether it will finance the proposed Capital Addition and, if so, the terms and conditions upon which it would do so, including the terms of any amendment to an individual Lease or a new lease agreement for such proposed Capital Addition.

(b) If Landlord agrees to finance the proposed Capital Addition of Tenant, Tenant shall provide Landlord with the following:

(i) all customary or other required loan documentation which may be required;

(ii) any information, certificates, licenses, permits or documents requested by either Landlord or any lender with whom Landlord has agreed or may agree to provide financing which are necessary to confirm that Tenant will be able to use the Capital Addition upon completion thereof in accordance with the Primary Intended Use (as defined in Section 8.01), including all required, federal, state or local government licenses and approvals;

(iii) a certificate from Tenant's architect, setting forth in reasonable detail the projected (or actual, if available) cost of the proposed Capital Addition;

(iv) an amendment to this Lease, or a new lease agreement, duly executed and acknowledged, in form and substance satisfactory to Landlord and Tenant, and containing such provisions as may be necessary or appropriate, including without limitation, any appropriate changes in the legal description of the Land, the Rent, and other changes with respect to the Capital Addition;

(v) a deed conveying title to Landlord to any land acquired for the purpose of constructing the Capital Addition, free and clear of any liens or encumbrances except those approved by Landlord and, both prior to and following completion of the Capital Addition, an as-built survey thereof satisfactory to Landlord;

(vi) endorsements to any outstanding policy of title insurance covering the Leased Property or a supplemental policy of title insurance covering the Leased Property satisfactory in form and substance to Landlord (a) updating the same without any additional exceptions, except as may be permitted by Landlord; and (b) increasing the coverage thereof by an amount equal to the fair market value of the Capital Addition;

(vii) if required by Landlord, (a) an owner's policy of title insurance insuring fee simple title to any land conveyed to Landlord pursuant to subparagraph (v), free and clear of all liens and encumbrances except those approved by Landlord and (b) a lender's policy of title insurance satisfactory in form and substance to Landlord and any lending institution advancing a portion of the cost of the Capital Addition;

(viii) if required by Landlord, upon completion of the Capital Addition, an M.A.I. appraisal of the Leased Property indicating that the value of the Leased Property upon completion of the Capital Addition exceeds the fair market value of the Leased Property prior thereto by an amount not less than ninety-five percent (95%) of the cost of such Capital Addition; and

(ix) such other certificates (including, but not limited to, endorsements, increasing the insurance coverage, if any, at the time required), documents, opinions of counsel, appraisals, surveys, certified copies of duly adopted resolutions of the board of directors of Tenant authorizing the execution and delivery of any amendment to an individual Lease or new lease agreement and any other instruments as may be reasonably required by Landlord and any lending institution advancing any portion of the cost of the Capital Addition.

(c) Upon making a request to finance a Capital Addition, whether or not such financing is actually consummated, Tenant shall pay or agree to pay, upon demand, all reasonable costs and expenses of Landlord and any lending institution which has committed to finance such Capital Addition which have been paid or incurred by them in connection with the financing of the Capital Addition, including, but not limited to, (i) the fees and expenses of their respective counsel, (ii) all printing expenses, (iii) the amount of any filing, registration and recording taxes and fees, (iv) documentary stamp taxes, if any, (v) title insurance charges, appraisal fees, if any, rating agency fees, if any, (vi) commitment fees, if any, and (vii) costs of obtaining regulatory and governmental approvals for the construction, operation, use or occupancy of the Capital Addition.

(d) (i) If Landlord and Tenant are unable to agree on the terms of the financing of a Capital Addition by Landlord, Tenant may undertake the cost of any such Capital Addition and seek construction, permanent or other financing from other sources.

(ii) In the event Tenant shall construct any Capital Addition and shall have obtained construction, permanent or other financing in connection therewith from sources other than Landlord, as set forth in the foregoing Section 8.09(d)(i), Landlord shall have the option to acquire such Capital Addition for a period of one (1) year following the date Tenant first receives inmates or detainees in such Capital Addition ("Service Commencement Date"). The price at which

Landlord may acquire such Capital Addition shall be an amount equal to 105% (or such lower percentage as may be agreed to by the Tenant) of the aggregate costs related to the acquisition, development, design, construction, equipment and start-up of such Capital Addition, which in the case of goods or services provided by the Tenant, will not exceed the costs which would be paid therefor if purchased from a third party in an arm's-length transaction ("Tenant's Cost"). Landlord's exercise of such option shall require Landlord to acquire such Capital Addition on such terms and conditions as Landlord and Tenant shall reasonably agree, which shall be generally consistent with the terms and conditions of Landlord's initial acquisition of the related Leased Property from Tenant. Upon such acquisition, Landlord shall lease such Capital Addition to Tenant on the terms and conditions set forth herein, and Landlord and Tenant shall execute a new Lease, or an amendment to the existing Lease, with respect thereto. In such case, the Base Rent shall be the fair market rental value of the Capital Addition, as reasonably and mutually determined by Landlord and Tenant or, if Landlord and Tenant fail to agree, as determined through arbitration in accordance with Section 16.24. Regardless of whether the foregoing option is exercised, all Capital Additions shall become the property of Landlord upon the expiration or termination of this Lease.

ARTICLE IX

DEFAULTS AND REMEDIES

9.01 EVENTS OF DEFAULT. The occurrence of any one or more of the following shall be an event of default ("Event of Default") hereunder:

(a) Tenant fails to pay in full any installment of Rent, or any other monetary obligation payable by Tenant to Landlord under a Lease, within fifteen (15) days after notice of nonpayment from Landlord;

(b) Tenant fails to observe and perform any other covenant, condition or agreement under this Agreement or a Lease to be performed by Tenant (except those described in Section 9.01(a) of this Agreement) and such failure continues for a period of thirty (30) days after written notice thereof is given to Tenant by Landlord; or if, by reason of the nature of such default, the same cannot with due diligence be remedied within said thirty (30) days, such failure will not be deemed to continue if Tenant proceeds promptly and with due diligence to remedy the failure and diligently completes the remedy thereof on a best efforts basis; provided, however, said cure period will not extend beyond thirty (30) days if the facts or circumstances giving rise to the default are creating a further harm to Landlord or the Leased Property and Landlord makes a good faith determination that Tenant is not undertaking remedial steps that Landlord would cause to be taken if such Lease were then to terminate;

(c) If Tenant: (a) admits in writing its inability to pay its debts generally as they become due, (b) files a petition in bankruptcy or a petition to take advantage of any insolvency act, (c) makes an assignment for the benefit of its creditors, (d) is unable to pay its debts as they mature,

(e) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (f) files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(d) If Tenant, on a petition in bankruptcy filed against it, is adjudicated as bankrupt or a court of competent jurisdiction enters an order or decree appointing, without the consent of Tenant, a receiver of Tenant of the whole or substantially all of its property, or approving a petition filed against it seeking reorganization or arrangement of Tenant under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such judgment, order or decree is not vacated or set aside or stayed within ninety (90) days from the date of the entry thereof;

(e) If the estate or interest of Tenant in any Leased Property or any part thereof is levied upon or attached in any proceeding and the same is not vacated or discharged within the later of ninety (90) days after commencement thereof or thirty (30) days after receipt by Tenant of notice thereof from Landlord (unless Tenant is contesting such lien or attachment in accordance with this Agreement);

(f) Any representation or warranty made by Tenant (or an Affiliate of Tenant in cases where a Lease is executed by such Affiliate) in the Agreement or any Lease or in any certificate, demand or request made pursuant to any Lease proves to be incorrect, in any material respect and any adverse effect on Landlord of any such misrepresentation or breach of warranty has not been corrected to Landlord's satisfaction within thirty (30) days after Tenant becomes aware of, or is notified by the Landlord of the fact of, such misrepresentation or breach of warranty;

(g) A default by Tenant (or an Affiliate of Tenant in cases where a Lease is executed by such Affiliate) in any payment of principal or interest on any obligations for borrowed money having a principal balance of Twenty-Five Million Dollars (\$25,000,000) or more in the aggregate (excluding obligations which are limited in recourse to specific property of Tenant provided that such property is not a substantial portion of the assets of Tenant and excluding any debt which is denominated as "subordinated debt"), or in the performance of any other provision contained in any instrument under which any such obligation is created or secured (including the breach of any covenant thereunder), if an effect of such default is that the holder(s) of such obligation cause such obligation to become due prior to its stated maturity; or

(h) A final, non-appealable judgment or judgments for the payment of money in excess of Ten Million Dollars (\$10,000,000) in the aggregate not fully covered (excluding deductibles) by insurance is rendered against Tenant (or an Affiliate of Tenant in cases where a Lease is executed by such Affiliate) and the same remains undischarged, unvacated, unbonded or unstayed for a period of one hundred twenty (120) consecutive days or if the holder of such judgment proceeds to enforce the judgment against Tenant.

Notwithstanding the foregoing, an Event of Default under the foregoing subsections (a), (c), (d), (g) and (h) shall constitute an Event of Default under all of the Leases and an Event of Default under the foregoing subsections (b), (e) and (f) shall constitute an Event of Default only with respect to the specific Lease and Leased Property to which such Event of Default applies. Provided, (i) with respect to the Events of Default under the foregoing subsections (b), (e) and (f) or (ii) with respect to a default by Tenant which is not cured within the applicable grace period under any Operating Contracts (as hereinafter defined) in effect with respect to 50% or more of the inmate beds at an individual Leased Premises (each a "Nonmonetary Default"), if such Nonmonetary Default shall at any time be applicable to Leased Properties which, in the aggregate, represent a combined acquisition cost equal to the lesser of (x) twenty five percent (25%) of the acquisition cost for all of the Leased Properties or (y) \$150,000,000, then such Nonmonetary Default shall constitute an Event of Default under all of the Leases.

9.02 REMEDIES. To the extent any Event of Default is applicable only to a specific Lease or Leases, or a specific Leased Property or Leased Properties (in accordance with Section 9.01 above), the remedies set forth herein shall be exercisable solely with respect to such Lease or Leases, or Leased Property or Leased Properties, and shall not be exercisable with respect to any other Leases or Leased Property. To the extent any Event of Default constitutes an Event of Default under all of the Leases (in accordance with Section 9.01 above), the remedies set forth herein shall be exercisable with respect to all of the Leases and all of the Leased Properties. Subject to the foregoing provisions, Landlord may exercise any one or more of the following remedies upon the occurrence of an Event of Default:

(a) Landlord may terminate the applicable Lease, exclude Tenant from possession of the subject Leased Property and use reasonable efforts to lease such Leased Property to others which shall consist of soliciting offers to lease from at least two private or governmental owners or operators of correctional or detention facilities. If any Lease is terminated pursuant to the provisions of this subparagraph (a), Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums which would have been owing by Tenant under such Lease for the balance of the Term if the Lease had not been terminated, less the net proceeds, if any, of any re-letting of the subject Leased Property by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such re-letting, including without limitation, the expenses set forth in Section 9.02(b)(2) below. Landlord will be entitled to collect such damages from Tenant monthly on the days on which the Rent and other amounts would have been payable under the subject Lease if such Lease had not been terminated and Landlord will be entitled to receive such damages from Tenant on each such day. Alternatively, at the option of Landlord, if such Lease is terminated, and at any time thereafter, Landlord will be entitled, in lieu of proceeding to collect damages on a monthly basis as set forth in the preceding sentence, to recover from Tenant (a) all unpaid Rent then due and payable, and (b) the worth at the time of the award (as hereafter defined) of the Rent which would have been due and payable from the date of termination through the Expiration Date as if the Lease had not been terminated. The "worth at the time of award" of the amount referred to in clause (b) is computed at "present value" using New York Prime Rate. For purposes of this Agreement, "New York Prime Rate" shall mean that rate of interest identified as prime or national prime by the Wall Street Journal, or if not published or found, then the rate of interest charged by the American bank with the greatest number of assets on ninety (90) day unsecured notes to its preferred customers. For the purpose of determining unpaid Rent under clause

(b), the Rent reserved in the Lease will be deemed to be the sum of the following: (i) the Base Rent computed pursuant to Section 2.01; (ii) the Additional Rent computed pursuant to Section 2.02; and (iii) the Other Additional Rent computed pursuant to Section 2.04. Such computation of Additional Rent or Other Additional Rent shall be based on the Additional Rent and Other Additional Rent paid for the Lease Year preceding the date of termination, increased by four (4%) percent per year thereafter. Following payments by Tenant of the foregoing amounts, Landlord shall deliver and pay over to Tenant all rent, income, and other proceeds of any nature realized from the sale, lease or other disposition or utilization of the Leased Premises, if any, actually received by Landlord, up to the amounts so paid by Tenant less Landlord's reasonably incurred costs and expenses of maintaining and re-leasing or selling the Leased Premises.

(b) (i) Without demand or notice, Landlord may re-enter and take possession of the applicable Leased Property or any part of such Leased Property; and repossess such Leased Property as of the Landlord's former estate; and expel the Tenant and those claiming through or under Tenant from such Leased Property; and, remove the effects of both or either, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of Rent or preceding breach of covenants or conditions. If Landlord elects to re-enter, as provided in this paragraph (b) or if Landlord takes possession of such Leased Property pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may, from time to time, without terminating the subject Lease, re-let such Leased Property or any part of such Leased Property, either alone or in conjunction with other portions of the Improvements of which such Leased Property are a part, in Landlord's name but for the account of Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease) and on such terms and conditions (which may include concessions of free rent, and the alteration and repair of such Leased Property) as Landlord, in its uncontrolled discretion, may determine. Landlord may collect and receive the Rents for such Leased Property. Landlord will not be responsible or liable for any failure to re-let such Leased Property, or any part of such Leased Property, or for any failure to collect any Rent due upon such re-letting. No such re-entry or taking possession of such Leased Property by Landlord will be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord under this Lease or under a forcible entry and detainer statute or similar law will constitute an election by Landlord to terminate this Lease unless such notice specifically says so. Landlord reserves the right following any such re-entry or re-letting, or both, to exercise its right to terminate this Lease by giving Tenant such written notice, and, in that event such Lease will terminate as specified in such notice.

(ii) If Landlord elects to take possession of such Leased Property according to this subparagraph (b) without terminating such Lease, Tenant will pay Landlord (i) the Rent, Additional Rent and other sums which would be payable under such Lease if such repossession had not occurred, less (ii) the net proceeds, if any, of any re-letting of such Leased Property after deducting all of Landlord's expenses incurred in connection with such re-letting, including without limitation, all repossession costs, brokerage commissions, legal expense, attorneys' fees, expense of employees, alteration, remodeling, repair costs, and expense of preparation for such re-letting.

If, in connection with any re-letting, the new Lease term extends beyond the existing Term or such Leased Property covered by such re-letting includes areas which are not part of such Leased Property, a fair apportionment of the Rent received from such re-letting and the expenses incurred in connection with such re-letting will be made in determining the net proceeds received from such re-letting. In addition, in determining the net proceeds from such re-letting over the term of the Lease, any rent concessions will be apportioned over the term of the new Lease. Tenant will pay such amounts to Landlord monthly on the days on which the Rent and all other amounts owing under this Agreement or such Lease would have been payable if possession had not been retaken, and Landlord will be entitled to receive the rent and other amounts from Tenant on each such day.

(c) Landlord may re-enter the applicable Leased Property and have, repossess and enjoy such Leased Property as if such Lease had not been made, and in such event, Tenant and its successors and assigns shall remain liable for any contingent or unliquidated obligations or sums owing at the time of such repossession.

(d) Landlord may take whatever action at law or in equity as may appear necessary or desirable to collect the Rent and other amounts payable under the applicable Lease then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of Tenant under such Lease.

9.03 RIGHT OF SET-OFF. Landlord may, and is hereby authorized by Tenant, at any time and from time to time, after advance notice to Tenant, to set-off and apply any and all sums held by Landlord, including all sums held in any escrow for Impositions, any indebtedness of Landlord to Tenant, and any claims by Tenant against Landlord, against any obligations of Tenant under this Agreement or any Lease and against any claims by Landlord against Tenant, whether or not Landlord has exercised any other remedies hereunder. The rights of Landlord under this Section are in addition to any other rights and remedies Landlord may have against Tenant.

9.04 PERFORMANCE OF TENANT'S COVENANTS. Except in cases of emergency, in which event Landlord may proceed without notice, Landlord may perform any obligation of Tenant which Tenant has failed to perform within ten (10) days after Landlord has sent a written notice to Tenant informing it of its specific failure (provided no such notice shall be required if such failure is covered under the provisions of Section 9.01). Tenant shall reimburse Landlord on demand, as Other Additional Rent, for any expenditures thus incurred by Landlord and shall pay interest thereon at the New York Prime Rate (as herein defined).

9.05 INTEREST ON PAST DUE PAYMENTS. Any payment not made by Tenant for more than five (5) days after written notice of nonpayment from Landlord shall bear interest at the rate of one percent (1%) per month from the due date thereof through the date such payment is actually received by Landlord.

9.06 LITIGATION; ATTORNEYS' FEES. Within ten (10) days after Tenant has knowledge of any material litigation or other proceeding that may be instituted against Tenant, against any Leased

Property to secure or recover possession thereof, or that may affect the title to or the interest of Landlord in such Leased Property, Tenant shall give written notice thereof to Landlord. Within thirty (30) days of Landlord's presentation of an invoice, Tenant shall pay all reasonable costs and expenses incurred by Landlord in enforcing or preserving Landlord's rights under this Agreement and each Lease, whether or not an Event of Default has actually occurred or has been declared and thereafter cured, including without limitation, (i) the fees, expenses, and costs of any litigation, receivership, administrative, bankruptcy, insolvency or other similar proceeding; (ii) reasonable attorney, paralegal, consulting and witness fees and disbursements; and (iii) the expenses, including without limitation, lodging, meals, and transportation, of Landlord and its employees, agents, attorneys, and witnesses in preparing for litigation, administrative, bankruptcy, insolvency or other similar proceedings and attendance at hearings, depositions, and trials in connection therewith. All such costs, charges and fees as incurred shall be deemed to be Other Additional Rent under this Agreement. For purposes hereof, "material litigation" instituted against Tenant shall be determined in accordance with then applicable GAAP accounting standards.

9.07 REMEDIES CUMULATIVE. The remedies of Landlord herein are cumulative to and not in lieu of any other remedies available to Landlord at law or in equity. The use of any one remedy shall not be taken to exclude or waive the right to use any other remedy.

9.08 ESCROWS AND APPLICATION OF PAYMENTS. As security for the performance of its obligations hereunder, Tenant hereby assigns to Landlord all its right, title and interest in and to all monies escrowed with Landlord under this Agreement or under any Lease and all deposits with utility companies, taxing authorities, and insurance companies; provided, however, that Landlord shall not exercise its rights hereunder until an Event of Default has occurred. Any payments received by Landlord under any provisions of this Agreement or under any Lease during the existence, or continuance of an Event of Default shall be applied to Tenant's obligations in the order which Landlord may determine.

9.09 POWER OF ATTORNEY. Tenant hereby irrevocably and unconditionally appoints Landlord, or Landlord's authorized officer, agent, employee or designee, as Tenant's true and lawful attorney-in-fact, to act, after an Event of Default, for Tenant in Tenant's name, place, and stead, and for Tenant's and Landlord's use and benefit, to execute, deliver and file all applications and any and all other necessary documents or things, to effect a transfer, reinstatement, renewal and/or extension of any and all licenses and other governmental authorizations issued to Tenant in connection with Tenant's operation of any Leased Property, and to do any and all other acts incidental to any of the foregoing. Tenant irrevocably and unconditionally grants to Landlord as its attorney-in-fact full power and authority to do and perform, after an Event of Default, every act necessary and proper to be done in the exercise of any of the foregoing powers as fully as Tenant might or could do if personally present or acting, with full power of substitution, hereby ratifying and confirming all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and is irrevocable prior to the full performance of the Tenant's obligations under this Agreement and each Lease.

