P95000028912

CAPITOL SERVICES d/b/a
PARALEGAL & ATTORNEY SERVICE BUREAU, INC.
(Requestor's Name)

1406 Hays Street, Suite 2
(Address)

Tallahassee, FL 32301 (904) 656-3992
(City, State, Zip) (Phone #)

FILED
95 APR 11 PM 12:14
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

OFFICE USE ONLY

800001452918
-04/11/95--01036--021
****122.50 ****122.50

CORPORATION NAME(S) & DOCUMENT NUMBER(S) (if known):

1. Sub Management Inc.
(Corporation Name) (Document #)

2. (Corporation Name) (Document #)

3. (Corporation Name) (Document #)

4. (Corporation Name) (Document #)

[X] Walk in [X] Pick up time 2:30 [X] Certified Copy

[ ] Mail out [ ] Will wait [ ] Photocopy [ ] Certificate of Status

	NEW FILINGS
X	Profit
	NonProfit
	Limited Liability
	Domestication
	Other

	AMENDMENTS
	Amendment
	Resignation of R.A., Officer/Director
	Change of Registered Agent
	Dissolution/Withdrawal
	Merger

	OTHER FILINGS
	Annual Report
	Fictitious Name
	Name Reservation

	REGISTRATION/ QUALIFICATION
	Foreign
	Limited Partnership
	Reinstatement
	Trademark
	Other

NANCY HENDRICKS APR 11 1995

Examiner's Initials	

FILED
95 APR 11 PM 4:14

ARTICLES OF INCORPORATION

OF

SER MANAGEMENT, INC.

The undersigned incorporator hereby files these Articles of Incorporation in order to form a corporation under the laws of the State of Florida.

ARTICLE I
NAME AND ADDRESS OF THE CORPORATION

The name of the Corporation shall be SER Management, Inc. (the "Corporation"). The initial address of the Corporation shall be c/o Apollo Real Estate Advisors, L.P., Two Manhattanville Road, Purchase, New York 10577.

ARTICLE II
NAME OF BUSINESS

The general nature of the business and activities to be transacted and carried on by the Corporation is to transact all lawful business for which corporations may be incorporated under the Florida Business Corporation Act, as hereafter amended and supplemented, and any successor statute thereto, as thereafter amended and supplemented.

ARTICLE III
STOCK

The authorized capital stock of the Corporation shall consist of 1,000 shares of Common Stock, par value $.01 per share (the "Common Stock").

ARTICLE IV
INCORPORATOR

The name and street address of the incorporator of the Corporation is as follows:

Derek M. Stoldt
c/o Kaye, Scholer, Fierman, Hays & Handler
425 Park Avenue
New York, New York 10022

ARTICLE V
ADDRESS OF REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Corporation in the State of Florida shall be 801 Northeast 167th Street - Suite 300, North Miami Beach, Florida 33162. The name of the initial registered agent of the Corporation at the above address shall be United Corporate Services, Inc.

ARTICLE VI
DIRECTORS

The business of the Corporation shall be managed by a Board of Directors consisting of not fewer than two (2) persons, the exact number to be set forth in the By-laws of the Corporation duly adopted by the Board of Directors of the Corporation, and until such time as the By-laws have been adopted, the Board of Directors shall consist of two (2) persons. Whenever any vacancy shall have occurred in the Board of Directors, by reason of death, resignation, removal or otherwise, it shall be filled by a majority of the remaining directors, though less than a quorum (except as otherwise provided by law), or by the shareholders of the Corporation.

ARTICLE VII
AMENDMENT

These Articles of Incorporation may be amended only by the affirmative vote of a majority of the shares of Common Stock, issued and outstanding.

ARTICLE VIII
TERMINATION OF CORPORATE EXISTENCE

The existence of the Corporation may be terminated only by the affirmative vote of a majority of the shares of Common Stock, issued and outstanding.

IN WITNESS WHEREOF, the above-named incorporator signed these Articles of Incorporation this 11th day of April, 1994.

By: Derek M. Stoldt
Derek M. Stoldt
Incorporator

CERTIFICATE DESIGNATING
REGISTERED AGENT AND REGISTERED OFFICE

In compliance with Florida Statutes Sections 48.091 and 607.0501, the following is submitted:

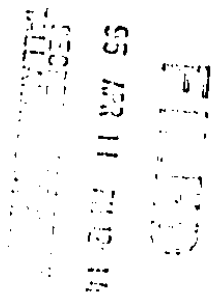
SER Management, Inc., desiring to organize as a corporation under the laws of the State of Florida, has designated United Corporate Services, Inc., as its initial Registered Agent and has named 801 Northeast 167th Street - Suite 300, North Miami Beach, Florida 33162 as its initial Registered Office.

By: _____
Derek M. Stoldt
Incorporator

Having been named Registered Agent for the above-stated corporation, at the designated Registered Office, the undersigned hereby acknowledges that he is familiar with the obligations of such position and accepts said appointment and agrees to comply with the provisions of Florida Statutes Section 48.091 relative to keeping open said office.

United Corporate Services, Inc.

By: _____
Registered Agent
Pres.



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

P95000028412

ARTICLES OF MERGER
Merger Sheet

MERGING:

CRI MANAGEMENT, INC., a Florida corporation, P94000070008

INTO

SER MANAGEMENT, INC., a Florida corporation, P95000028412

File date: May 10, 1995

Corporate Specialist: Joy Moon-French

P95000028412

CAPITOL