ARTICLE X

DAMAGE AND DESTRUCTION

10.01 GENERAL. Tenant shall notify Landlord if any of the Leased Property is damaged or destroyed by reason of fire or any other cause. Tenant shall promptly repair, rebuild, or restore the Leased Property, at Tenant's expense, so as to make the Leased Property at least equal in value to the Leased Property existing immediately prior to such occurrence and as nearly similar to it in character as is practicable and reasonable. Tenant will begin such repairs or rebuilding and will prosecute the repairs and rebuilding to completion with diligence, subject, however, to strikes, lockouts, acts of God, embargoes, governmental restrictions, and other causes beyond Tenant's reasonable control. Landlord will make available to Tenant the net proceeds of any fire or other casualty insurance paid to Landlord for any such repair or rebuilding after deduction of any costs of collection, including attorneys' fees. Before beginning such repairs or rebuilding, or letting any contracts in connection with such repairs or rebuilding which are estimated to exceed in the aggregate \$150,000 (which amount shall be increased by four percent (4%) per annum cumulatively for each subsequent Lease Year) ("Substantial Repairs"), Tenant will submit for Landlord's approval, which approval Landlord will not unreasonably withhold or delay, complete and detailed plans and specifications for such Substantial Repairs. Payment on account of Substantial Repairs will be made, as work satisfactorily progresses, against properly certified vouchers of a competent architect in charge of the work and approved by Landlord. Prior to commencing Substantial Repairs, Tenant shall deliver to Landlord for Landlord's approval a schedule setting forth the estimated monthly draws for such work. Landlord will contribute to payments on account of Substantial Repairs out of the insurance proceeds an amount equal to the proportion that the total net amount received by Landlord from insurers bears to the total estimated cost of the rebuilding or repairing, multiplied by the payment by Tenant on account of such work. Landlord may, however, withhold ten percent (10%) from each payment on account of Substantial Repairs until (i) the work of repairing or rebuilding is completed and proof has been furnished to Landlord that no lien or liability has attached or will attach to the Leased Property or to Landlord in connection with such repairing or rebuilding, (ii) Tenant has obtained a certificate of use and occupancy (or its functional equivalent) for the portion of the Leased Premises repaired or rebuilt and (iii) if Tenant has an agreement with any governmental authority for the detention of inmates at such Leased Property which requires such governmental authority to approve such repairs or rebuilding, such approval shall have been obtained. Upon the completion of rebuilding or repairing and the furnishing of such proof, the balance of the net proceeds of such insurance payable to Tenant on account of such repairing or rebuilding will be paid to Tenant. Tenant will obtain and deliver to Landlord a temporary or final certificate of occupancy before the Leased Property is reoccupied for any purpose. Tenant shall complete all such repairs or rebuilding free and clear of mechanic's or other liens, and in accordance with the building codes and all applicable laws, ordinances, regulations, or orders of any state, municipal, or other public authority affecting the repairs or rebuilding, and also in accordance with all requirements of the insurance rating organization, or similar body. Any remaining proceeds of insurance after such restoration will be Tenant's property.

10.02 LANDLORD'S INSPECTION. During the progress of Substantial Repairs, Landlord and its architects and engineers may, from time to time, inspect the Leased Property and will be furnished, if required by them, with copies of all plans, shop drawings, and specifications relating to such repairs or rebuilding. Tenant will keep all plans, shop drawings, and specifications available, and Landlord and its architects and engineers may examine them at all reasonable times. If, during such repairs or rebuilding, Landlord and its architects and engineers determine that the repairs or rebuilding are not being done in accordance with the approved plans and specifications, Landlord will give prompt notice in writing to Tenant, specifying in detail the particular deficiency, omission, or other respect in which Landlord claims such repairs or rebuilding do not accord with the approved plans and specifications. Upon the receipt of any such notice, Tenant will cause corrections to be made to any deficiencies, omissions, or such other respect. Tenant's obligations to supply builder's risk insurance, according to Article IV, will be applicable to any repairs or rebuilding under this Section.

10.03 LANDLORD'S COSTS. Tenant shall, within thirty (30) days after receipt of an invoice from Landlord, pay the reasonable costs, expenses, and fees of any architect or engineer employed by Landlord to review any plans and specifications and to supervise and approve any construction, or for any services rendered by such architect or engineer to Landlord as contemplated by any of the provisions of this Agreement, or for any services performed by Landlord's attorneys in connection therewith; provided, however, that Landlord will consult with Tenant and notify Tenant of the estimated amount of such expenses.

10.04 RENT ABATEMENT. In the event that the provisions of Section 10.01 above shall become applicable, the Rent, real estate taxes and other Impositions shall be abated or reduced proportionately during any period in which, by reason of such damage or destruction, there is substantial interference with the operation of the business of Tenant in the Leased Property, having regard to the extent to which Tenant may be required to discontinue its business in the Leased Property, and such abatement or reduction shall continue for the period commencing with such destruction or damage and ending with the substantial completion (defined below) by Tenant of such work or repair and/or reconstruction. In the event that only a portion of any Leased Property is rendered untenable or incapable of such use, the Base Rent and all real estate taxes and other Impositions payable hereunder shall be reduced on a pro rata basis in the same proportion as the number of inmate or patient beds in the Leased Property after the damage or destruction bears to the number of inmate or patient beds in the Leased Property immediately prior thereto. For purposes of this paragraph, substantial completion shall occur upon the earlier of (i) nine (9) months from the date of the first disbursement of insurance proceeds, or (ii) the issuance of a certificate of occupancy for the Leased Property. Notwithstanding any other provision hereof, such rental abatement shall be limited to the amount of any rental or business interruption insurance proceeds actually received by Landlord.

10.05 SUBSTANTIAL DAMAGE DURING LEASE TERM. Provided Tenant has fully complied with Section 4.01 hereof (including actually maintaining in effect rental value insurance or business interruption insurance provided for in clause (c) thereof) if, at any time during the Term of the

particular Lease, the Leased Property is so damaged by fire or otherwise that more than fifty percent (50%) of the inmate beds at the Leased Property are rendered unusable, Tenant may, within sixty (60) days after such damage, give notice of its election to terminate the Lease subject to the particular Leased Property and, subject to the further provisions of this Section, such Lease will cease on the tenth (10th) day after the delivery of such notice. If the Lease is so terminated, Tenant will have no obligation to repair, rebuild or replace the Leased Property, but will have the obligation to pay to Landlord upon demand the amount of any deductible or uninsured loss arising in connection therewith and the entire insurance proceeds will belong to Landlord. If the Lease is not so terminated, Tenant shall rebuild the Leased Property in accordance with Section 10.01.

10.06 DAMAGE NEAR END OF TERM. Notwithstanding any provisions of Section 10.01 to the contrary, if damage to or destruction of the Leased Property occurs during the last twenty-four (24) months of the Term, and if such damage or destruction cannot be fully repaired and restored within six (6) months immediately following the date of loss, either party shall have the right to terminate this Lease by giving notice to the other within thirty (30) days after the date of damage or destruction, in which event Landlord shall be entitled to retain the insurance proceeds and Tenant shall pay to Landlord on demand the amount of any deductible or uninsured loss arising in connection therewith; provided, however, that any such notice given by Landlord shall be void and of no force and effect if Tenant exercises an available option to extend the Term pursuant to provisions of the Lease for such Leased Property within thirty (30) days following receipt of such termination notice.

ARTICLE XI

CONDEMNATION

11.01 DEFINITION. For purposes of this Agreement, the term "Condemnation" shall mean the permanent or temporary taking of the Leased Property, or any portion thereof, by right of eminent domain, or by conveyance made in response to a threat of the exercise of such right, or by conveyance in settlement of eminent domain litigation.

11.02 APPORTIONMENT OF COMPENSATION. In the event of Condemnation of the Leased Property, or any part thereof, Landlord shall be entitled to all compensation payable by the condemning authority under applicable law for (i) the real property, or part thereof taken, (ii) for all improvements thereto which are taken (except Tenant Improvements which are not Capital Additions purchased or financed by Landlord and then, only the portion of any award therefor allocable to the remaining Term of the Lease), (iii) for all severance damages to the remainder property caused by the Condemnation, including severance damages to the Fixtures and the Personal Property and (iv) attorneys fees, expert fees and costs. Tenant shall be entitled to all compensation payable by the condemning authority under applicable law for (i) personal property of Tenant, trade fixtures of Tenant and Tenant Improvements taken (subject to the limitations set forth above), (ii) the value of Tenant's leasehold interest, (iii) business damages suffered by Tenant and (iv) attorneys

fees, expert fees and costs. The foregoing notwithstanding, in the event of a temporary taking by Condemnation for a period of six (6) months or less, compensation payable by the condemning authority shall be payable solely to the Tenant, subject to Tenant having paid to Landlord all rent payable under the Lease for the period of the temporary taking. In the event the condemning authority is not required under applicable law to pay compensation for an element of damage or loss suffered by a party hereto, that party shall, to that extent, be without a remedy, unless otherwise expressly and specifically provided herein, it being the intent of the parties that, in the absence of an express and specific agreement to the contrary, no party hereto shall be obligated to compensate the other for any damage or loss suffered as a consequence of Condemnation which is not compensable by the condemning authority under applicable law. No party shall have the right to negotiate a settlement of any claim for compensation made or possessed by another party, nor may any party enter into an agreement with a condemning authority which waives or limits, expressly or implicitly, the entitlement of another party to full compensation in accordance with the provisions hereof.

11.03 EFFECT ON LEASE OBLIGATIONS.

(a) Total Taking. In the event of Condemnation of the entire Leased Property, the Lease shall remain in effect, with the condemning authority taking the Leased Property subject to the Lease, unless the condemning authority shall have condemned the leasehold interest of Tenant. In the event of condemnation of the entire Leased Property and the leasehold interest of Tenant, the parties shall be relieved from continuing performance under the Lease to the extent performance is rendered impractical or impossible, or is deemed excused as a matter of law, and Tenant shall be relieved from payment of Rent or other charges as of the date of change of ownership due to Condemnation. The parties shall perform those obligations accruing under the Lease prior to the change in ownership, including payment of Rent and other charges which become payable prior to the change in ownership. To the extent Rent has been paid in advance, Landlord shall refund to the Tenant a prorated portion thereof based on the number of days of Tenant's occupancy under the Lease for the rental period in question, compared to the number of days in the rental period for which Rent was paid in advance.

(b) Partial Taking. In the event the Condemnation is of a portion of the Leased Property, or of an easement or similar interest in the Leased Property, the obligations of the parties under the Lease shall be unaffected unless the effect of the Condemnation is to render the Leased Property Unsuited for its Primary Intended Use. The Leased Property shall be deemed Unsuited for its Primary Intended Use if the state or condition of the Leased Property has been so affected by the Condemnation that, in the good faith judgment of Tenant, reasonably exercised, the Leased Property cannot be operated on a commercially practicable basis as a correctional or detention facility. If Condemnation renders the Leased Property Unsuited for its Primary Intended Use, Tenant may terminate the Lease as of the date of the taking, or as of the date of loss of occupancy of the condemned portion (if the date for vacating the premises is different from the date of taking), or within thirty (30) days following either the date of taking or the date of loss of occupancy of the

condemned portion. Termination of the Lease hereunder shall not affect the apportionment of compensation as otherwise agreed hereinabove.

(c) Temporary Taking. In the event all or any part of the Leased Property is temporarily condemned for a period of six (6) months or less, the parties shall be relieved from their obligations under the Lease only to the extent performance is rendered impracticable or impossible and Tenant shall remain obligated to pay rent to Landlord for the period of such temporary taking. In the event of such a temporary taking, the entire amount of compensation payable for the temporary taking, whether paid by the condemning authority as damages, rent or otherwise, shall be payable to Tenant, subject to Tenant having paid to Landlord all rent payable under the Lease for the period of the said temporary taking.

11.04 CONDEMNATION CAUSED BY DEFAULT OF TENANT. In the event Condemnation is the result of Tenant having defaulted in performance of Tenant's obligations under the Lease including Tenant's obligation to maintain the Leased Property or having defaulted under Tenant's operating agreement with the applicable governmental authority whether or not the same constitutes a default hereunder, Tenant shall be liable for any damage or loss suffered by Landlord which is not compensated by the condemning authority.

11.05 RESTORATION OF PREMISES. If there is a partial taking of any Leased Property and the subject Lease remains in full force and effect pursuant to Section 11.02, Landlord shall furnish to Tenant the amount of the Award payable to Landlord, as provided herein, in order for Tenant to accomplish all necessary restoration. If Tenant receives an Award under Section 11.05, Tenant shall repair or restore any Tenant Improvements up to but not exceeding the amount of the Award payable to Tenant therefor. Before beginning such restoration, or letting any contracts in connection with such restoration, Tenant will submit for Landlord's approval, which approval Landlord will not unreasonably withhold or delay, complete and detailed plans and specifications for such restoration. Promptly after receiving Landlord's approval of the plans and specifications, Tenant will begin such restoration and will prosecute the repairs and rebuilding to completion with diligence, subject, however, to strikes, lockouts, acts of God, embargoes, governmental restrictions, and other causes beyond Tenant's reasonable control. Landlord will make available to Tenant the net proceeds of any Award paid to Landlord for such restoration, after deduction of any costs of collection, including attorneys' fees. Payment will be made against properly certified vouchers of a competent architect in charge of the work and approved by Landlord. Prior to commencing the restoration, Tenant shall deliver to Landlord for Landlord's approval a schedule setting forth the estimated monthly draws for such work. Landlord may, however, withhold ten percent (10%) from each payment until the work of restoration is completed and proof has been furnished to Landlord that no lien or liability has attached or will attach to the Leased Property or to Landlord in connection with such restoration. Upon the completion of restoration and the furnishing of such proof, the balance of the Award will be paid to Tenant. Tenant will obtain and deliver to Landlord a temporary or final certificate of occupancy before the Leased Property is reoccupied for any purpose. Tenant shall complete such restoration free and clear of mechanic's or other liens, and in accordance with the building codes and all applicable laws, ordinances, regulations, or orders of any state, municipal, or other public

authority affecting the restoration, and also in accordance with all requirements of the insurance rating organization, or similar body. Any remaining proceeds of the Award after such restoration will be Tenant's property.

11.06 LANDLORD'S INSPECTION. During the progress of such restoration, Landlord and its architects and engineers may, from time to time, inspect the Leased Property and will be furnished, if required by them, with copies of all plans, shop drawings, and specifications relating to such restoration. Tenant will keep all plans, shop drawings, and specifications available, and Landlord and its architects and engineers may examine them at all reasonable times. If, during such restoration, Landlord and its architects and engineers determine that the restoration is not being done in accordance with the approved plans and specifications, Landlord will give prompt notice in writing to Tenant, specifying in detail the particular deficiency, omission, or other respect in which Landlord claims such restoration does not accord with the approved plans and specifications. Upon the receipt of any such notice, Tenant will cause corrections to be made to any deficiencies, omissions, or such other respect. Tenant's obligations to supply insurance, according to Article IV, will be applicable to any restoration under this Section.

ARTICLE XII

TENANT'S RIGHT OF FIRST REFUSAL

12.01 RIGHTS OF FIRST REFUSAL. Subject to the terms and conditions set forth in this Section 12.01 and provided that no Event of Default with respect to the subject Leased Property has occurred and is continuing at such time or at the expiration of this Agreement or the individual Lease, Tenant shall have a right of first refusal (the "Purchase Refusal Right") to purchase any Leased Property (including any Leased Property owned by an Affiliate [as defined in Section 1.06 hereof] of Landlord). If during the Term and for a period of ninety (90) days following termination of any Lease (other than as a result of the exercise by Landlord of its rights or remedies under this Agreement), Landlord or any Affiliate of Landlord receives a bona fide third party offer to Transfer any Leased Property, then, prior to accepting such third party offer, Landlord shall send written notice and a copy thereof to Tenant ("Landlord's Notice"). Tenant shall have thirty (30) days after receipt of Landlord's Notice to exercise Tenant's Purchase Refusal Right, by giving Landlord written notice thereof. Failure of Tenant to exercise the Purchase Refusal Right within such time period set forth above shall be deemed to extinguish the Purchase Refusal Right for a period of one hundred eighty (180) days. Thereafter, prior to the expiration of such one hundred eighty (180) days, Landlord or its Affiliates may Transfer such Leased Property provided however, that the Transfer of the Leased Property is at a price equal to or greater than the price contained in the Landlord's Notice, and otherwise consistent in all material respects with the terms and conditions set forth in Landlord's Notice. Tenant's Purchase Refusal Right shall revive in the event that Landlord fails to Transfer the Leased Property within said one hundred eighty (180) days. In the event that Tenant elects to exercise the Purchase Refusal Right and to acquire the Leased Property thereby, (a) Tenant shall acquire such Leased Property on the same terms and conditions and subject to all time periods

and other limitations as provided in Landlord's Notice (provided, however, Tenant shall in all events have not less than one hundred twenty (120) days to close its acquisition of the Leased Property following its written notice exercising its Purchase Refusal Right), and (b) concurrently with such acquisition, the Lease of such Leased Property shall terminate (but Tenant shall remain liable to pay any accrued Rent due and payable on the closing date with respect to such Leased Property and all indemnifications and other provisions that survive the expiration of the individual Lease or of this Agreement shall continue in effect), and this Agreement shall be appropriately amended to reflect the termination of such Lease.

Notwithstanding the foregoing provisions, the Purchase Refusal Right shall not be applicable to any Transfer of a Leased Property to any Affiliate of Landlord, so long as such Affiliate acquires such Leased Property subject to the Purchase Refusal Right.

A "Transfer" is any direct or indirect sale, conveyance or other disposition, including any transfer of a controlling ownership interest in any owning partnership, limited liability company or corporation, and including any lease with a term in excess of five (5) years.

12.02 RESTRICTION ON EXERCISE OF PURCHASE REFUSAL RIGHT.

Notwithstanding any other provision of this Article XII, Landlord shall not be required to Transfer any Leased Property, or any portion thereof, which is a real estate asset as defined in Section 856(c) (5) (B), or functionally equivalent successor provision, of the Code, to Tenant if Landlord's counsel advises Landlord that such Transfer may not qualify as a sale of property described in Section 857(b) (6) (C), or functionally equivalent successor provision of the Code. If Landlord determines not to Transfer such property pursuant to the above sentence, Tenant's right, if any, to acquire any or all of such property shall continue and be exercisable, upon and subject to all applicable terms and conditions set forth in this Lease, at such time as the transaction, upon the advise of Landlord's tax counsel, would qualify as a sale of property described in Section 857(b) (6) (C) of the Code, or functionally equivalent successor provision, and until such time Tenant shall lease the Leased Property for the lesser of the rent otherwise called for in the Lease or fair market rental. If the Transfer of the Leased Property is delayed pursuant to this section, Landlord will use its reasonable best efforts to Transfer such Leased Property to Tenant as soon as practicable in the next calendar year.

ARTICLE XIII

ASSIGNMENT AND SUBLETTING; ATTORNMEN

13.01 PROHIBITION AGAINST SUBLETTING AND ASSIGNMENT. Subject to Sections 13.03, 13.04 and 7.05, Tenant shall not, without the prior written consent of Landlord (which consent Landlord may grant or withhold in its sole and absolute discretion), sublease, assign, mortgage, pledge, hypothecate, encumber or otherwise transfer (except to an Affiliate of Tenant) this Agreement or any Lease or any interest herein or therein, or all or any part of the Leased Property, or suffer or permit any Lease or the leasehold estate created thereby or any other rights arising under any Lease to be

assigned, transferred, mortgaged, pledged, hypothecated or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law. For purposes of this Section 13.01, an assignment of any Lease shall be deemed to include any Change of Control of Tenant, as if such Change of Control were an assignment of the Lease. No assignment shall in any way impair the continuing primary liability of Tenant hereunder.

13.02 CHANGES OF CONTROL. A Change of Control requiring the consent of Landlord shall mean:

(a) the issuance and/or sale by Tenant of a Controlling (which shall mean, as applied to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise) interest in Tenant to a Person other than an Affiliate of Tenant, other than in either case a distribution to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended (a "Registered Offering") or a distribution by any stockholder of Tenant to such stockholders' owners or shareholders;

(b) the sale, conveyance or other transfer of all or substantially all of the assets of Tenant (whether by operation of law or otherwise); or

(c) any transaction pursuant to which Tenant is merged with or consolidated into another entity (other than an entity owned and Controlled by an Affiliate of Tenant), and Tenant is not the surviving entity.

13.03 OPERATING/SERVICE AGREEMENTS.

(a) Permitted Agreements. Tenant shall, without Landlord's prior approval, be permitted to enter into certain operating/service agreements (or amendments thereto) for portions of any Leased Property to various licensees in connection with Tenant's operation of correctional or detention facilities as is customarily associated with or incidental to the operation of such Leased Property, which agreements may be in the nature of a sublease agreement, provided such agreements or any amendments thereto are consistent with the requirements of this Section 13.03.

(b) Terms of Agreements. Each operating/service agreement concerning any of the Leased Property shall be subject and subordinate to the provisions of the applicable Lease. No agreement made as permitted by Section 13.03(a) shall affect or reduce any of the obligations of Tenant hereunder, and all such obligations shall continue in full force and effect as if no agreement had been made. No agreement shall impose any additional obligations on Landlord under the applicable Lease.

(c) Copies. Tenant shall, within ten (10) days after the execution and delivery of any operating/service agreement or any amendment thereto permitted by Section 13.03(a), deliver a duplicate original thereof to Landlord.

(d) Assignment of Rights in Agreements. As security for performance of its obligations under each Lease, Tenant hereby grants, conveys and assigns to Landlord all right, title and interest of Tenant in and to all operating/service agreements now in existence or hereinafter entered into for any or all of the applicable Leased Property, and all extensions, modifications and renewals thereof and all rents, issues and profits therefrom, to the extent the same are assignable by Tenant. Landlord hereby grants to Tenant a license to collect and enjoy all rents and other sums of money payable under any such agreement concerning any of such Leased Property; provided, however, that Landlord shall have the absolute right at any time after the occurrence and continuance of an Event of Default upon notice to Tenant and any vendors or licensees to revoke said license and to collect such rents and sums of money and to retain the same. Tenant shall not (i) after the occurrence and continuance of an Event of Default, consent to, cause or allow any material modification or alteration of any of the terms, conditions or covenants of any of the agreements or the termination thereof, without the prior written approval of Landlord nor (ii) accept any rents or other prepaid sums (other than customary security deposits) more than ninety (90) days in advance of the accrual thereof nor permit anything to be done, the doing of which, nor omit or refrain from doing anything, the omission of which, will or could be a breach of or default in the terms of any of the agreements or otherwise fail to timely perform all of its obligations thereunder.

(e) Licenses, Etc. For purposes of this Section 13.03, the operating/service agreements shall mean any licenses, concession arrangements, or other arrangements relating to the possession or use of all or any part of any Leased Property but specifically excluding any facility operating agreement or other agreement for the housing or detention of inmates or detainees.

13.04 PERMITTED SUBLEASES. Landlord acknowledges that from time to time Tenant intends to respond to requests for proposal ("RFP's") from governmental entities seeking a contract for the housing or detention of inmates or detainees at the Leased Premises ("Operating Contract"). Landlord agrees to cooperate with Tenant in promptly reviewing any RFP which requires that a sublease or a right to assume a sublease be granted to the governmental entity in connection with the proposed award of an Operating Contract and will not unreasonably withhold or delay consent thereto provided the terms of such agreements, including any amendments thereto, are in accordance with the requirements of Section 13.03(b), (c) and (d) and Section 13.07. If the terms of such sublease or rights to assume a sublease do not comply with all of the provisions of Section 13.03(b) and Section 13.07 but are nonetheless acceptable to Landlord, in the exercise of Landlord's sole discretion, Landlord agrees to execute and deliver, at Tenant's request, a nondisturbance and attornment agreement in favor of such governmental entity, in form reasonably satisfactory to Landlord. The provisions of this Section 13.04 shall apply to any amendments to any sublease to which Landlord has previously granted its consent or provided a nondisturbance agreement. Tenant agrees that an Operating Contract or any amendment to an Operating Contract shall be deemed a sublease for purposes of this Section 13.04 if such Operating Contract contains provisions (whether or not set forth in a separate sublease agreement) granting the governmental entity a right to use or occupy the Leased Premises or to designate a successor operator to Tenant in the event of termination of Tenant's rights under such Operating Contract. Tenant agrees to deliver to Landlord copies of all Operating Contracts in effect with respect to any Leased Premises, together with any amendments thereof and any notices of termination or default received from the relevant contracting governmental entities, regardless of whether any such Operating Contract is deemed a sublease hereunder.

13.05 ASSIGNMENT. No assignment or sublease shall in any way impair the continuing primary liability of Tenant hereunder, and no consent to any assignment or sublease in a particular instance shall be deemed to be a waiver of the prohibition set forth in Article XIII. Any assignment shall be solely of Tenant's entire interest in the subject Lease. Any assignment, sublease or other transfer of all or any portion of Tenant's interest in any Lease in contravention of Article XIII shall be voidable at Landlord's option.

13.06 REIT LIMITATIONS. Anything contained in this Agreement to the contrary notwithstanding, Tenant shall not (i) sublet or assign any Leased Property or any Lease on any basis such that the rental or other amounts to be paid by the sublessee or assignee thereunder would be based, in whole or in part, on the income or profits derived by any person of the Leased Property or by the business activities of the sublessee or assignee; (ii) sublet or assign any Leased Property or any Lease to any person that Landlord owns, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Code), a ten percent (10%) or greater interest as defined by Section 856(d)(2)(B) of the Code; or (iii) sublet or assign any Leased Property or any Lease in any other manner or otherwise derive any income which could cause any portion of the amounts received by Landlord pursuant to any Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or which could cause any other income received by Landlord to fail to qualify as income described in Section 856(c) (2) of the Code. The requirements of this Section 13.05 shall likewise apply to any further subleasing by any subtenant.

13.07 ATTORNNMENT. Unless otherwise agreed by Landlord under Section 13.04, Tenant shall insert in each sublease entered into after the date hereof provisions to the effect that (a) such sublease is subject and subordinate to all of the terms and provisions of the applicable Lease (including this Agreement) and to the rights of Landlord hereunder, (b) in the event such Lease shall terminate before the expiration of such sublease, the sublessee thereunder will, at Landlords' option, attorn to Landlord and waive any right the sublessee may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of such Lease (except that such waiver of a right of termination shall not be required in connection with an Operating Contract that is deemed a sublease for purposes of Section 13.04) (c) a concurrent copy of any notice of default required or permitted to be given under the Sublease will be given to Landlord, (d) any amendment to said sublease to Landlord's prior consent in accordance with the provisions of Section 13.03 and Section 13.04, as applicable, and (e) in the event the sublessee receives a written notice from Landlord or Landlord's assignees, if any, stating that Tenant is in default under such Lease, the sublessee shall thereafter be obligated to pay all rentals accruing under said sublease directly to the party giving such notice, or as such party may direct. All rentals received from the sublessee by Landlord or Landlord's assignees, if any, as the case may be, shall be credit against the amounts owing by Tenant under such Lease.

ARTICLE XIV

ARBITRATION

14.01 CONTROVERSIES. Except with respect to the payment of Rent hereunder, which shall be subject to the provisions of Section 9.02, in the case a controversy arises between the parties as to any of the requirements of this Agreement or of any individual Lease or the performance thereunder which the parties are unable to resolve, the parties agree to waive the remedy of litigation (except for extraordinary relief in an emergency situation) and agree that such controversy or controversies shall be determined by arbitration as hereafter provided in this Article.

14.02 APPOINTMENT OF ARBITRATORS. The party or parties requesting arbitration shall serve upon the other a demand therefor, in writing, specifying in detail the controversy and matter(s) to

be submitted to arbitration. The selection of arbitrators shall be conducted pursuant to the rules for resolution of commercial disputes promulgated by the American Arbitration Association. The party or parties giving notice shall request a listing of available arbitrators from the American Arbitration Association, and each party shall respond in the selection process within fifteen (15) days after each receipt of such listings until a panel of three (3) arbitrators has been designated. If either party fails to respond within fifteen (15) days, it is agreed that the American Arbitration Association may make such selections as are necessary to complete the panel of three (3) arbitrators.

14.03 ARBITRATION PROCEDURE. Within fifteen (15) days after the selection of the arbitration panel, the arbitrators shall give written notice to each party as to the time and the place of each meeting, which shall be held in West Palm Beach, Florida, at which the parties may appear and be heard, which shall be no later than sixty (60) days after certification of the arbitration panel. The parties waive the applicability of rules of evidence or rules of procedure in the proceedings. The applicable rules shall be those in effect at the time for the resolution of commercial disputes promulgated by the American Arbitration Association. Notwithstanding the foregoing, the substantive law governing the arbitration shall be the laws of the State of Florida. The arbitrators shall take such testimony and make such examination and investigations as the arbitrators reasonably deem necessary. The decision of the arbitrators shall be in writing signed by a majority of the panel which decision shall be final and binding upon the parties to the controversy; provided, however, in rendering their decisions and making awards, the arbitrators shall not add to, subtract from or otherwise modify the provisions of this Agreement.

14.04 EXPENSES. The expenses of the arbitration shall be assessed by the arbitrators and specified in the written decision. In the absence of a determination or assessment of expenses of the arbitration procedure in the award, all of the expenses of such arbitration shall be divided equally between Landlord and Tenant. Each party in interest shall be responsible for and pay the fees, costs and expenses of its own counsel, unless the arbitration award provides for an assessment of reasonable attorneys' fees and costs.

14.05 ENFORCEMENT OF THE ARBITRATION AWARD. There shall be no appeal from the decision of the arbitrators, and upon the rendering of an award, any party thereto may file the arbitrators' decision in the United States District Court for the Southern District of Florida or any other court of competent jurisdiction for enforcement as provided by applicable law.

ARTICLE XV

QUIET ENJOYMENT, SUBORDINATION, ATTORNEYMENT, ESTOPPEL CERTIFICATES

15.01 QUIET ENJOYMENT. So long as Tenant performs all of its obligations under this Agreement and each Lease, Tenant's possession of the Leased Property will not be disturbed by or through Landlord.

15.02 LANDLORD MORTGAGES; SUBORDINATION. Subject to Section 15.03, without the consent of Tenant, Landlord may, from time to time, directly or indirectly, create or otherwise cause to exist any lien, encumbrances or title retention agreement on the Leased Properties, or any portion thereof or any interest therein, whether to secure any borrowing or other means of financing or refinancing. So long as Landlord obtains a nondisturbance agreement in accordance with Section 15.03, this Agreement and each Lease and Tenant's rights under this Agreement and each Lease shall be subordinate to any ground lease or underlying lease, first mortgage, first deed of trust, or other first lien against any Leased Property, together with any renewal, consolidation, extension, modification or replacement thereof, which now or at any subsequent time affects any Leased Property or any interest of Landlord in any Leased Property, except to the extent that any such instrument expressly provides that this Agreement and each Lease is superior. This provision will be self-operative, and no further instrument or subordination will be required in order to effect it. However, Tenant shall execute, acknowledge and deliver to Landlord, at any time and from time to time upon demand by Landlord, such documents as may be requested by Landlord or any mortgagee or any holder of any mortgage or other instrument described in this Section, to confirm or effect any such subordination. If Tenant fails or refuses to execute, acknowledge, and deliver any such document within twenty (20) days after written demand, Landlord may execute, acknowledge and deliver any such document on behalf of Tenant as Tenant's attorney-in-fact. Tenant hereby constitutes and irrevocably appoints Landlord, its successors and assigns, as Tenant's attorney-in-fact to execute, acknowledge, and deliver on behalf of Tenant any documents described in this Section. This power of attorney is coupled with an interest and is irrevocable.

15.03 ATTORNMEN; NON-DISTURBANCE. If any holder of any mortgage, indenture, deed of trust, or other similar instrument described in Section 15.02 succeeds to Landlord's interest in any Leased Property, Tenant will pay to such holder all Rent subsequently payable under the subject Lease. Tenant shall, upon request of anyone succeeding to the interest of Landlord, automatically become the tenant of, and attorn to, such successor in interest without changing such Lease. The successor in interest will not be bound by (i) any payment of Rent for more than one (1) month in advance; (ii) any amendment or modification of such Lease made without its written consent, provided such party shall first have afforded Tenant with written notice of its interest, including an address to which the required request for written consent may be sent; (iii) any claim against Landlord arising prior to the date on which the successor succeeded to Landlord's interest; or (iv) any claim or offset of Rent against the Landlord. Upon request by Landlord or such successor in interest and without cost to Landlord or such successor in interest, Tenant will execute, acknowledge and deliver an instrument or instruments confirming the attornment. If Tenant fails or refuses to execute, acknowledge and deliver any such instrument within twenty (20) days after written demand, then Landlord or such successor in interest will be entitled to execute, acknowledge, and deliver any document on behalf of Tenant as Tenant's attorney-in-fact. Tenant hereby constitutes and irrevocably appoints Landlord, its successors and assigns, as Tenant's attorney-in-fact to execute, acknowledge, and deliver on behalf of Tenant any such document. This power of attorney is coupled with an interest and is irrevocable.

Landlord shall use reasonable efforts to obtain a non-disturbance agreement from any such party referred to above which provides that in the event such party succeeds to Landlord's interest under the Lease and provided that no Event of Default by Tenant exists, such party will not disturb Tenant's possession, use or occupancy of the Leased Property in accordance with the provisions of this Agreement.

15.04 ESTOPPEL CERTIFICATES. At the request Tenant, Landlord shall execute, acknowledge, and deliver an estoppel certificate, in recordable form, in favor of the Tenant or any lender or purchaser of Tenant, as the case may be, pertaining to matters reasonably and customarily requested in such certificates. In the case of such estoppel certificates requested of Tenant by Landlord or any mortgagee or purchaser of the Leased Property, Tenant shall execute, acknowledge and deliver an estoppel certificate, in recordable form, in favor of Landlord or any mortgagee or purchaser of any Leased Property certifying the following: (i) that the subject Lease is unmodified and in full force and effect, or if there have been modifications that the same is in full force and effect as modified and stating the modifications; (ii) the date to which Rent and other charges have been paid; (iii) that Tenant is not in default nor is there any fact or condition which, with notice or lapse of time, or both, would constitute a default, if that be the case, or specifying any existing default; (iv) that Tenant has accepted and occupies such Leased Property; (v) that Tenant has no defenses, set-offs, deductions, credits, or counterclaims against Landlord, if that be the case, or specifying such that exist; (vi) that the Landlord has no outstanding construction or repair obligations; and (vii) such other information as may reasonably be requested by the Landlord or any mortgagee or purchaser. Any purchaser or mortgagee may rely on this estoppel certificate. If Tenant fails to deliver the estoppel certificates to Landlord within ten (10) days after the request of the Landlord, then Tenant shall be deemed to have certified that (a) such Lease is in full force and effect and has not been modified, or that such Lease has been modified as set forth in the certificate delivered to Tenant; (b) Tenant has not prepaid any Rent or other charges except for the current month; (c) Tenant has accepted and occupies such Leased Property; (d) Landlord is not in default nor is there any fact or condition which, with notice or lapse of time, or both, would constitute a default; (e) Landlord has no outstanding construction or repair obligation; and (f) Tenant has no defenses, set-offs, deductions, credits, or counterclaims against Landlord. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to execute, acknowledge and deliver on Tenant's behalf any estoppel certificate which Tenant does not object to within twenty (20) days after Landlord sends the certificate to Tenant. This power of attorney is coupled with an interest and is irrevocable.

ARTICLE XVI

MISCELLANEOUS

16.01 NOTICES. Landlord and Tenant hereby agree that all notices, demands, requests, and consents (hereinafter "Notices") required to be given pursuant to the terms of this Lease shall be in writing and shall be addressed as follows:

If to Tenant: Wackenhut Corrections Corporation
4200 Wackenhut Drive, Suite 100
Palm Beach Gardens, Florida 33410-4243
Attention: Dr. George C. Zoley

With a copy to: Akerman, Senterfitt & Eidson, P.A.
One S.E. Third Avenue, Suite 2800
Miami, Florida 33131
Attention: Bruce I. March, Esq.

If to Landlord: CPT Operating Partnership, L.P.
4200 Wackenhut Drive
Palm Beach Gardens, Florida 33410-4243
Attention: Mr. Charles R. Jones

With a copy to: Josias, Goren, Cherof, Doody and Ezrol, P.A.
3009 East Commercial Boulevard, Suite 200
Ft. Lauderdale, Florida 33308
Attention: Donald J. Doody, Esq.

and shall be served by (i) personal delivery, (ii) certified mail, return receipt requested, postage prepaid, or (iii) nationally recognized overnight courier. All notices shall be deemed to be given upon the earlier of actual receipt or three (3) days after mailing, or one (1) business day after deposit with the overnight courier. Any Notices meeting the requirements of this Section shall be effective, regardless of whether or not actually received. Landlord or Tenant may change its notice address at any time by giving the other party Notice of such change.

16.02 ADVERTISEMENT OF LEASED PROPERTY. In the event the parties hereto have not executed a renewal lease of any Leased Property within one (1) year prior to the expiration of the Term, then Landlord or its agent shall have the right to enter such Leased Property at all reasonable times and in accordance with Section 16.03 for the purpose of exhibiting such Leased Property to others.

16.03 LANDLORD'S ACCESS. Landlord shall have the right to enter upon the Leased Property, upon reasonable prior notice to Tenant, for purposes of inspecting the same and assuring Tenant's compliance with this Agreement provided, any such entry by Landlord shall be subject to all rules, guidelines and procedures prescribed by Tenant in connection therewith. Landlord shall not be allowed entry to the Leased Premises unless accompanied by such of Tenant's personnel as Tenant shall require.

16.04 ENTIRE AGREEMENT. This Agreement and the individual Leases contain the entire agreement between Landlord and Tenant with respect to the subject matter hereof and thereof. No

representations, warranties, and agreements have been made by Landlord except as set forth in this Agreement and the Leases.

16.05 SEVERABILITY. If any term or provision of this Agreement or any Lease is held or deemed by Landlord to be invalid or unenforceable, such holding shall not affect the remainder of this Agreement or any Lease and the same shall remain in full force and effect, unless such holding substantially deprives Tenant of the use of the Leased Property or Landlord of the Rents therefor, in which event the Lease for such Leased Property shall forthwith terminate as if by expiration of the Term.

16.06 CAPTIONS AND HEADINGS. The captions and headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

16.07 GOVERNING LAW. This Agreement and each of the Leases shall be construed under the laws of the State of Florida.

16.08 MEMORANDUM OF LEASE. Landlord and Tenant agree that a record of this Agreement or any Lease may be recorded by either party in a memorandum of lease approved by Landlord and Tenant with respect to each Leased Property.

16.09 WAIVER. No waiver by either party of any condition or covenant herein contained, or of any breach of any such condition or covenant, shall be held or take to be a waiver of any subsequent breach of such covenant or condition, or to permit or excuse its continuance or any future breach thereof or of any condition or covenant, nor shall the acceptance of Rent by Landlord at any time when Tenant is in default in the performance or observance of any condition or covenant herein be construed as a waiver of such default, or of Landlord's right to terminate this Agreement or any Lease or exercise any other remedy granted herein on account of such existing default.

16.10 BINDING EFFECT. This Agreement and each Lease will be binding upon and inure to the benefit of the heirs, successors, personal representatives, and permitted assigns of Landlord and Tenant.

16.11 AUTHORITY. The persons executing this Agreement or any Lease on behalf of Tenant warrant that (i) Tenant has the power and authority to enter into this Agreement or such Lease; (ii) Tenant is qualified to do business in the state in which the Leased Property is located; and (iii) they are authorized to execute this Agreement and each Lease on behalf of Tenant. Tenant shall, at the request of Landlord, provide evidence satisfactory to Landlord confirming these representation.

16.12 TRANSFER OF PERMITS, ETC. Upon the expiration or earlier termination of the Term of any Lease (whether pursuant to the provisions of this Agreement or of such Lease), Tenant shall, at the option of Landlord, transfer to and relinquish to Landlord or Landlord's nominee and cooperate with Landlord or Landlord's nominee in connection with the processing by Landlord or

such nominee of all licenses, operating permits, and other governmental authorization and all contracts, including without limitation, the correctional or detention facility license, and any other contracts with governmental or quasi-governmental entities which may be necessary or appropriate for the operation by Landlord or such nominee of the subject Leased Property for the purposes of operating a correctional or detention facility; provided that the costs and expenses of any such transfer or the processing of any such application shall be paid by Landlord or Landlord's nominee; and provided further that any management agreement, facility operating agreement or other agreement for the housing or detention of inmates shall be expressly excluded. Any such permits, licenses, certificates and contracts which are held in Landlord's name now or at the termination of such Lease shall remain the property of Landlord. To the extent permitted by law, Tenant hereby irrevocably appoints Landlord, its successors and assigns and any nominee or nominees specifically designated by Landlord or any successor or assign as Tenant's attorney-in-fact to execute, acknowledge, deliver and file all documents appropriate to such transfer or processing of any such application on behalf of Tenant; this power of attorney is coupled with an interest and is irrevocable.

16.13 MODIFICATION. This Agreement and any Lease may only be modified by a writing signed by both Landlord and Tenant.

16.14 INCORPORATION BY REFERENCE. All schedules and exhibits referred to in this Agreement are incorporated into this Agreement, and all schedules and exhibits referred to in any Lease (as well as the provisions of this Agreement, except to the extent specifically excluded from or inconsistent with the terms of such Lease) are incorporated into such Lease.

16.15 NO MERGER. The surrender of this Agreement or of any Lease by Tenant or the cancellation of this Agreement or of any Lease by agreement of Tenant and Landlord or the termination of this Agreement or of any Lease on account of Tenant's default will not work a merger, and will, at Landlord's option, except as otherwise expressly provided, terminate any subleases or operate as an assignment to Landlord of any subleases. Landlord's option under this paragraph will be exercised by notice to Tenant and all known subtenants of any applicable Leased Property.

16.16 LACHES. No delay or omission by either party hereto to exercise any right or power accruing upon any noncompliance or default by the other party with respect to any of the terms hereof shall impair any such right or power or be construed to be a waiver thereof.

16.17 WAIVER OF JURY TRIAL. To the extent that there is any claim by one party against the other that is not to be settled by arbitration as provided in Article XIV hereof, Landlord and Tenant waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on all matters arising out of this Agreement or the use and occupancy of the Leased Property (except claims for personal injury or property damage).

16.18 PERMITTED CONTESTS. Tenant, on its own or on Landlord's behalf (or in Landlord's name), but at Tenant's expense, may contest, by appropriate legal proceedings conducted in good

faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or any legal requirement or insurance requirement or any lien, attachment, levy, encumbrance, charge or claim provided that (i) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Landlord and from the Leased Property; (ii) neither the Leased Property nor any Rent therefrom nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited, attached or lost; (iii) in the case of a legal requirement, Landlord would not be in any immediate danger of civil or criminal liability for failure to comply therewith pending the outcome of such proceedings; (iv) in the event that any such contest shall involve a sum of money or potential loss in excess of Fifty Thousand Dollars (\$50,000.00), Tenant shall deliver to Landlord and its counsel an opinion of Tenant's counsel to the effect set forth in clauses (i), (ii) and (iii), to the extent applicable; (v) in the case of a legal requirement and/or an Imposition, lien, encumbrance, or charge, Tenant shall give such reasonable security as may be demanded by Landlord to insure ultimate payment of the same and to prevent any sale or forfeiture of the affected Leased Property or the Rent by reason of such nonpayment or noncompliance; provided, however, the provisions of this Section shall not be construed to permit Tenant to contest the payment of Rent (except as to contests concerning the method of computation or the basis of levy of any Imposition) or any other sums payable by Tenant to Landlord hereunder; (vi) in the case of an insurance requirement, the coverage required by Article IV shall be maintained; and (vii) if such contest be finally resolved against Tenant, Tenant shall, as Other Additional Rent due hereunder, promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable legal requirement or insurance requirement. Landlord, at Tenant's expense, shall execute and deliver to Tenant such authorizations and other documents as may be reasonably required in any such contest, and, if reasonably requested by Tenant or if Landlord so desires, Landlord shall join as a party therein. Tenant hereby agrees to indemnify and save Landlord harmless from and against any liability, cost or expense of any kind that may be imposed upon Landlord in connection with any such contest and any loss resulting therefrom.

16.19 CONSTRUCTION OF LEASE. This Agreement and each of the Leases for Leased Properties have been reviewed by Landlord and Tenant and their respective professional advisors. Landlord, Tenant, and their advisors believe that this Agreement and such Leases are the product of all their efforts, that they express their agreement, and agree that they shall not be interpreted in favor of either Landlord or Tenant or against either Landlord or Tenant merely because of any party's efforts in preparing such documents.

16.20 COUNTERPARTS. This Agreement and each Lease may be executed in duplicate counterparts, each of which shall be deemed an original hereof or thereof.

16.21 RELATIONSHIP OF LANDLORD AND TENANT. The relationship of Landlord and Tenant is the relationship of lessor and lessee. Landlord and Tenant are not partners, joint venturers, or associates.

16.22 LANDLORD'S STATUS AS A REIT. Tenant acknowledges that Landlord intends to elect to be taxed as a real estate investment trust ("REIT") under the Code. Tenant shall not do anything which would adversely affect Landlord's status as a REIT. Tenant hereby agrees to modifications of this Agreement which do not materially adversely affect Tenant's rights and liabilities if such modifications are required to retain or clarify Landlord's status as a REIT.

16.23 SALE OF REAL ESTATE ASSETS. Notwithstanding any other provision of this Agreement or of any Lease, Landlord shall not be required to sell or transfer Leased Property, or any portion thereof, which is a real estate asset as defined in Section 856(c)(6) of the Code, to Tenant if Landlord's counsel advises Landlord that such sale or transfer may not be a sale of property described in Section 857(b)(6)(C) of the Code. If Landlord determines not to sell such property pursuant to the above sentence, Tenant's right, if any, to purchase the Leased Property shall continue and be exercisable at such time as the transaction, upon the advice of Landlord's counsel, would be a sale of property described in Section 857(b)(6)(C) of the Code.

16.24 ARBITRATION. If it becomes necessary to determine the fair market rental of a Capital Addition in connection with the exercise by the Landlord of an option to purchase with respect thereto, the Landlord and Tenant shall attempt to agree upon a single appraiser to make such determination within thirty (30) days after a demand for arbitration has been made by either the Landlord or Tenant. If the Landlord and Tenant are unable to agree upon a single arbitrator within thirty (30) days thereafter, then the party giving the notice of demand for arbitration shall give notice to the other of a person selected to act as appraiser on its behalf. Within ten (10) days after such notice, the Landlord (or Tenant, as the case may be) shall by notice to the Tenant (or the Landlord, as the case may be) appoint a second person as appraiser on its behalf. The appraisers thus appointed, each of whom must be a member of the American Institute of Real Estate Appraisers (or any successor organization thereto) and experienced in appraising correction and detention facilities (or reasonably similar facilities), shall, within forty-five (45) days after the date of the notice appointing the first appraiser, proceed to appraise the relevant Capital Addition to determine the fair market rental thereof as of the relevant date (giving effect to the impact, if any, of inflation from the date of their decision to the relevant date); provided, however, that if only one appraiser has been so appointed, or if two appraisers have been so appointed but only one such appraiser has made such determination within the later to occur of ten (10) business days following the delivery of such appraisal to the other party or fifty (50) days after the making of Tenant's or Landlord's request, then the determination of such appraiser shall be final and binding upon the parties. If two appraisers have been appointed and have made their determinations within the respective requisite periods set forth above and if the difference between the amounts so determined does not exceed ten percent (10%) of the lesser of such amounts, then the fair market rental shall be an amount equal to fifty percent (50%) of the sum of the amounts so determined. If the difference between the amounts so determined exceeds ten percent (10%) of the lesser of such amounts, then such two appraisers shall have twenty (20) days to appoint a third appraiser. If no such appraiser has been appointed within such twenty (20) days or within ninety (90) days of the original request for a determination of fair market value or fair market rental, whichever is earlier, either Landlord or Tenant may apply to any court having jurisdiction to have such appointment made by such court. Any appraiser appointed

by the original appraisers or by such court shall be instructed to determine the fair market rental within forty-five (45) days after appointment of such appraiser. The determination of the appraiser which differs most in terms of dollar amount from the determinations of the other two appraisers shall be excluded, and the average of the sum of the remaining two determinations shall be final and binding upon Landlord and Tenant as the fair market rental of the Capital Addition. This provision for determining by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties and judgment may be entered upon such determination in any court having jurisdiction of the matter. The Landlord and Tenant shall each pay the fees and expenses of the appraiser appointed by it and each shall pay one-half (1/2) of the fees and expenses of the third appraiser and one-half (1/2) of all other costs and expenses incurred in connection with each appraisal.

16.25 LIABILITY OF GENERAL PARTNER OF LANDLORD. Tenant acknowledges that Landlord has disclosed that the general partner of Landlord (the "General Partner") is a Maryland business trust formed pursuant to a Declaration of Trust, as amended, a copy of which is duly filed with the Department of Assessments and Taxation of the State of Maryland, which provides that no trustee, officer, shareholder, employee or agent of the General Partner shall be held personally liable under any written instrument creating an obligation of, or claim against, the General Partner and that all persons dealing with the General Partner, in any way, shall look only to the assets of the General Partner for the payment of any sum or the performance of any obligation. Tenant agrees that any liability of the General Partner or any trustee, officer, shareholder, employee or agent acting on behalf of the General Partner arising out of this Agreement or the performance by Landlord of its obligations hereunder is limited to the assets of the General Partner in accordance with the above Declaration of Trust.

16.26 WARRANTIES. Notwithstanding the assignment to Landlord of the construction and manufacturers' warranties with respect to the Leased Property or any Capital Addition in connection with the acquisition thereof from Tenant, Landlord shall cooperate with Tenant in Tenant's enforcement, at Tenant's sole cost and expense, of any express or implied warranties or guaranties of workmanship or materials given by contractors, subcontractors, architects, draftsmen, materialmen or manufacturers that guarantee or warrant against defective design, workmanship or materials in connection with the construction of, or any alteration or improvement to, the Leased Premises. Landlord will execute such documents as Tenant may reasonably require in order to evidence the authority of Tenant to enforce such guaranties and warranties in Landlord's name or on Landlord's behalf.

IN WITNESS WHEREOF, the parties hereto have executed this Lease or caused the same to be executed by their respective duly authorized officers as of the date first set forth above.

WITNESSES: CPT OPERATING PARTNERSHIP L.P.

By: Correctional Properties Trust, its
general partner

By: -----

PRINT NAME OF WITNESS BELOW: Charles R. Jones, President

PRINT NAME OF WITNESS BELOW:

WACKENHUT CORRECTIONS
CORPORATION

By: -----

PRINT NAME OF WITNESS BELOW: George Zoley, Vice Chairman of the Board

PRINT NAME OF WITNESS BELOW:

SCHEDULE A
THE FACILITIES

Facility Name

Location
(City, State)

SCHEDULE B
PERSONAL PROPERTY

SCHEDULE C

[TENANT'S PROPRIETARY PROPERTY]

FORM OF
LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") dated as of the _____ day of _____, 1998, by and between CPT OPERATING PARTNERSHIP L.P., a Delaware limited partnership ("Landlord") and WACKENHUT CORRECTIONS CORPORATION, a Florida corporation ("Tenant").

RECITALS

A. Tenant has concurrently conveyed to Landlord the property described in Exhibit A hereto, and Landlord and Tenant desire that Landlord lease such property back to Tenant; and

B. Landlord and Tenant have entered into a Master Agreement to Lease of even date herewith (the "Master Agreement") which sets forth certain agreements of the parties with respect to the lease of various properties including the property that is the subject of this Lease;

NOW, THEREFORE, in consideration of the premises and of their respective agreements and undertakings herein, Landlord and Tenant agree as follows:

ARTICLE I

PREMISES AND TERM

1.01 Leased Property. Landlord hereby leases to Tenant and Tenant leases from Landlord the Land located in _____, described in Exhibit A hereto, and all Improvements, Fixtures, and Personal Property thereon or thereto (each as defined in the Master Agreement, and, together with said Land, the "Leased Property"); such Leased Property collectively known and described at the date hereof as [Name of Correctional or Detention Facility];

SUBJECT, HOWEVER, to the lien of the mortgage debt described in Exhibit B hereto, if any, and to all easements, liens, encumbrances, restrictions, agreements, and other title matters existing as of the date hereof and listed in Exhibit C hereto (collectively "Permitted Exceptions").

1.02 Term. The initial term (the "Fixed Term") of the Lease shall be for a fixed term of ten (10) years commencing on _____, 1998 (the "Commencement Date") and expiring on _____, 2008 (the "Expiration Date"). The Term of this Lease may be renewed as follows:

(i) (a) provided that Tenant gives Landlord notice on or before the date which is six (6) months prior to the Expiration Date, the Lease shall be renewed at fair market rental rates as determined upon the mutual agreement of Landlord and Tenant in accordance with Subsection 1.02(ii) for one (1) additional five (5) year term (the "Extended Term") on the same terms and provisions (other than with respect to renewal) as the Fixed Term, as set forth in this Lease; (b) provided that Tenant gives Landlord notice on or before the date which is six (6) months prior to the expiration of the Extended Term, the Lease shall be renewed at fair market rental rates as determined upon the mutual agreement of Landlord and Tenant in accordance with Subsection 1.02(ii) for one (1) additional five (5) year term (the "Second Extended Term") on the same terms and provisions (other than with respect to renewal) as the Fixed Term, as set forth in this Lease; and (c) provided that Tenant gives Landlord notice on or before the date which is six (6) months prior to the expiration of the Second Extended Term, the Lease shall be renewed at fair market rental rates as determined upon the mutual agreement of Landlord and Tenant in accordance with subsection 1.02(ii) for one (1) additional five (5) year term (the "Third Extended Term") on the same terms and provisions (other than with respect to renewal) as the Fixed Term, as set forth in this Lease.

(ii) After receipt by Landlord of a notice from Tenant electing to extend the Term of the Lease under Subsections 1.02(i)(a), (b) and (c) above, Landlord and Tenant shall thereafter negotiate in good faith a mutually acceptable amendment to the Lease confirming the extension of the Lease Term and the fair market Base Rent and Additional Rent to be applicable thereto. If Landlord and Tenant fail to reach a mutual agreement as to the fair market Base Rent and Additional Rent to be applicable to such extension of the Lease Term within the forty-five (45) day period following the date Tenant's notice of election to extend is received by Landlord, then either party may at any time thereafter, by written notice to the other, demand arbitration in accordance with this Subsection and the Landlord and Tenant shall attempt to agree upon a single arbitrator to make such determination. If Landlord and Tenant are unable to agree upon a single arbitrator within thirty (30) days thereafter, then the party giving the notice of demand for arbitration shall give notice to the other of a person selected to act as appraiser on its behalf. Within ten (10) days after such notice, Landlord (or Tenant, as the case may be) shall by notice to the Tenant (or Landlord, as the case may be) appoint a second person as appraiser on its behalf. The appraisers thus appointed, each of whom must be a member of the American Institute of Real Estate Appraisers (or any successor organization thereto) and experienced in appraising correctional and detention facilities (or reasonably similar facilities), shall, within forty-five (45) days after the date of the notice appointing the first appraiser, proceed to appraise the Leased Property to determine the fair market rental thereof as of the relevant date (giving effect to the impact, if any, of inflation from the date of their decision to the relevant date); provided, however, that if only one appraiser has been so appointed, or if two appraisers have been so appointed but only one such appraiser has made such determination within the later of occur of 10 business days following delivery of such appraisal to the other party or fifty (50) days after the making of Tenant's or Landlord's request, then the determination of such appraiser shall be final and binding upon the parties. If two appraisers have been appointed and have made their determinations within the respective requisite periods set forth above and if the difference between the amounts so determined does not exceed ten percent (10%) of the lesser of such amounts, then the fair market rental shall be an amount equal to fifty percent (50%) of the sum of the amounts so determined. If

the difference between the amounts so determined exceeds ten percent (10%) of the lesser of such amounts, then such two appraisers shall have twenty (20) days to appoint a third appraiser. If no such appraiser has been appointed within such twenty (20) days or within ninety (90) days of the original request for a determination of fair market rental, whichever is earlier, either Landlord or Tenant may apply to any court having jurisdiction to have such appointment made by such court. Any appraiser appointed by the original appraisers or by such court shall be instructed to determine the Fair Market Rental within forty-five (45) days after appointment of such appraiser. The determination of the appraiser which differs most in terms of dollar amount from the determinations of the other two appraisers shall be excluded, and the average of the sum of the remaining two determinations shall be final and binding upon Landlord and Tenant as the fair market rental of the Leased Property. This provision for determining by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties and judgment may be entered upon such determination in any court having jurisdiction of the matter. Landlord and Tenant shall each pay the fees and expenses of the appraiser appointed by it and each shall pay one-half (1/2) of the fees and expenses of the third appraiser and one-half (1/2) of all other costs and expenses incurred in connection with each appraisal.

(iii) Notwithstanding the options to extend granted to Tenant in Subsections 1.02(i)(a), (b) and (c) and above, if on the expiration of the Fixed Term or on the expiration of the Extended Term, Second Extended Term or any Subsequent Term (as defined below) of the Lease, there is in effect an unexpired sublease approved by Landlord in accordance with Article XIII of the Master Lease, then, in such event unless Landlord and Tenant have otherwise mutually agreed in writing, the Term of this Lease shall be automatically extended for one (1) additional five year term (a "Subsequent Term") on the same terms and conditions and at the same Base Rent and Additional Rent (including, without limitation, the method of determining any increases in Additional Rent) in effect during the prior Lease Year.

(iv) The term "Term" used in this Agreement means the Fixed Term, Extended Term, Second Extended Term, Third Extended Term, or any Subsequent Term, as appropriate. The term "Lease Year" means each twelve (12) month period during the Term commencing on the Commencement Date or, if the Commencement Date is not the first day of a calendar month, commencing on the first day of the first calendar month following the Commencement Date, and each successive twelve month period thereafter during the Term.

ARTICLE II

RENT

2.01 Base Rent. Tenant shall pay Landlord Base Rent for the Term in advance in consecutive monthly installments payable on the first day of each month during the Term, the Extended Term, Second Extended Term, the Third Extended Term or any Subsequent Term, commencing on the Commencement Date provided for in Section 1.03 of the Master Agreement,

in accordance with the Base Rent Schedule attached hereto as Exhibit B. Any Rent (as defined in Section 2.04 of the Master Agreement) payable for a portion of a month shall be prorated based upon the number of days in the applicable month and an appropriate payment or refund, as the case may be, shall be made in accordance with the terms of the Master Agreement, so as to charge Tenant only for the fractional month falling within the Term.

2.02 Additional Rent. The Base Rent shall be subject to such increases over the Term as determined pursuant to Section 2.02 of the Master Agreement.

2.03 Other Additional Rent. Tenant shall also pay all Other Additional Rent with respect to the Leased Property, as set forth in the Master Agreement.

ARTICLE III

OTHER TERMS AND CONDITIONS

3.01 Master Agreement Incorporated Herein. All provisions of the Master Agreement (except any provisions expressly therein not to be a part of an individual lease of leased property) are hereby incorporated in and are a part of this Lease of the Leased Property.

3.02 Recordation. At the request of Landlord or Tenant, a short form memorandum of this Lease may be recorded in the real estate records of any county which Landlord or Tenant deems appropriate in order to provide legal notice of the existence hereof.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Lease or caused the same to be executed by their respective duly authorized officers as of the date first set forth above.

CPT OPERATING PARTNERSHIP L.P.

By: Correctional Facilities Trust, a Maryland real estate investment trust, its General Partner

By:

Charles R. Jones, President

Witness

Print Name

Witness

Print Name

WACKENHUT CORRECTIONS CORPORATION

By:

George C. Zoley, Vice Chairman of the Board

Witness

Print Name

Witness

Print Name

EXHIBIT A

[Legal Description of Leased Property]

EXHIBIT B

Base Rent Schedule

(Property: _____)

Tenant will pay to Landlord annual Base Rent of _____ payable in equal monthly instalments beginning on the Commencement Date of _____.

Base Rent for any Subsequent Term shall be equal to the Base Rent and Additional Rent (including, without limitation, the method of determining any increases in Additional Rent) in effect during the prior Lease Year.

Base Rent for the Extended Term, Second Extended Term and Third Extended Term shall be equal to the fair market rental value of the Leased Property as of the respective commencement dates thereof.

EXHIBIT C

Mortgage Debt

(Property: _____)

This property is subject to the following Mortgage Debt: (or subsequent Mortgage Debt)

EXHIBIT D
Permitted Exceptions

(Property: _____)

FORM OF
RIGHT TO PURCHASE AGREEMENT

THIS RIGHT TO PURCHASE AGREEMENT (the "Agreement"), dated as of _____, 1998, is made and entered into by and between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (hereinafter referred to, together with its Affiliates as hereinafter defined, as "WCC"), and CPT OPERATING PARTNERSHIP L.P., a Delaware limited partnership (hereinafter referred to as the "Company").

R E C I T A L S

A. The Company has as of the date hereof acquired from WCC certain correctional and detention facilities (hereinafter referred to as the "Leased Facilities") pursuant to a series of Purchase and Sale Agreements of even date herewith (the "Purchase Agreements") and the Company has an option to acquire and lease back to WCC certain other correctional or detention facilities (the "Option Facilities") pursuant to certain Option Agreements of even date herewith (the "Option Agreements"); and

B. In addition to the Leased Facilities, WCC has the right to acquire certain other correctional or detention facilities presently under construction in New Mexico as hereinafter described and intends to acquire or have the right to acquire additional correctional and detention facilities in the future; and

C. WCC desires to grant to the Company herewith an option under certain circumstances to purchase Future Facilities and Restricted Facilities (as hereinafter defined);

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00), the mutual covenants and agreements contained herein, and in the Lease Agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, WCC and the Company agree as follows:

1. DEFINITIONS. An "Affiliate" as used herein shall mean any Person directly or indirectly controlling, controlled by, or under common control with that Person.

"Facility" shall mean either a Future Facility or a Restricted Facility.

"Future Facility" shall mean any correctional or detention facility, other than a Restricted Facility, which WCC or its Affiliates owns or has the right to acquire during the term of this Agreement.

"Future Facility Option Period" shall mean the time period within which the Company must exercise (if at all) the option granted herein with respect to an individual Future Facility which time

period shall expire upon the earlier to occur of (i) four (4) years from receipt of a certificate of occupancy (or its equivalent) for such Future Facility, if developed by WCC or from the date of acquisition, if an operational Future Facility is acquired by WCC or (ii) 6 months after receipt of written notice from WCC of the date upon which such Future Facility achieved an occupancy level of 75% of the number of beds authorized under the certificate of occupancy (or its equivalent) for the Future Facility.

"Person" as used herein shall mean and include natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts, Indian tribes or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Restricted Facility" shall mean any correctional or detention facility which WCC or its Affiliates owns or has the right to acquire with respect to which a sale thereof by WCC or its Affiliates to the Company is prohibited under the terms of any governmentally assisted tax-exempt financing, prison operating contract, governmental lease or other agreement entered into between WCC and a governmental or quasi-governmental entity with respect to such Restricted Facility.

"Restricted Facility Option Period" shall mean the time period within which the Company must exercise (if at all) the option granted herein with respect to an individual Restricted Facility which time period shall expire upon the later to occur of (i) six (6) months after receipt of written notice from WCC of the Restriction Release Date or (ii) six (6) months after receipt of written notice from WCC of the date upon which such Restricted Facility achieved an occupancy level of 75% of the number of beds authorized under the certificate of occupancy for the Restricted Facility.

"Restriction Release Date" shall mean the day the Company receives a notice from WCC that all restrictions on the sale or transfer of the ownership interest of WCC or its Affiliates in a Restricted Facility have expired or been waived or otherwise terminated.

"Total Facility Cost" shall mean the aggregate costs related to the acquisition, development, design, construction, equipment and start-up of a Facility which, in the case of goods or services provided by WCC, shall not exceed the costs which would be paid therefor if purchased from a third party in an arm's-length transaction.

2. FUTURE FACILITY OPTION. During the term of this Agreement, the Company shall have an option to acquire any Future Facility exercisable at any time prior to the expiration of the Future Facility Option Period for a purchase price equal to 105% (or such lower percentage as may be agreed to by WCC) of the Total Facility Cost. WCC shall notify the Company of the Total Facility Cost as well as the terms of any prison operating contract, governmental lease or option rights with respect to the Future Facility promptly after such information is reasonably available to WCC. If the option is exercised by the Company, the Future Facility must be acquired within the Future Facility Option Period, unless otherwise mutually agreed by Company and WCC or unless a later date is permitted or required under the terms and conditions of a purchase and sale agreement for the Future

Facility. The Company's exercise of such option shall be on such other terms and conditions as the Company and WCC shall reasonably agree, which shall be substantially similar to the Purchase Agreements.

3. RESTRICTED FACILITY OPTION. During the term of this Agreement, the Company shall have an option to acquire any Restricted Facility exercisable at any time prior to the expiration of the Restricted Facility Option Period for a purchase price equal to 105% (or such lower percentage as may be agreed to by WCC) of the Total Facility Cost. WCC shall notify the Company of the Total Facility Cost as well as the terms of any restriction upon the sale of the Restricted Facility to the Company, prison operating contract, governmental lease or option rights with respect to the Restricted Facility promptly after such information is reasonably available to WCC. If the option is exercised by the Company, the Restricted Facility must be acquired within the Restricted Facility Option Period, unless otherwise mutually agreed by Company and WCC or unless a later date is permitted or required under the terms and conditions of a purchase and sale agreement for the Restricted Facility. The Company's exercise of such option shall be on such other terms and conditions as the Company and WCC shall reasonably agree, which shall be generally consistent with the terms and conditions of the Company's initial acquisition of the Leased Facilities on the date hereof.

4. EXERCISE OF OPTION. The Company may exercise the option granted under paragraphs 2 and 3 above only by providing to WCC the Company's written, unqualified and irrevocable notice of its exercise of such option delivered in accordance with the provisions of paragraph 11 hereof. In the event the option is not so exercised prior to the expiration of the Future Facility Option Period or the Restricted Facility Option Period, as applicable, the option with respect to the relevant Facility shall expire and the parties shall have no further obligation hereunder in connection with such Facility.

5. LEASE OF FACILITY. Upon the acquisition of a Facility, the Company and WCC shall execute a new lease, or an amendment to an existing lease, with respect thereto (any such new lease or amendment to an existing lease shall constitute an "operating lease" for all tax and accounting purposes, and subject to such limitation, shall have a lease term of at least the same number of years remaining under the term of any prison operating contract or governmental lease or lease assumption rights then in effect with respect to the Facility). The initial annual base rent payable under such lease shall be (i) with respect to a Facility acquired on or before the fifth anniversary of the date of this Agreement, the greater of (a) fair market rent as mutually agreed upon by the Company and WCC or in the absence of such agreement, as determined by binding arbitration in accordance with paragraph 6 below or (b) 9.5% of the purchase price of such Facility and (ii) with respect to a Facility acquired on or before the fifth anniversary after the date of this Agreement, fair market rental value of the Facility as reasonably and mutually determined by Company and WCC or, in the absence of such agreement as determined by binding arbitration in accordance with paragraph 6 below. Any new lease will be on terms substantially similar to the leases executed with respect to the Leased Facilities, including the right of first refusal granted to WCC therein.

6. ARBITRATION. If it becomes necessary to determine the fair market rental of a Facility through arbitration, the Company and WCC shall attempt to agree upon a single appraiser to make such determination within thirty (30) days after a demand for arbitration has been made by either the Company or WCC. If the Company and WCC are unable to agree upon a single arbitrator within such thirty (30) day period, then the party giving the notice of demand for arbitration shall give notice to the other of a person selected to act as appraiser on its behalf. Within ten (10) days after such notice, the Company (or WCC, as the case may be) shall by notice to the WCC (or the Company, as the case may be) appoint a second person as appraiser on its behalf. The appraisers thus appointed, each of whom must be a member of the American Institute of Real Estate Appraisers (or any successor organization thereto) and experienced in appraising correctional and detention facilities (or reasonably similar facilities), shall, within forty-five (45) days after the date of the notice appointing the first appraiser, proceed to appraise the relevant facility to determine the fair market rental thereof as of the relevant date (giving effect to the impact, if any, of inflation from the date of their decision to the relevant date); provided, however, that if only one appraiser has been so appointed, or if two appraisers have been so appointed but only one such appraiser has made such determination within the later of occur of 10 business days following delivery of such appraisal to the other party or fifty (50) days after the making of WCC's or the Company's request, then the determination of such appraiser shall be final and binding upon the parties. If two appraisers have been appointed and have made their determinations within the respective requisite periods set forth above and if the difference between the amounts so determined does not exceed ten percent (10%) of the lesser of such amounts, then the fair market rental shall be an amount equal to fifty percent (50%) of the sum of the amounts so determined. If the difference between the amounts so determined exceeds ten percent (10%) of the lesser of such amounts, then such two appraisers shall have twenty (20) days to appoint a third appraiser. If no such appraiser has been appointed within such twenty (20) days or within ninety (90) days of the original request for a determination of fair market rental, whichever is earlier, either the Company or WCC may apply to any court having jurisdiction to have such appointment made by such court. Any appraiser appointed by the original appraisers or by such court shall be instructed to determine the fair market rental within forty-five (45) days after appointment of such appraiser. The determination of the appraiser which differs most in terms of dollar amount from the determinations of the other two appraisers shall be excluded, and the average of the sum of the remaining two determinations shall be final and binding upon the Company and WCC as the fair market rental of the Facility. This provision for determining by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties and judgment may be entered upon such determination in any court having jurisdiction of the matter. The Company and WCC shall each pay the fees and expenses of the appraiser appointed by it and each shall pay one-half (1/2) of the fees and expenses of the third appraiser and one-half (1/2) of all other costs and expenses incurred in connection with each appraisal.

7. EXISTING RESTRICTED FACILITIES. WCC and the Company acknowledge and agree that as of the date hereof, WCC has a right to acquire two Facilities which constitute Restricted Facilities for purposes of this Agreement. The first such Restricted Facility is an approximately 379,000 square foot facility in Lea County, New Mexico which has a design capacity of 1,200 beds. The

second Restricted Facility is an approximately 201,000 square foot facility in Guadalupe County, New Mexico which has a design capacity of 600 beds. These Facilities constitute Restricted Facilities for purposes of this Agreement because both the State of New Mexico and the respective counties in which these Facilities are located have been granted an option to acquire one or both of these Facilities prior to completion of construction. If such purchase option is not exercised by the State of New Mexico or the respective county, then the date on which WCC notifies Company that such option has expired or been waived or otherwise terminated, shall constitute the Restriction Release Date for such Facility.

8. TERM OF THE AGREEMENT. This Agreement and any unexercised options granted hereunder shall expire on the earlier to occur of (i) the expiration or termination of all of the Leases relating to any Facilities (including the Leased Facilities) or (ii) fifteen (15) years from the date hereof.

9. AUTHORITY OF WCC. WCC has duly and validly authorized and executed this Agreement, and has full right, title, power and authority to enter into this Agreement and to consummate the transactions provided for herein. WCC is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is or will be qualified to do business in each state in which any Facility is located in accordance with applicable law. The execution by WCC of this Agreement does not result in a breach of any of the terms or provisions of, or constitute a default or a condition which upon notice or lapse of time or both would ripen into a default under, WCC's bylaws or certificate of incorporation, or any indenture, agreement, instrument or obligation to which WCC is a party; and does not constitute a violation of any laws, order, rule or regulation applicable to WCC issued or promulgated by any court or any federal, state or municipal regulatory body or administrative agency or other governmental body having jurisdiction over WCC.

10. REMEDIES. In the event WCC breaches this Agreement, the Company shall have all rights and remedies available at law or in equity and the Company shall be entitled, and is expressly and irrevocably authorized by WCC, to demand and obtain specific performance, including, without limitation, temporary and permanent injunctive relief, and all other appropriate and equitable relief against WCC in order to enforce against WCC any of the covenants and agreements contained in this Agreement and/or to prevent any breach or threat of breach by WCC of the covenants and agreements of WCC contained in this Agreement. Should the Company prevail in any action to enforce this Agreement, the Company shall be entitled to recover all of its costs and expenses relating thereto, including reasonable attorney's fees and expenses.

11. RIGHT OF ASSIGNMENT. Neither this Agreement nor any interest herein may be assigned or transferred by the Company to any person, firm, corporation or other entity without the prior written consent of WCC, which consent may be given or withheld in the sole discretion of WCC.

12. NOTICES. WCC and the Company hereby agree that all notices, demands, requests and consents (hereinafter "Notices") required to be given pursuant to the terms of this Agreement shall be in writing and shall be addressed as follows:

If to WCC: Wackenhut Corrections Corporation
 4200 Wackenhut Drive
 Palm Beach Gardens, Florida 33410-4243
 Phone: (561) 622-5656
 Attention: Dr. George C. Zoley

With a copy to: Akerman, Senterfitt & Eidson, P.A.
 One SE Third Avenue
 Miami, Florida 33131
 Phone: (305) 374-5600
 Attention: Bruce I. March, Esq.

If to the Company: CPT Operating Partnership L.P.
 4200 Wackenhut Drive
 Palm Beach Gardens, Florida 33410-4243
 Phone: (561) 691-6644
 Attention: Mr. Charles R. Jones

With a copy to: Josias, Goren, Cherof, Doody and Ezrol, P.A.
 3009 East Commercial Boulevard, Suite 200
 Ft. Lauderdale, Florida 33308
 Phone: (954) 771-4500
 Attention: Donald J. Doody, Esq.

or at such other address, and to the attention of such other person, as the parties shall give notice as herein provided. A notice, request and other communication shall be deemed to be duly received if delivered in person or by a recognized delivery service, when delivered to the address of the recipient, if sent by mail, on the date of receipt by the recipient as shown on the return-receipt card, or provided that if a notice, request or other communication is served by hand on a day which is not a Business Day, or after 5:00 P.M. on any Business Day at the addressee's location, such notice or communication shall be deemed to be duly received by the recipient at 9:00 a.m. on the first Business Day thereafter.

13. ENTIRE AGREEMENT; MODIFICATIONS. This Agreement embodies and constitutes the entire understanding between the Parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by

the Party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

14. APPLICABLE LAW. THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA. The Parties agree that jurisdiction and venue for any litigation arising out of this Agreement shall be in the Courts of Palm Beach County, Florida or the U.S. District Court for the Southern District of Florida and, accordingly, consent thereto.

15. CAPTIONS AND HEADINGS. The captions and headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

16. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

17. TIME IS OF THE ESSENCE. With respect to all provisions of this Agreement, time is of the essence.

18. RECORDATION. At the option of WCC or the Company, this Agreement, or a memorandum hereof, may be recorded in the real estate records of any county which Landlord or Tenant deems appropriate in order to provide legal notice of the existence hereof.

19. LIABILITY OF GENERAL PARTNER OF THE COMPANY. WCC acknowledges that the Company has disclosed that the general partner of the Company (the "General Partner") is a Maryland business trust formed pursuant to a Declaration of Trust as amended, a copy of which is duly filed with the Department of Assessments and Taxation of the State of Maryland, which provides that no trustee, officer, shareholder, employee or agent of the General Partner shall be held personally liable under any written instrument creating an obligation of, or claim against, the General Partner and that all persons dealing with the General Partner, in any way, shall look only to the assets of the General Partner for the payment of any sum or the performance of any obligation. WCC agrees that any liability of the General Partner or any trustee, officer, shareholder, employee or agent acting on behalf of the General Partner arising out of this Agreement or the performance by the Company of its obligations hereunder is limited to the assets of the General Partner in accordance with the above Declaration of Trust.

WACKENHUT CORRECTIONS CORPORATION

By: _____
George C. Zoley, Vice Chairman of the Board

CPT OPERATING PARTNERSHIP L.P.

By: Correctional Properties Trust, a Maryland real estate investment trust, its General Partner

By: _____
Charles R. Jones, President

STATE OF FLORIDA)
) ss:
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 1998 by George C. Zoley, Vice Chairman of the Board of WACKENHUT CORRECTIONS CORPORATION, on behalf of the corporation. He/she is personally known to me or has produced _____ (type of identification) as identification.

NOTARY PUBLIC, STATE OF FLORIDA

(Print, Type or Stamp Commissioned Name of Notary Public)

STATE OF FLORIDA)
) ss:
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 1998 by Charles R. Jones, President of Correctional Properties Trust, the general partner of CPT Operating Partnership L.P. on behalf of the limited partnership. He/she is personally known to me or has produced _____ (type of identification) as identification.

NOTARY PUBLIC, STATE OF FLORIDA

(Print, Type or Stamp Commissioned Name of Notary Public)

FORM OF

OPTION AGREEMENT

BY AND BETWEEN

WACKENHUT CORRECTIONS CORPORATION,
A FLORIDA CORPORATION
("SELLER")

AND

CPT OPERATING PARTNERSHIP L.P.
A DELAWARE LIMITED PARTNERSHIP
("PURCHASER")

_____, 1998

TABLE OF CONTENTS

	PAGE
ARTICLE I	
DEFINITIONS.....	1
ARTICLE II	
OPTION TO SELL AND PURCHASE AND AGREEMENT TO LEASE.....	7
2.1 Option to Sell and Purchase.....	7
2.2 Exercise of Option.....	7
2.3 Agreement to Lease.....	8
ARTICLE III	
PURCHASE PRICE.....	8
3.1 Payment of Purchase Price.....	8
ARTICLE IV	
ITEMS TO BE FURNISHED TO PURCHASER BY SELLER.....	8
4.1 Due Diligence Materials.....	8
4.2 Due Diligence Review.....	9
ARTICLE V	
TITLE AND SURVEY.....	10
5.1 Title Commitment, Exception Documents and Survey.....	10
5.2 Review Period.....	10
5.3 Additional Exceptions.....	11
ARTICLE VI	
REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS.....	11
6.1 Representations and Warranties of Seller.....	11
6.2 Covenants and Agreements of Seller.....	15
6.3 Representations and Warranties of Purchaser.....	16
ARTICLE VII	
CONDITIONS TO OBLIGATIONS.....	17

7.1	Conditions to the Purchaser's Obligations.....	17
7.2	Failure of Conditions to Purchaser's Obligations.....	19
7.3	Conditions to the Seller's Obligations.....	19
7.4	Failure of Conditions to Seller's Obligations.....	19

ARTICLE VIII

PROVISIONS WITH RESPECT TO THE CLOSING.....	20
---	----

8.1	Seller's Closing Obligations.....	20
8.2	Purchaser's Closing Obligations.....	21

ARTICLE IX

EXPENSES OF CLOSING.....	21
--------------------------	----

9.1	Adjustments.....	21
9.2	Closing Costs.....	21
9.3	Commissions/Broker's Fees.....	22

ARTICLE X

DEFAULT AND REMEDIES.....	22
---------------------------	----

10.1	Seller's Default; Purchaser's Remedies.....	22
10.2	Purchaser's Default; Seller's Remedies.....	23

ARTICLE XI

MISCELLANEOUS.....	23
--------------------	----

11.1	Survival.....	23
11.2	Right of Assignment.....	24
11.3	Notices.....	24
11.4	Entire Agreement; Modifications.....	25
11.5	Applicable Law.....	25
11.6	Captions.....	25
11.7	Binding Effect.....	25
11.8	Extension of Dates.....	25
11.9	Time is of the Essence.....	25
11.10	Waiver of Conditions.....	25
11.11	Memorandum of Option.....	26
11.12	Liability of General Partner of Purchaser.....	26

LIST OF EXHIBITS.....	29
-----------------------	----

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made and entered into by and between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (hereinafter referred to as "Seller"), and CPT OPERATING PARTNERSHIP L.P., a Delaware limited partnership (hereinafter referred to as "Purchaser"). Seller and Purchaser are sometimes collectively referred to herein as the "Parties" and each of the Parties is sometimes singularly referred to herein as a "Party".

RECITALS

A. Seller is the owner of, or has the right to acquire, the Property (as hereinafter defined), consisting of certain real property and improvements thereon being more particularly described on Exhibit A attached hereto and made a part hereof; and,

B. In connection with Purchaser's acquisition of certain properties from Seller pursuant to an Agreement of Sale and Purchase dated of even date herewith, Purchaser desires to obtain, and Seller desires to grant to Purchaser, an option to acquire the Property, and, simultaneous with any such acquisition, to enter into a lease transaction pursuant to which Purchaser shall lease to Seller, and Seller shall lease from Purchaser, the Property;

NOW, THEREFORE, in consideration of the sum of One Hundred Dollars (\$100.00) paid to Seller by Purchaser, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

DEFINITIONS

As used herein (including any Exhibits attached hereto), the following terms shall have the meanings indicated:

"Accreditations" shall mean any and all accreditations and/or certifications from any non-governmental entities required in connection with the current or contemplated operation of the Property.

"Applicable Notices" shall mean any reports, notices of violation, or notices of compliance issued in connection with any Accreditations or Permits.

"Bill of Sale" shall mean a bill or bills of sale in substantially the same form as Exhibit B, attached hereto, and sufficient to transfer to Purchaser all Personal Property.

"Business Agreements" shall mean any leases, contract rights, loan agreements, mortgages, easements, covenants, restrictions or other agreements or instruments affecting all or a portion of the Property, to the extent the same are assignable by Seller, but specifically excluding all of Seller's Operating and Service Agreements.

"Business Day(s)" shall mean calendar days other than Saturdays, Sundays and legal holidays.

"Certificate of Non-Foreign Status" shall mean a certificate dated as of the Closing Date, addressed to Purchaser and duly executed by Seller, in substantially the same form as Exhibit C, attached hereto.

"Claim" shall mean any obligation, liability, lien, encumbrance, loss, damage, cost, expense or claim, including, without limitation, any claim for damage to property or injury to or death of any person or persons.

"Closing" shall mean the consummation of the sale and purchase provided for herein, to be held at the offices of Akerman, Senterfitt & Eidson, P.A., One SE Third Avenue, Miami, Florida, or such other place as the Parties may mutually agree.

"Closing Certificate" shall mean a certificate in substantially the same form as Exhibit D, attached hereto, wherein Seller and Purchaser, respectively, shall represent that the representations and warranties of Seller and Purchaser, respectively, contained in this Agreement are true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date.

"Closing Date" shall mean the actual day on which a transaction contemplated hereby is closed with the transfer of title to the Property. The Parties agree that the closing date shall be sixty (60) days following Purchaser's exercise of the Option, or such earlier or later date as shall be hereafter mutually agreed upon by the Parties, except that if construction of the Property is not completed prior to the Closing Date, then the Closing Date shall be extended until such construction has been completed unless Purchaser elects to waive completion of construction in which event the Seller's representations and warranties in Section 6.1(f), (g), (i) shall be deemed waived by Purchaser.

"Deed" shall mean a deed in substantially the same form as Exhibit E, attached hereto (as the same may be modified to comply with local law and custom), executed by Seller, as grantor, in favor of Purchaser, as grantee, conveying the Land and Improvements to Purchaser, subject only to the Permitted Exceptions.

"Due Diligence Materials" shall mean the information to be provided by Seller to Purchaser pursuant to the provisions of Section 4.1 hereof.

"Effective Date" shall mean the date the Option is validly exercised.

"Engineering Documents" shall mean all site plans, surveys, soil and substrata studies, architectural drawings, plans and specifications, engineering plans and studies, floor plans, landscape plans, Americans with Disabilities Act compliance reports, environmental reports and studies, professional inspection reports, construction and/or architect's reports or certificates, feasibility studies, appraisals, and other similar plans and studies that relate to the Real Property or the Personal Property, to the extent the same are assignable by Seller.

"Exception Documents" shall mean true, correct and legible copies of each document listed as an exception to title in the Title Commitment.

"Excluded Personal Property" shall mean all those items of tangible and intangible personal property described on Exhibit F.

"Fixtures" shall mean all equipment, machinery, fixtures, and other items of real and/or personal property, including all components thereof, now or on the Closing Date located in, on or used in connection with, and permanently affixed to or incorporated into, the Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, electronic security equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, and similar systems, all of which, to the greatest extent permitted by law, are hereby deemed by the Parties to constitute real estate, together with all replacements, modifications, alterations and additions thereto, but specifically excluding all items included within the definition of Personal Property and Excluded Personal Property.

"Hazardous Materials" shall mean any substance, including without limitation, asbestos or any substance containing asbestos and deemed hazardous under any Hazardous Materials Law, the group of organic compounds known as polychlorinated biphenyls, petroleum products, flammable explosives, radioactive materials, infectious wastes, biomedical and medical wastes, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included in the definition of hazardous or toxic wastes, materials or substances under any Hazardous Materials Law.

"Hazardous Materials Law" shall mean any local, state or federal law relating to environmental conditions and industrial hygiene, including, without limitation, the Resource Conservation and Recovery Act of 1976 ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Hazardous Materials Transportation Act, the Federal Waste Pollution Control Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Safe Drinking Water Act, and all similar federal, state and local environmental statutes, ordinances and the regulations, orders, or decrees now or hereafter promulgated thereunder.

"Improvements" shall mean all buildings, improvements, structures and Fixtures now or on the Closing Date located on the Land, including, without limitation, landscaping, parking lots and

structures, roads, drainage and all above ground and underground utility structures, equipment systems and other so-called "infrastructure" improvements.

"Intangible Property" means all Permits, Business Agreements and other intangible property or any interest therein now or on the Closing Date owned or held by Seller in connection with the Real Property, including all water rights and reservations, rights to use the trade name applicable to the Property (but excluding the name "Wackenhut Corrections" or any derivative thereof), as depicted on Exhibit A hereof, and zoning rights related to the Real Property, or any part thereof, to the extent the same are assignable by Seller; provided, however, "Intangible Property" shall not include the general corporate trademarks, trade names (except as set forth in the preceding sentence), service marks, logos or insignia or the books and records of Seller, Seller's accounts receivable and Seller's business and operating licenses for the facilities on the Real Property.

"Land" means the real property more particularly described on Exhibit A, attached hereto and made a part hereof, together with all of Seller's rights, titles, appurtenant interests, covenants, licenses, privileges and benefits thereto belonging, and Seller's right, title and interest in and to any easements, rights-of-way, rights of ingress or egress or other interests in, on, or to any land, highway, street, road or avenue, open or proposed, in, on, across, in front of, abutting or adjoining such real property including, without limitation, any strips and gores adjacent to or lying between such real property and any adjacent real property.

"Laws" means all federal, state and local laws, moratoria, initiatives, referenda, ordinances, rules, regulations, standards, orders and other governmental requirements, including, without limitation, those relating to the environment, health and safety, disabled or handicapped persons.

"Lease" shall mean the Master Agreement to Lease and the Lease Agreement in substantially the same form as Exhibit G, attached hereto and made a part hereof, which shall be executed and delivered by Seller (or an affiliate of Seller) and Purchaser at the Closing, and pursuant to the terms of which Purchaser shall lease the Property to Seller (or an affiliate of Seller) following the Closing.

"Material" and "Materially" shall mean a condition, noncompliance, defect or other fact which would: (a) cost, in the aggregate, in excess of Five Hundred Thousand Dollars (\$500,000.00) and, with respect to any single defect or fact, would cost in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), to correct or repair; or (b) in the aggregate, result in a loss to Purchaser or a reduction in the value of the Property in excess of Five Hundred Thousand Dollars (\$500,000.00) and, with respect to any single defect or fact, would result in a loss to Purchaser or a reduction in the value of the Property in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00).

"Option" shall mean the option to purchase the Property granted by Seller to Purchaser pursuant to Section 2.1 hereof.

"Option Period" shall mean the period of time within which the Option must be exercised (if at all) by Purchaser, which shall expire on the earlier to occur of (i) four (4) years from receipt

of a certificate of occupancy (or its equivalent) for the Property, or (ii) six (6) months after the Property achieves an occupancy level of 75% of the number of beds authorized under the certificate of occupancy (or its equivalent) for the Property.

"Permits" shall mean all permits, licenses (but excluding Seller's business and operating licenses,) approvals, entitlements and other governmental, quasi-governmental and nongovernmental authorizations including, without limitation, certificates of use and occupancy, required in connection with the ownership, planning, development, construction, use, operation or maintenance of the Real Property, to the extent the same are assignable by Seller. As used herein, "quasi-governmental" shall include the providers of all utility services to the Real Property.

"Permitted Exceptions" shall mean those title exceptions which have been approved in writing by Purchaser, or are deemed to have been approved by Purchaser as set forth in Sections 5.2 and 5.3 hereof.

"Personal Property" shall mean all Intangible Property, Warranties, and Engineering Documents, and all those items of tangible personal property described on Exhibit H, attached hereto, other than the Fixtures and the Excluded Personal Property, now or on the Closing Date owned by Seller and located on or about the Land or Improvements or used in connection with the operation thereof (specifically excluding personal property owned by employees of Seller and personal property owned by inmates or detainees housed at the Real Property).

"Property" shall mean, collectively, the Land, the Improvements, the Fixtures, and the Personal Property.

"Purchase Price" shall mean an amount equal to the aggregate costs related to the acquisition, development, design, construction, equipment and start-up of the Property which, in the case of goods or services provided by Seller, shall not exceed the costs which would be paid therefor if purchased from a third party in an arm's-length transaction.

"Real Property" shall mean the Land, the Improvements and the Fixtures.

"Review Period" means a period commencing on the Effective Date and ending thirty (30) days from the date of Purchaser's receipt of the last of the following documents: Title Commitment, Exception Documents, Search Reports, Survey or Due Diligence Materials.

"Search Reports" shall mean reports of searches made of the Uniform Commercial Code Records of the County in which the Property is located, and of the office of the Secretary of State of the State in which the Property is located and in the State in which the principal office of Seller is located, which searches shall reflect that none of the Property is encumbered by liens or security interests, which will remain on the Property after the Closing. The Search Reports shall be updated, at Seller's expense, at or within five (5) days prior to Closing.

"Seller's Operating and Service Agreements" shall mean all management, service and operating agreements and contracts entered into by Seller with respect to the Property, including, but not limited to, agreements and contracts to house inmates at the Property, food service and equipment agreements, inmate pay telephone service agreements, medical and pharmaceutical service and supply agreements, drug testing service agreements, public performance and licensing agreements for motion picture video cassettes, inmate educational and instructional service agreements, refuse service agreements, pest control service agreements and machinery, equipment and uniform rental and service agreements.

"Seller's Personal Property" shall mean all machinery, equipment, tools, furniture, furnishings, movable walls or partitions, computers, signage, trade fixtures or other tangible and intangible personal property, including Seller's accounts receivable and business and operating licenses, and consumable inventory and supplies, used or useful in Seller's business on the Property, other than those items included within the definition of Personal Property.

"Survey" shall mean a current "as-built" ALTA survey, certified to ALTA requirements, prepared by an engineer or surveyor licensed in the State in which the Land is located and reasonably acceptable to Purchaser, which shall: (a) include a narrative legal description of the Land by metes and bounds (which shall include a reference to the recorded plat, if any), and a computation of the area comprising the Land in both acres and gross square feet (to the nearest one thousandth of said respective measurement; (b) accurately show the location on the Land of all improvements (dimensions thereof at the ground surface level and the distance therefrom to the facing exterior property lines of the Land), building and set-back lines, parking spaces (including number of spaces), fences, evidence of abandoned fences, ponds, creeks, streams, rivers, officially designated 100-year flood plains and flood prone areas, canals, ditches, easements, roads, rights-of-way and encroachments; (c) location of encroachments, if any, upon adjoining property, or from adjoining property, upon the Land; (d) state the zoning classification of the Land; (e) be certified as of the date of the Survey to the Seller, the Purchaser, the Title Company, and any third-party lender designated by Purchaser; (f) legibly identify any and all recorded matters shown on said survey by appropriate volume and page recording references; (g) show the location and names of all adjoining streets and the distance to the nearest streets intersecting the streets that adjoin the Land; (h) be satisfactory to (and updated from time to time as may be required by) the Title Company so as to permit it to delete the standard exception for survey matters and replace it with an exception for the matters shown on the Survey; and (i) include a written Surveyor's Certification in substantially the same form as set forth on Exhibit I, attached hereto.

"Title Commitment" shall mean a current commitment issued by the Title Company to the Purchaser pursuant to the terms of which the Title Company shall commit to issue the Title Policy to Purchaser in accordance with the provisions of this Agreement, and reflecting all matters which would be listed as exceptions to coverage on the Title Policy.

"Title Company" shall mean _____ Title Insurance Corporation or the national service office of another title insurance company licensed in the state in which the Property is located and selected by Seller and reasonably satisfactory to Purchaser.

"Title Policy" shall mean an ALTA Extended Coverage Owner's Policy of Title Insurance (10/17/92 Form), or comparable state promulgated policy, with liability in the amount of the Purchase Price, dated as of the Closing Date, issued by the Title Company, insuring title to the fee interest in the Real Property in Purchaser, subject only to the Permitted Exceptions and to the standard printed exceptions included in the ALTA standard form owner's extended coverage policy of title insurance including such other endorsements as requested by Purchaser, with the following modifications: (a) the exception for survey matters shall be deleted and replaced by an exception for the matters shown on the Survey; (b) the exception for ad valorem taxes shall reflect only taxes for the current and subsequent years; (c) any exception as to parties in possession shall be limited to rights of Seller in possession, as lessee only, pursuant to the Lease; and (d) there shall be no general exception for visible and apparent easements or roads and highways or similar items (with any exception for visible and apparent easements or roads and highways or similar items to be specifically referenced to and shown on the Survey and also identified by applicable recording information).

"Warranties" shall mean all warranties and guaranties with respect to the Real Property or Personal Property, whether express or implied, which Seller now holds or under which Seller is the beneficiary, to the extent the same are assignable by Seller.

ARTICLE II

OPTION TO SELL AND PURCHASE AND AGREEMENT TO LEASE

2.1 Option to Sell and Purchase. Seller hereby grants Purchaser the exclusive Option to purchase the Property for the Purchase Price. The option must be exercised by Purchaser (if at all) prior to the expiration of the Option Period. Upon Purchaser's valid exercise of the Option, this Agreement shall be deemed a contract between Seller and Purchaser whereby, on the Closing Date, Seller shall sell, convey, assign, transfer and deliver to Purchaser and Purchaser shall purchase, acquire and accept from Seller, the Property, for the Purchase Price and subject to the terms and conditions of this Agreement. Purchaser acknowledges that Seller may elect to transfer some or all of the Property to one or more affiliates of Seller prior to the Closing Date subject to the terms and conditions of this Agreement. In such event, Seller shall, upon the exercise of the Option by Purchaser and in accordance with the terms and conditions of this Agreement, cause such affiliates to sell, convey, assign, transfer and deliver to Purchaser such portion(s) of the Property as may be transferred to such affiliate(s). In the event of any such transfers of some or all of the Property to any affiliate of Seller, Seller shall not be relieved of any of its obligations or liability hereunder. From and after the date of any such transfer, the term "Seller" as used herein shall refer to both

Wackenhut Corrections Corporation and the recipient of such transfer collectively, and to each such party individually.

2.2 Exercise of Option. Purchaser may exercise the Option only by providing to Seller Purchaser's written, unqualified notice of its exercise of the Option, in accordance with the provisions of Section 11.3 hereof. The effective time and date of such exercise shall be the date such notice is deemed received by Seller pursuant to the provisions of Section 11.3 hereof. In the event the Option is not duly exercised by Purchaser within the time set forth in Section 2.1 above, the Option and this Agreement shall expire and the Parties shall have no further obligation hereunder. Notwithstanding any other term or provision hereof, unless Purchaser waives any of the following, the Option shall not be exercisable unless and until (i) Seller has completed its development and construction of the Improvements on the Property (other than minor punch list items, which shall be diligently and promptly completed should Purchaser exercise the Option) and Seller has received final certificates of use and occupancy, and such other permits, licenses, approvals, agreements and authorizations as are required for the operation of the Property for its intended use and (ii) Seller and Purchaser shall have consummated the transactions contemplated by that certain Agreement of Sale and Purchase, of even date herewith.

2.3 Agreement to Lease. If Purchaser exercises the Option, then, on the Closing Date, and subject to performance by the Parties of the terms and provisions of this Agreement, Purchaser shall lease to Seller and Seller shall lease from Purchaser, the Property at the rental and upon the terms and conditions set forth in the Lease.

ARTICLE III

PURCHASE PRICE

3.1 Payment of Purchase Price. The Purchase Price shall be paid by Purchaser delivering to the Seller, at the Closing, Federal Reserve wire transfer funds or other immediately available collected funds payable to the order of the Seller in the sum equal to the Purchase Price, subject to adjustment as herein provided. On or before the Closing, the Parties shall agree on an allocation of the Purchase Price as between the Real Property and the Personal Property.

ARTICLE IV

ITEMS TO BE FURNISHED TO PURCHASER BY SELLER

4.1 Due Diligence Materials. Within fifteen (15) days after the Effective Date, Seller shall deliver to Purchaser for its review the following items:

(a) True, correct, complete and legible copies of all Business Agreements, Warranties, Permits, Accreditations, Applicable Notices, Engineering Documents and Seller's Operating and Service Agreements (solely for the purposes of this Section 4.1a., the terms Business Agreements, Warranties, Permits, and Engineering Documents shall include all agreements, documents, and instruments otherwise included within such definitions, whether or not the same are assignable by Seller);

(b) True, correct, complete and legible copies of tax statements or assessments for all real estate and personal property taxes assessed against the Property for the current and the two prior calendar years, if available;

(c) True, correct and legible listing of all Fixtures, Personal Property and Excluded Property, including a current depreciation schedule;

(d) True, correct, complete and legible copies of all existing fire and extended coverage insurance policies and any other insurance policies pertaining to the Property, if any;

(e) True, correct, complete and legible copies of all instruments evidencing, governing or securing the payment of any loans secured by the property or related thereto. Seller may make such instruments available for inspection and copying by Purchaser at Seller's principal office;

(f) True, correct, complete and legible copies of any and all environmental studies or impact reports relating to the Property, if any, and any approvals, conditions, orders or declarations issued by any governmental authority relating thereto (such studies and reports shall include, but not be limited to, reports indicating whether the Property is or has been contaminated by Hazardous Materials and whether the Property is in compliance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as applicable);

(g) True, correct, complete and legible copies of any and all litigation files with respect to any pending litigation and claim files for any claims made or threatened, the outcome of which might materially affect the Property or the use and operation of the Property. Seller may make such files available for inspection and copying by Purchaser at Seller's principal office.

(h) Actual operating statements for the Property or, if the Property has not been operated by Seller for twelve months prior to the Effective Date, projected operating results for the Property.

(i) The Certificate of Occupancy, or its equivalent, for the Property, if construction of the Property has been completed as of the Effective Date.

4.2 Due Diligence Review. During the Review Period, Purchaser shall be entitled to review the Due Diligence Materials delivered by Seller to Purchaser pursuant to the provisions of Section 4.1 above. If Purchaser shall, for any reason in Purchaser's sole discretion, judgment and

opinion, disapprove or be dissatisfied with any aspect of such information, or the Property, then Purchaser shall be entitled to terminate this Agreement by giving written notice thereof to Seller on or before the expiration of the Review Period, whereupon this Agreement shall automatically be rendered null and void, all moneys which have been delivered by Purchaser to Seller or the Title Company shall be immediately returned to Purchaser and thereafter neither Party shall have any further obligations or liabilities to the other hereunder. Alternatively, Purchaser may give written notice setting forth any defect, deficiency or encumbrance and specify a time within which Seller may remedy or cure such matter (before or after the expiration of the Review Period), but Seller shall have no obligation to remedy or cure any such matters objected to by Purchaser. If any defect, deficiency or encumbrance, so noticed, is not satisfied or resolved to the satisfaction of Purchaser, in Purchaser's sole discretion, within the time period specified in the written notice, this Agreement shall, at the option of Purchaser, terminate as provided in this Section; said option to terminate to be exercised, if at all, by Purchaser giving written notice thereof to Seller and simultaneously paying Seller the sum of One Hundred Dollars (\$100.00) within three (3) Business Days after the expiration of said specified time period. In the event Purchaser fails to exercise its option to terminate this Agreement within the time and in the manner set forth in this Section 4.2, then Purchaser shall be deemed to have accepted and approved the Due Diligence Materials and the Property, and to have waived any such defect, deficiency or encumbrance.

ARTICLE V

TITLE AND SURVEY

5.1 Title Commitment, Exception Documents and Survey. Within thirty (30) days after the Effective Date, Seller shall deliver or cause to be delivered to Purchaser, the Title Commitment, Exception Documents, Survey, and Search Reports.

5.2 Review Period. Purchaser shall have the right to review the Title Commitment, Exception Documents, Survey and Search Reports for a period of thirty (30) days from the date of Purchaser's receipt of the last of such items. In the event any matters appear therein that are unacceptable to Purchaser, other than the Permitted Exceptions, Purchaser shall, within said thirty (30) day period, notify Seller in writing of such fact. Upon the expiration of said thirty (30) day period, Purchaser shall be deemed to have accepted all exceptions to title referenced in the Title Commitment and all matters shown on the Survey except for matters which are the subject of a notification made under the preceding sentence, and such accepted exceptions shall be included in the term "Permitted Exceptions" as used herein; provided, however, in no event shall any of the items listed on Schedule B-1 or C of the Title Commitment constitute Permitted Exceptions for purposes hereof. In the event that Purchaser objects to any such matters within the thirty (30) day Review Period, Seller shall have thirty (30) days from receipt of such notice within which to eliminate or modify any such unacceptable exceptions or items, however, Seller shall have no obligation to eliminate or modify any such unacceptable exceptions or items. In the event that Seller is unable or unwilling to eliminate or modify such unacceptable items to the satisfaction of Purchaser

on or before the expiration of said thirty (30) day period, Purchaser may either (a) waive such objections and accept title to the Property subject to such unacceptable items (which items shall then be deemed to constitute part of the "Permitted Exceptions"), or (b) terminate this Agreement by written notice to Seller, whereupon this Agreement shall automatically be rendered null and void, all moneys which have been delivered by Purchaser to Seller or the Title Company shall be immediately returned to Purchaser, and thereafter neither Party shall have any further obligations or liabilities to the other hereunder.

5.3 Additional Exceptions. In the event that at any time the Title Commitment, Exception Documents, Survey or Search Reports are modified (other than the deletion or elimination of any item as to which Purchaser has made an objection), Purchaser shall have the right to review and approve or disapprove any such modification and to terminate this Agreement in the event that Seller is unwilling or unable to eliminate any such matters to the satisfaction of Purchaser in accordance with the provisions of Section 5.2 above, except that Purchaser's Review Period as to such additional items shall be for a period expiring on the date that is the earlier to occur of (a) fifteen (15) days following the date of Purchaser's receipt of such modification, and (b) the date of Closing, and all other time periods referred to in Section 5.2 shall expire on the date that is the earlier of (i) the final day of the specified time period as set forth therein, and (ii) the Closing Date.

ARTICLE VI

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS

6.1 Representations and Warranties of Seller. To induce Purchaser to enter into this Agreement and to purchase the Property, Seller represents and warrants to Purchaser as follows;

(a) Seller has the right to acquire and at the Closing, will have and will convey, transfer and assign to Purchaser, or Seller will cause the conveyance, transfer and assignment to Purchaser of, good, indefeasible, marketable and insurable title to the Land, free and clear of any deeds of trust, mortgages, liens, encumbrances, leases, tenancies, licenses, chattel mortgages, conditional sales agreements, security interests, covenants, conditions, restrictions, judgments, rights-of-way, easements, encroachments, claims and any other matters affecting title or use of the Property, except the Permitted Exceptions.

(b) Seller has duly and validly authorized and executed this Agreement, and has full right, title, power and authority to enter into this Agreement and to consummate the transactions provided for herein, and the joinder of no person or entity will be necessary to convey the Property fully and completely to Purchaser at Closing and to lease the Property from Purchaser following Closing. The consummation of the transactions contemplated herein does not require the approval of Seller's shareholders or any third party, except such third party approvals as Seller has obtained or will obtain prior to the Closing Date. The execution by Seller of this Agreement and the

consummation by Seller of the transactions contemplated hereby do not, and at the Closing will not, result in a breach of any of the terms or provisions of, or constitute a default or a condition which upon notice or lapse of time or both would ripen into a default under, any indenture, agreement, instrument or obligation to which Seller is a party or by which the Property or any portion thereof is bound; and does not, and at the Closing will not, to Seller's knowledge, constitute a violation of any Laws, order, rule or regulation applicable to Seller or any portion of the Property of any court or of any federal, state or municipal regulatory body or administrative agency or other governmental body having jurisdiction over Seller or any portion of the Property.

(c) Except as may be disclosed in the Exception Documents, there are no adverse or other parties in possession of the Property or of any part thereof and Seller has not granted to any party any license, lease or other right relating to the use or possession of the Property.

(d) As of the date of this Agreement, no notice has been received from any insurance company that has issued a policy with respect to any portion of the Property or from any board of fire underwriters (or other body exercising similar functions), claiming any defects or deficiencies or requiring the performance of any repairs, replacements, alterations or other work and as of the Closing no such notice will have been received which shall not have been cured. As of the date of this Agreement, no notice has been received by Seller from any issuing insurance company that any of such policies will not be renewed, or will be renewed only at a higher premium rate than is presently payable therefor.

(e) No pending condemnation, eminent domain, assessment or similar proceeding or charge affecting the Property or any portion thereof exists as of the date of this Agreement. Seller has not heretofore received any notice, and has no knowledge, that any such proceeding or charge is contemplated. Seller, as of the date of this Agreement, has not received any notice of a proposed increase in the assessed valuation of the Property.

(f) All Improvements (including all utilities) have been, or as of the Closing will be, completed and installed in accordance with the plans and specifications approved by the governmental authorities having jurisdiction to the extent applicable and are transferable to Purchaser without additional cost. Permanent certificates of occupancy, all licenses, permits, authorizations and approvals required by all governmental authorities having jurisdiction, and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been, or as of the Closing will be, issued for the Improvements, and, as of the Closing, where required, all of the same will be in full force and effect. Except as may be set forth in any of the Due Diligence Materials, the Improvements, as designed and constructed, comply or will comply with all statutes, restrictions, regulations and ordinances applicable thereto, including but not limited to the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as applicable.

(g) As of the Closing, the water, sewer, gas and electricity lines, storm sewer and other utility systems on the Land will be adequate to serve the utility needs of the Property as

operated as a correctional/detention facility or such other use specified in the Permits. All utilities required for the operation of the Improvements will enter the Land through adjoining public streets or through adjoining private land in accordance with valid public or private easements that will inure to the benefit of Purchaser. As of the Closing, all approvals, licenses and permits required to fully operate said utilities will have been obtained and will be in force and effect. All of said utilities are installed and operating, or will be by Closing, and all installation and connection charges have been or will be paid in full.

(h) Except as may be set forth in any of the Due Diligence Materials, the location, construction, occupancy, operation and use of the Property (including the Improvements) do not violate any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Property or the location, construction, occupancy, operation or use thereof, including, without limitation, all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as applicable.

(i) Except as may be set forth on any of the Due Diligence Materials, there are not any structural defects in any of the buildings or other Improvements constituting the Property. The Improvements, all heating, electrical, plumbing and drainage at, or servicing, the Property and all facilities and equipment relating thereto, will be, as of the Closing, in good condition and working order and adequate in quantity and quality for the normal operation of the Property as operated as a correctional/detention facility or such other use as may be specified in the Permits. No part of the Property has been destroyed or damaged by fire or other casualty. There are no unsatisfied requests for repairs, restorations or alterations with regard to the Property from any person, entity or authority, including but not limited to any lender, insurance provider or governmental authority.

(j) There exist no service contracts, management or other agreements applicable to the Property or amendments, modifications or terminations thereto, to which Seller is a party or otherwise known to Seller, other than Seller's Operating and Service Agreements, the Business Agreements and those agreements furnished to Purchaser pursuant to Section 4.1.

(k) Seller is not in default in any manner which would result in a material adverse effect on Seller under any of the Business Agreements, or Seller's Operating and Service Agreements or any of the covenants, conditions, restrictions, rights-of-way or easements affecting the Property or any portion thereof and, to Seller's knowledge, no other party to any of the foregoing is in default thereunder.

(l) There are no actions, suits or proceedings pending or, to Seller's knowledge, threatened against or affecting the Property or any portion thereof, or relating to or arising out of the ownership or operation of the Property, or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality, other than those

disclosed to Purchaser pursuant to Section 4.1. All judicial proceedings concerning the Property" will be finally dismissed and terminated prior to Closing, excluding inmate lawsuits and other lawsuits in which Seller is involved in its ordinary course of business.

(m) The Property has free and unimpeded access to presently existing public highways and/or roads (either directly or by way of perpetual easements); and all approvals necessary therefor will be in full force and effect as of the Closing. To the best of Seller's knowledge, no fact or condition exists which would result in the termination of the current access from the Property to any presently existing public highways and/or roads adjoining or situated on the Property.

(n) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor relief laws contemplated by or, to Seller's knowledge, pending or threatened against Seller or the Property.

(o) Except as may be set forth in any of the Due Diligence Materials, no Hazardous Materials have been installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, or otherwise present in, on or under the Property by Seller or to Seller's knowledge. No activity has been undertaken on the Property by Seller or to Seller's knowledge which would cause (i) the Property to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of RCRA or any Hazardous Materials Law, (ii) a release or threatened release of Hazardous Materials from the Property within the meaning of, or otherwise bring the Property within the ambit of, CERCLA or SARA or any Hazardous Materials Law or (iii) the discharge of Hazardous Materials into any watercourse, body of surface or subsurface water or wetland, or the discharge into the atmosphere of any Hazardous Materials which would require a permit under any Hazardous Materials Law. No activity has been undertaken with respect to the Property by Seller or to Seller's knowledge which would cause a violation or support a claim under RCRA, CERCLA, SARA or any Hazardous Materials Law. No investigation, administrative order, litigation or settlement with respect to any Hazardous Materials is in existence with respect to the Property, nor, to Seller's knowledge, is any of the foregoing threatened. No notice has been received by Seller from any entity, governmental body or individual claiming any violation of any Hazardous Materials Law, or requiring compliance with any Hazardous Materials Law, or demanding payment or contribution for environmental damage or injury to natural resources. Seller has not obtained and, to Seller's knowledge, is not required to obtain, and Seller has no knowledge of any reason Purchaser will be required to obtain, any permits, licenses, or similar authorizations to occupy, operate or use the Improvements or any part of the Property by reason of any Hazardous Materials Law. Notwithstanding the representations made herein, such representations are and shall be deemed to be limited by the matters detailed in any Phase I Preliminary Site Assessment or other Due Diligence Materials obtained by or provided to Purchaser in connection herewith.

(p) The Property includes all items of property, tangible and intangible, currently used by Seller in connection with the operation of the Property, other than the Excluded Personal

Property, Seller's Operating and Service Agreements, and property expressly excluded from the definition of the Property.

(q) To the best of Seller's knowledge, the Due Diligence Materials delivered to Purchaser are true, correct and complete in all material respects,

Provided Purchaser shall have first validly exercised the Option, Seller hereby agrees to indemnify and defend, at its sole cost and expense, and hold Purchaser, its successors and assigns, harmless from and against and to reimburse Purchaser with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) actually incurred of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Purchaser at any time and from time to time by reason of or arising out of (a) the material breach of any representation or warranty of Seller set forth in Section 6.1, (b) the failure of Seller, in whole or in part, to perform any obligation required to be performed by Seller pursuant to Section 6.1 or (c) the ownership, construction, occupancy, operation, use and maintenance by Seller or its agents of the Property prior to the Closing Date. This indemnity applies, without limitation, to the violation on or before the Closing Date of any Hazardous Materials Law in effect on or before the Closing Date and any and all matters arising out of any act, omission, event or circumstance existing or occurring on or prior to the Closing Date (including, without limitation, the presence on the Property or release from the Property of Hazardous Materials disposed of or otherwise released prior to the Closing Date), regardless of whether the act, omission, event or circumstance constituted a violation of any Hazardous Materials Law at the time of its existence or occurrence. Subject to the provisions of Section 11.1, the provisions of this Section 6.1 shall survive the Closing of the transaction contemplated by this Agreement and shall continue thereafter in full force and effect for the benefit of Purchaser, its successors and assigns. Notwithstanding any provision of this Agreement to the contrary, Purchaser may exercise any right or remedy Purchaser may have at law or in equity should Seller fail to meet, comply with or perform its indemnity obligations required by this Section 6.1. In the event a defect, claim or deficiency is actually discovered by Purchaser prior to Closing or is noticed in writing by Seller to Purchaser prior to Closing, Purchaser shall either terminate the Agreement as provided herein or waive the defect, claim or deficiency and proceed to Closing.

The representations and warranties of Seller given herein are, and shall be deemed to be, effective only in the event Purchaser validly exercises the Option and only following the Effective Date.

6.2 Covenants and Agreements of Seller. Seller covenants and agrees with Purchaser, from the Effective Date until the Closing or earlier termination of this Agreement:

(a) Upon Completion of construction of the Improvements, Seller shall (i) operate the Property in the ordinary course of Seller's business and in the same manner as currently operated; and (ii) fully maintain and repair the Improvements, the Fixtures, and the Personal Property in good condition and repair.

(b) Purchaser shall be entitled to make all inspections or investigations desired by Purchaser with respect to the Property or any portion thereof, and shall have complete physical access to the Property, which access shall occur at such times and in such manner so as to not unreasonably interfere with Seller's business operations or constitute a safety hazard, as reasonably determined by Seller.

(c) Seller shall cause to be maintained in full force and effect fire and extended coverage insurance upon the Property and public liability insurance with respect to damage or injury to persons or property occurring on or relating to operation of the Property in commercially reasonable amounts, but no less than currently in effect.

(d) Seller shall pay when due all bills and expenses of the Property. Seller shall not voluntarily enter into or assume any new Business Agreements or modify, amend or terminate any existing Business Agreements with regard to the Property which are in addition to or different from those furnished and disclosed to Purchaser and reviewed and approved pursuant to Section 4.1.

(e) Seller shall not create or voluntarily permit to be created any liens, easements or other conditions affecting any portion of the Property or the uses thereof without the prior written consent of Purchaser.

(f) Seller will pay, as and when due, all interest and principal and all other charges payable under any indebtedness of Seller secured by the Property from the date hereof until Closing, and will not suffer or permit any default or amend or modify the documents evidencing or securing any such indebtedness without the prior consent of Purchaser.

(g) Seller will, subject to limitations provided by law with respect to privacy rights of inmates, give to Purchaser, its attorneys, accountants and other representatives, during normal business hours and as often as may be reasonably requested, full access to all books, records and files relating to the Property, so long as the same does not unreasonably interfere with Seller's business operations.

(h) Seller shall not remove any Personal Property or Fixtures from the Land or Improvements without replacing same with substantially similar items of equal or greater value and repairing the damage, if any, to the Property as a result of such removal.

(i) During the pendency of this Agreement, Seller, its corporate officers, directors, and agents shall not negotiate the sale or other disposition of the Property with any person or entity other than Purchaser, and shall not take any steps to initiate, consummate or document the sale or other disposition of the Property, or any portion thereof, to any person or entity other than Purchaser.

(j) Prior to the Closing Date, Seller agrees to notify Purchaser in writing within three (3) Business Days of any offer received by, delivered to or communicated to Seller for the purchase, sale, acquisition or other disposition of the Property.

(k) Seller shall provide representations, warranties and consents as may be reasonably required in connection with any public offering of stock or debt obligations by Purchaser, including but not limited to, inclusion of financial statements, summary financial information and other required information concerning Seller, or Seller as lessee under the Lease, in any Securities and Exchange Commission filings.

6.3 Representations and Warranties of Purchaser. To induce Seller to enter into this Agreement and to sell the Property, Purchaser represents and warrants to Seller as follows:

(a) Purchaser has duly and validly authorized and executed this Agreement, and has full right, title, power and authority to enter into this Agreement and to consummate the transactions provided for herein, and the joinder of no person or entity will be necessary to purchase the Property from Seller at Closing, and to lease the Property to Seller following Closing,

(b) The execution by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby do not, and at the Closing will not, result in a breach of any of the terms or provisions of, or constitute a default or a condition which upon notice or lapse of time or both would ripen into a default under, any indenture, agreement, instrument or obligation to which Purchaser is a party; and does not, and at the Closing will not, constitute a violation of any Laws, order, rule or regulation applicable to Purchaser of any court or of any federal, state or municipal regulatory body or administrative agency or other governmental body having jurisdiction over Purchaser.

ARTICLE VII

CONDITIONS TO OBLIGATIONS

7.1 Conditions to the Purchaser's Obligations. The obligations of Purchaser to purchase the Property from Seller and to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at all times following the Effective Date and as of the Closing (or such other time period specified below), of each of the following conditions:

(a) All of the representations and warranties of Seller set forth in this Agreement shall be true in all material respects and Seller shall deliver a Closing Certificate in substantially the same form attached hereto as Exhibit D updating such representations and warranties.

(b) Seller shall have delivered, performed, observed and complied with, all of the items, instruments, documents, covenants, agreements and conditions required by this Agreement to be delivered, performed, observed and complied with by it prior to, or as of, the Closing.

(c) Seller shall not be in receivership or dissolution or have made any assignment for the benefit of creditors, or admitted in writing its inability to pay its debts as they mature, or have been adjudicated a bankrupt, or have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state and no such petition shall have been filed against it.

(d) No material or substantial adverse change shall have occurred with respect to the condition, financial or otherwise, of the Seller or the Property.

(e) Neither the Property nor any part thereof or interest therein shall have been taken by execution or other process of law in any action prior to Closing.

(f) Seller shall have obtained and delivered to Purchaser a current report, dated no more than ten (10) days prior to the Closing Date, from a licensed pest control company reasonably acceptable to Purchaser, and which must show the Property to be free of all termite, or other destructive insect and pest infestation.

(g) During the Review Period, Seller shall have obtained at Seller's expense and delivered to Purchaser a Phase I environmental site assessment report, dated no more than 60 days prior to the Closing Date, and performed by a licensed firm.

(h) During the Review Period, Purchaser shall have satisfactorily completed an inspection of the Property with respect to the physical condition thereof by agents or contractors selected by Purchaser.

(i) During the Review Period, Purchaser shall have received, in form acceptable to Purchaser, evidence of compliance by the Property with all building codes, zoning ordinances and other governmental entitlements as necessary for the operation of the Property for the current and intended use, including, without limitation, certificates of occupancy and such other permits, licenses, approvals, agreements and authorizations as are required for the operation of the Property for the current and intended use and acceptable evidence of no violations of building or other codes or laws.

(j) During the Review Period, all necessary approvals, consents and the like of third parties to the validity and effectiveness of the transactions contemplated hereby have been obtained.

(k) During the Review Period, Purchaser is reasonably satisfied that the Property is sufficient adequate for Seller to carry on the business now being conducted thereon and the Property is in good condition and repair as reasonably required for the proper operation and use thereof in compliance with applicable laws.

(l) During the Review Period, Purchaser has reviewed and satisfied itself with respect to the Due Diligence Materials and shall not have terminated this Agreement pursuant to the provisions of Section 4.2 hereof.

(m) No material portion of the Property shall have been destroyed by fire or casualty.

(n) No condemnation, eminent domain or similar proceedings shall have been commenced or threatened with respect to any material portion of the Property.

(o) Purchaser shall have been successful in causing the formation of a real estate investment trust whose interests have been sold to the public and in connection therewith shall have raised capital in an amount not less than \$100,000,000.

7.2 Failure of Conditions to Purchaser's Obligations. In the event any one or more of the conditions to Purchaser's obligations are not satisfied or waived in whole or in part at any time prior to or as of the Closing, Purchaser, at Purchaser's option, shall be entitled to: (a) terminate this Agreement by giving written notice thereof to Seller, whereupon all moneys, if any, which have been delivered by Purchaser to Seller or the Title Company shall be immediately refunded to Purchaser and Purchaser shall have no further obligations or liabilities hereunder; or (b) proceed to Closing hereunder.

7.3 Conditions to the Seller's Obligations. The obligations of Seller to sell the Property to Purchaser and to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at all times prior to and as of the Closing (or such other time period specified below), of each of the following conditions:

(a) All of the representations and warranties of Purchaser set forth in this Agreement shall be true at all times prior to, at and as of, the Closing in all material respects and Purchaser shall deliver a Closing Certificate in substantially the same form attached hereto as Exhibit D updating such representations and warranties.

(b) Purchaser shall have delivered, performed, observed and complied with, all of the items, instruments, documents, covenants, agreements and conditions required by this Agreement to be delivered, performed, observed and complied with by it prior to, or as of, the Closing.

(c) Purchaser shall not be in receivership or dissolution or have made any assignment for the benefit of creditors, or admitted in writing its inability to pay its debts as they mature, or have been adjudicated a bankrupt, or have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state and no such petition shall have been filed against it.

(d) Purchaser shall have been successful in causing the formation of a real estate investment trust whose interests have been sold to the public and in connection therewith shall have raised capital in an amount not less than \$100,000,000.

7.4 Failure of Conditions to Seller's Obligations. In the event any one or more of the conditions to Seller's obligations are not satisfied or waived in whole or in part at any time prior to or as of the Closing, Seller, at Seller's option, shall be entitled to: (a) terminate this Agreement by giving written notice thereof to Purchaser, whereupon all moneys, if any, which have been delivered by Seller to Purchaser or the Title Company shall be immediately refunded to Seller and Seller shall have no further obligations or liabilities hereunder; or (b) proceed to Closing hereunder.

ARTICLE VIII

PROVISIONS WITH RESPECT TO THE CLOSING

8.1 Seller's Closing Obligations. At the Closing, Seller shall furnish and deliver to the Title Company for delivery to Purchaser, at Seller's expense, the following:

(a) The Deed, Title Policy (or the Title Commitment marked-up and initialed by the Title Company), Bill of Sale, Certificate of Non-Foreign Status, Closing Certificate and Lease, each duly executed and acknowledged by Seller and, as appropriate, in recordable form acceptable in the state and county in which the Property is located.

(b) Certificates of casualty and fire insurance for the Property and satisfactory evidence of all other insurance coverages as required pursuant to the Lease showing Purchaser as additional insured and loss payee thereunder, where appropriate, with appropriate provisions for prior notice to Purchaser in the event of cancellation or termination of such policies and otherwise in form and substance reasonably satisfactory to Purchaser.

(c) Search Reports, dated not more than five (5) days prior to Closing, evidencing no UCC-1 Financing Statements or other filings in the name of Seller with respect to the Property which will remain on the Property after the Closing.

(d) Such affidavits or letters of indemnity as the Title Company shall require in order to omit from the Title Insurance Policy all exceptions for unfiled mechanic's, materialman's or similar liens.

(e) Any and all transfer declarations or disclosure documents, duly executed by the appropriate parties, required in connection with the Deed by any state, county or municipal agency having jurisdiction over the Property or the transactions contemplated hereby.

(f) An opinion of Seller's counsel, dated as of the Closing Date, in the form of Exhibit J-1, attached hereto.

(g) Such instruments or documents as are necessary, or reasonably required by Purchaser or the Title Company, to evidence the status and capacity of Seller and the authority of the person or persons who are executing the various documents on behalf of Seller in connection with the purchase and sale transaction contemplated hereby.

(h) Such other documents as are reasonably required by Purchaser to carry out the terms and provisions of this Agreement.

(i) Duplicates of keys, combinations, codes and security information to all locks on the Property in the possession of Seller, but not to include access to restricted areas, if any or areas with controlled substances, as such areas are designated in writing by Seller.

8.2 Purchaser's Closing Obligations. At the Closing, Purchaser shall furnish and deliver to Seller, at Purchaser's expense, the following:

(a) Federal Reserve, wire transfer funds or other immediately available collected funds, payable to the order, or at the direction, of Seller representing the cash portion of the Purchase Price due in accordance with Section 3.1 herein.

(b) The Closing Certificate and Lease, duly executed and acknowledged by Purchaser.

(c) Such instruments or documents as are necessary, or reasonably required by Seller or the Title Company, to evidence the status and capacity of Purchaser and the authority of the person or persons who are executing the various documents on behalf of Purchaser in connection with the purchase and sale transaction contemplated hereby.

(d) An Opinion of Purchaser's counsel, dated as of the Closing Date, in the form of Exhibit J-2, attached hereto.

(e) Such other documents as are reasonably required by Seller to carry out the terms and provisions of this Agreement.

(f) All necessary approvals, consents, certificates and the like of third parties to the validity and effectiveness of the transaction contemplated hereby.

ARTICLE IX

EXPENSES OF CLOSING

9.1 Adjustments. There shall be no adjustment of taxes, assessments, water or sewer charges, gas, electric, telephone or other utilities, operating expenses, employment charges, premiums on insurance policies, rents or other normally proratable items, it being agreed and understood by the Parties that the Seller shall be obligated to pay such items under the terms of the Lease.

9.2 Closing Costs. Seller shall pay (a) all title examination fees and premiums for the Title Policy; (b) the cost of the Search Reports; (c) the cost of the Survey; (d) any and all state, municipal or other documentary or transfer taxes payable in connection with the delivery of any instrument or document provided in or contemplated by this Agreement or any agreement or commitment described or referred to herein; (e) Seller's legal, accounting and other professional fees and expenses and the cost of all opinions, certificates, instruments, documents and papers required to be delivered, or to cause to be delivered, by Seller hereunder, including without limitation, the cost of performance by Seller of its obligations hereunder; (f) the charges for or in connection with the recording and/or filing of any instrument or document provided herein or contemplated by this Agreement or any agreement or document described or referred to herein; and (g) all other costs and expenses which are required to be paid by Seller pursuant to other provisions of this Agreement. Purchaser shall pay (a) Purchaser's legal, accounting and other professional fees and expenses and the cost of all opinions, certificates, instruments, documents and papers required to be delivered, or to cause to be delivered, by Purchaser hereunder, including, without limitation, the cost of performance by Purchaser of its obligations hereunder; and (b) all other costs and expenses which are required to be paid by Purchaser pursuant to other provisions of this Agreement. Purchaser and Seller shall each be responsible for other costs in the usual and customary manner for this kind of transaction in the county where the Property is located.

9.3 Commissions/Broker's Fees. Seller hereby represents and warrants to Purchaser that it has not contacted any real estate broker, finder or any other party in connection with this transaction, and that it has not taken any action which would result in any real estate broker's, finder's or other fees being due or payable to any party with respect to the transaction contemplated hereby. Purchaser hereby represents and warrants to Seller that Purchaser has not contacted any real estate broker, finder or any other party in connection with this transaction, and that it has not taken any action which would result in any real estate broker's, finder's or other fees being due or payable to any party with respect to the transaction contemplated hereby. Each Party hereby indemnifies and agrees to hold the other Party harmless from any loss, liability, damage, cost or expenses (including

reasonable attorneys' fees) resulting to such other Party by reason of a breach of the representation and warranty made by such Party herein.

ARTICLE X

DEFAULT AND REMEDIES

10.1 Seller's Default; Purchaser's Remedies.

(a) Seller shall be deemed to be in default hereunder upon the occurrence of one of the following events: (i) any of Seller's warranties or representations set forth herein shall be untrue in any material respect when made or at Closing; or (ii) Seller shall fail to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, which, in either of such events, is not cured by Seller within ten (10) days following receipt by Seller of written notice of default from Purchaser.

(b) In the event Seller shall be deemed to be in default hereunder Purchaser may, at Purchaser's sole option, do any one or more of the following: (i) terminate this Agreement by written notice delivered to Seller on or before the Closing; and/or (ii) enforce specific performance of this Agreement against Seller including Purchaser's reasonable costs and attorneys fees in connection therewith; and/or (iii) exercise any other right or remedy Purchaser may have at law or in equity by reason of such default including, but not limited to, the recovery of reasonable attorneys' fees incurred by Purchaser in connection herewith.

(c) Upon the occurrence of any event deemed to be a default by Seller hereunder, all payments previously made by Purchaser to Seller or the Title Company hereunder shall be forthwith returned to Purchaser by the Title Company on receipt of written notice from Purchaser that Seller has defaulted under this Agreement, which written notice need not be accompanied by any other document or consent of any other party hereto. If such sums are to be returned to Purchaser in accordance with this Section 10.1(c), Seller shall promptly, on written request from Purchaser, execute and deliver such documents as may be required to cause the Title Company to return such sums to Purchaser.

10.2 Purchaser's Default; Seller's Remedies.

(a) Purchaser shall be deemed to be in default hereunder upon the occurrence of one of the following events: (i) any of Purchaser's warranties or representations set forth herein shall be untrue in any material respect when made or at Closing; or (ii) Purchaser shall fail to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, which, in either of such events, is not cured by Purchaser within ten (10) days following receipt by Purchaser of written notice of default from Seller.

(b) In the event Purchaser shall be deemed to be in default hereunder Seller may, at Seller's sole option, do any one or more of the following: (i) terminate this Agreement by written notice delivered to Purchaser on or before the Closing; and/or (ii) enforce specific performance of this Agreement against Purchaser including Seller's reasonable costs and attorneys fees in connection therewith; and/or (iii) exercise any other right or remedy Seller may have at law or in equity by reason of such default including, but not limited to, the recovery of reasonable attorneys' fees incurred by Seller in connection herewith.

(c) Upon the occurrence of any event deemed to be a default by Purchaser hereunder, all payments previously made by Purchaser to Seller or the Title Company hereunder shall be forthwith paid to Seller by the Title Company on receipt of written notice from Seller that Purchaser has defaulted under this Agreement, which written notice need not be accompanied by any other document or consent of any other party hereto. If such sums are to be paid to Seller in accordance with this Section 10.1(c), Purchaser shall promptly, on written request from Seller, execute and deliver such documents as may be required to cause the Title Company to pay such sums to Seller.

ARTICLE XI

MISCELLANEOUS

11.1 Survival. All of the representations, warranties, covenants, agreements and indemnities of Seller and Purchaser contained in this Agreement, to the extent not performed at the Closing, shall survive the Closing for the period of one (1) year after the Closing Date and shall not be deemed to merge upon the acceptance of the Deed by Purchaser.

11.2 Right of Assignment. Neither this Agreement nor any interest herein may be assigned or transferred by Purchaser to any person, firm, corporation or other entity without the prior written consent of Seller, which consent may be given or withheld in the sole discretion of Seller.

11.3 Notices. All notices, requests and other communications under this Agreement shall be in writing and shall be either (a) delivered in person, (b) sent by certified mail, return-receipt requested or (c) delivered by a recognized national delivery service and addressed as follows:

If intended for Seller: Wackenhut Corrections Corporation
 4200 Wackenhut Drive, Suite 100
 Palm Beach Gardens, FL 33410-4243
 Phone: (561) 622-5656

 Attention: Dr. George C. Zoley

With a copy to: Akerman, Senterfitt & Eidson, P.A.
 One SE Third Avenue
 Miami, Florida 33131
 Phone: (305) 374-5600
 Attention: Bruce I. March, Esq.

If intended for Purchaser: CPT Operating Partnership L.P.
 4200 Wackenhut Drive
 Palm Beach, FL 33410-4243
 Attention: Mr. Charles R. Jones

With a copy to: Josias, Goren, Cherof, Doody & Ezrol, P.A.
 3009 East Commercial Blvd., Suite 200
 Ft. Lauderdale, FL 33308
 Phone: (954) 771-4500
 Attention: Donald J. Doody, Esq.

or at such other address, and to the attention of such other person, as the parties shall give notice as herein provided. A notice, request and other communication shall be deemed to be duly received if delivered in person or by a recognized national delivery service, when delivered to the address of the recipient, if sent by mail, on the date of receipt by the recipient as shown on the return-receipt card; provided that if a notice, request or other communication is served by hand on a day which is not a Business Day, or after 5:00 P.M. on any Business Day at the addressee's location, such notice or communication shall be deemed to be duly received by the recipient at 9:00 a.m. on the first Business Day thereafter.

11.4 Entire Agreement; Modifications. This Agreement embodies and constitutes the entire understanding between the Parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the Party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

11.5 Applicable Law. THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA. The Parties agree that jurisdiction and venue for any litigation arising out of this Agreement shall be in the Courts of Palm Beach County, Florida or the U.S. District Court for the Southern District of Florida and, accordingly, consent thereto.

11.6 Captions. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe, or limit the scope or intent of this Agreement or any of the provisions hereof.

11.7 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

11.8 Extension of Dates. Notwithstanding anything to the contrary contained in this Agreement, if Seller shall fail to deliver any document or item required pursuant to any of the terms and provisions of Article IV and/or Article V within the applicable time period required, Purchaser, at its option, shall have the right to extend the date of expiration of the Review Period and correspondingly the date of Closing by the number of days elapsing from the date such items were required to be delivered and the date such items were actually delivered to Purchaser. Nothing herein shall diminish Seller's obligation to timely furnish such items.

11.9 Time is of the Essence. With respect to all provisions of this Agreement, time is of the essence. However, if the first date of any period which is set out in any provision of this Agreement falls on a day which is not a Business Day, then, in such event, the time of such period shall be extended to the next day which is a Business Day.

11.10 Waiver of Conditions. Any Party may at any time or times, at its election, waive any of the conditions to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by such Party. No waiver by a Party of any breach of this Agreement or of any warranty or representation hereunder by the other Party shall be deemed to be a waiver of any other breach by such other Party (whether preceding or succeeding and whether or not of the same or similar nature), and no acceptance of payment or performance by a Party after any breach by the other Party shall be deemed to be a waiver of any breach of this Agreement or of any representation or warranty hereunder by such other Party, whether or not the first Party knows of such breach at the time it accepts such payment or performance. No failure or delay by a Party to exercise any right it may have by reason of the default of the other Party shall operate as a waiver of default or modification of this Agreement or shall prevent the exercise of any right by the first Party while the other Party continues to be so in default.

11.11 Memorandum of Option. Upon request of Purchaser, Seller agrees to execute a memorandum of option, in form and substance reasonably satisfactory to the Parties, suitable for recording, evidencing the granting of the Option herein contained.

11.12 Liability of General Partner of Purchaser. Seller acknowledges that Purchaser has disclosed that the general partner of Purchaser (the "General Partner") is a Maryland business trust formed pursuant to a Declaration of Trust, as amended, a copy of which is duly filed with the Department of Assessments and Taxation of the State of Maryland, which provides that no trustee, officer, shareholder, employee or agent of the General Partner shall be held personally liable under

any written instrument creating an obligation of, or claim against, the General Partner and that all persons dealing with the General Partner, in any way, shall look only to the assets of the General Partner for the payment of any sum or the performance of any obligation. Seller agrees that any liability of the General Partner or any trustee, officer, shareholder, employee or agent acting on behalf of the General Partner arising out of this Agreement or the performance by Purchaser of its obligations hereunder is limited to the assets of the General Partner in accordance with the above Declaration of Trust.

EXECUTED to be effective as of the date shown on the front cover hereof.

PURCHASER:

CPT OPERATING PARTNERSHIP L.P.

By: Correctional Properties Trust, a Maryland real estate investment trust, its General Partner

By: -----
Charles R. Jones, President

Date: -----

Purchaser's Tax I.D. Number: -----

SELLER:

WACKENHUT CORRECTIONS CORPORATION

By: -----
George C. Zoley, Vice Chairman of the Board

Date: -----

Seller's Tax I.D. Number: -----

AGREEMENT OF TITLE COMPANY

By its execution of this Agreement, the Title Company agrees to: (a) timely file a return with the Internal Revenue Service on Form 1099-B, Form 1099-S and/or such other form or forms as the Internal Revenue Service may by form or regulation require, and (b) furnish Purchaser with a written statement showing the name and address of the Title Company and the information shown on such form or forms with respect to Purchaser, and (c) comply with the provisions of the Agreement which are applicable to the Title Company. Such form or forms shall be filed in order that the parties to this transaction will be in compliance with Section 6045 of the Internal Revenue Code of 1986, as amended. Purchaser and Seller shall each provide their taxpayer identification numbers to the Title Company so that such information may be included in the form or forms filed by the Title Company.

_____ TITLE INSURANCE
CORPORATION

By: _____
Name: _____
Title: _____

LIST OF EXHIBITS

Exhibit A	-	Real Property Description
Exhibit B	-	Bill of Sale and Assignment
Exhibit C	-	Certificate of Non-Foreign Status
Exhibit D	-	Closing Certificate
Exhibit E	-	Deed
Exhibit F	-	Excluded Personal Property
Exhibit G	-	Master Agreement to Lease and Lease Agreement
Exhibit H	-	Personal Property
Exhibit I	-	Surveyor's Certificate
Exhibit J-1	-	Opinion of Seller's Counsel
Exhibit J-2	-	Opinion of Purchaser's Counsel

FORM OF

TRUSTEE AND OFFICER INDEMNIFICATION AGREEMENT

This Trustee and Officer Indemnification Agreement (this "Indemnification Agreement") is made as of the ____ day of _____, 1998, by and between Correctional Properties Trust, a Maryland real estate investment trust (the "Company"), and the undersigned Officer or Trustee of the Company (the "Indemnitee").

WHEREAS, the Company wishes to retain the services of the Indemnitee as an Officer or Trustee of the Company;

WHEREAS, Maryland Code Annotated, Courts and Judicial Proceeding, Article 5-350, provides that a real estate investment trust's Declaration of Trust may include any provision expanding or limiting the liability of its officers or trustees to the trust or its shareholders for money damages, except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services, or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action;

WHEREAS, the Company's Declaration of Trust provides that to the fullest extent allowed by Maryland law, no officer or trustee of the Company shall be liable to the Company or its shareholders for money damages;

WHEREAS, in addition, the Bylaws of the Company provide that the officers and trustees of the Company shall be entitled to indemnification on the terms and conditions set forth therein;

WHEREAS, the Indemnitee has indicated that he or she does not regard the foregoing provisions of the Company's Declaration of Trust and Bylaws as adequate to protect him against the risks associated with his service to the Company and has noted that the Company's directors' and officers' liability insurance policy has numerous exclusions and a deductible and thus does not adequately protect the Indemnitee; and

WHEREAS, the Company has agreed to enter into this Indemnification Agreement in order to provide greater protection to the Indemnitee against such risks of service to the Company in order to induce the Indemnitee to serve as an Officer or Trustee of the Company.

NOW, THEREFORE, in order to induce the Indemnatee to serve as an Officer or Trustee of the Company and in consideration of such service, the Company hereby agrees to indemnify the Indemnatee as follows:

1. INDEMNITY. The Company will indemnify the Indemnatee, his executors, administrators, heirs and assigns, for any Expenses (as defined below) which the Indemnatee is or becomes legally obligated to pay in connection with any Proceeding (as defined below). As used in this Agreement, (a) the term "Proceeding" shall include any threatened, pending or completed claim, action, suit or proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Indemnatee may be or may have been involved as a party or otherwise, by reason of the fact that Indemnatee is or was a trustee or officer of the Company, by reason of any actual or alleged error, misstatement, omission or misleading statement made or suffered by the Indemnatee, by reason of any action taken by him or of any inaction on his part while acting as such trustee or officer, or by reason of the fact that he was serving at the request of the Company as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; provided, that in each such case Indemnatee acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and, in the case of a criminal proceeding, in addition had no reasonable cause to believe that the act or omission was unlawful; (b) the term "other enterprise" shall include (without limitation) employee benefit plans and administrative committees thereof; (c) the term "fines" shall include (without limitation) any excise tax assessed with respect to any employee benefit plan; and (d) the term "Expenses" shall include, without limitation, damages, judgments, fines, penalties, settlements and reasonable costs, attorneys' fees and disbursements and costs of attachment or similar bonds, investigations, and any expenses of establishing a right to indemnification under this Agreement.
2. ENFORCEMENT. If a claim or request under this Agreement is not paid by the Company, or on its behalf, within thirty days after a written claim or request has been received by the Company, the Indemnatee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim or request and if successful in whole or in part, the Indemnatee shall be entitled to be paid also the Expenses of prosecuting such suit. The Company shall have the right to withhold, or to recoup from, the Indemnatee the amount of any item or items of Expenses theretofore paid by the Company pursuant to this Agreement, to the extent such Expenses are not reasonable in nature or amounts; provided, however, that the Company shall have the burden of proving such Expenses to be unreasonable. The burden of proving that the

Indemnitee is not entitled to indemnification for any other reason shall also be upon the Company.

3. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.
4. EXCLUSIONS. The Company shall not be liable under this Agreement to pay any Expenses in connection with any claim made against the Indemnitee:
 - (a) to the extent that payment is actually made to the Indemnitee under a valid, enforceable and collectible insurance policy;
 - (b) to the extent that the Indemnitee is indemnified and actually paid otherwise than pursuant to this Agreement;
 - (c) in connection with a judicial action by or in the right of the Company, in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudged to be liable for gross negligence or intentional misconduct in the performance of his duty to the Company unless and only to the extent that any court in which such action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.
 - (d) if it is proved by final judgment in a court of law or other final adjudication to have been based upon or attributable to the Indemnitee's personal profit or advantage to which he or she was not legally entitled;
 - (e) for a disgorgement of profits made from the purchase and sale by the Indemnitee of securities pursuant to Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;
 - (f) brought about or contributed to by the dishonesty of the Indemnitee seeking payment hereunder; however, notwithstanding the foregoing, the Indemnitee shall be protected under this Agreement as to any claims upon which suit may be brought against him by reason of any

alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to the Indemnatee shall establish that he committed (i) acts of active and deliberate dishonesty, (ii) with actual dishonest purpose and intent, and (iii) which acts were material to the cause of action so adjudicated; or

- (g) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnity or for any other reason.
5. INDEMNIFICATION OF EXPENSES OF A SUCCESSFUL PARTY. Notwithstanding any other provision of this Agreement, to the extent that the Indemnatee has been successful on the merits or otherwise in defense of any Proceeding or in defense of any claim, issue or matter therein, including dismissal without prejudice, Indemnatee shall be indemnified against any and all Expenses incurred in connection therewith.
 6. PARTIAL INDEMNIFICATION. If the Indemnatee is entitled under any provision of this Agreement to the indemnification by the Company for some or a portion of Expenses, but not for the total amount thereof, the Company shall nevertheless indemnify the Indemnatee for the portion of such Expenses to which the Indemnatee is entitled.
 7. ADVANCE OF EXPENSES. Expenses incurred by the Indemnatee in connection with any Proceeding, except the amount of any settlement, shall be paid by the Company in advance upon written request of the Indemnatee that the Company pay such Expenses and delivery of a written affirmation by the Indemnatee of the Indemnatee's good faith belief that the standard of conduct necessary for indemnification under this Agreement has been met. The Indemnatee hereby undertakes to repay to the Company the amount of any Expenses theretofore paid by the Company to the extent that it is ultimately determined that such Expenses were not reasonable or that the Indemnatee is not entitled to indemnification.
 8. APPROVAL OF EXPENSES. No Expenses for which indemnity shall be sought under this Agreement, other than those in respect of judgments and verdicts actually rendered, shall be incurred without the prior consent of the Company, which consent shall not be unreasonably withheld or delayed.
 9. NOTICE OF CLAIM. The Indemnatee, as a condition precedent to his right to be indemnified under this Agreement, shall give to the Company notice in writing as soon as practicable of any claim made against him for which indemnity will or could be sought under this Agreement, provided, however, that the failure to provide such notice shall not eliminate the Company's obligations

hereunder unless such failure to provide notice materially and adversely affects the rights of the Company with respect thereto. Notice to the Company shall be given at its principal office and shall be directed to the Secretary (or such other address as the Company shall designate in writing to the Indemnitee); notice shall be deemed received if sent by prepaid mail properly addressed, the date of such notice being the date postmarked. In addition, the Indemnitee shall give the Company such information and cooperation as it may be reasonably require and as shall be within the Indemnitee's power.

10. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument.
11. INDEMNIFICATION HEREUNDER NOT EXCLUSIVE. Nothing herein shall be deemed to diminish or otherwise restrict the Indemnitee's right to indemnification under any provision of the Declaration of Trust or Bylaws of the Company and amendments thereto or under applicable law.
12. EXCULPATION. The Declaration of Trust of the Company, as amended, a copy of which is duly filed with the Department of Assessments and Taxation of the State of Maryland, provides that no trustee, officer, shareholder, employee or agent of the Company shall be held personally liable under any written instrument creating an obligation of the Company, or claim against, the Company. All persons dealing with the Company, in any way, shall look only to the assets of the Company for the payment of any sum or the performance of any obligation.
13. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland.
14. SAVING CLAUSE. Whenever there is conflict between any provision of this Agreement and any applicable present or future statute, law or regulations contrary to which the Company and the Indemnitee have no legal right to contract, the latter shall prevail, but in such event the affected provisions of this Agreement shall be curtailed and restricted only to the extent necessary to bring them within applicable legal requirements.
15. COVERAGE. The provisions of this Agreement shall apply with respect to the Indemnitee's service as an Officer or Trustee of the Company prior to the date of this Agreement and with respect to all periods of such service after the date of this Agreement, even though the Indemnitee may have ceased to be an Officer or Trustee of the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and signed as of the day and year first above written.

CORRECTIONAL PROPERTIES TRUST,
a Maryland real estate investment trust

By: _____
Name: _____
Title: _____

OFFICER OR TRUSTEE:

Name: _____
Address: _____
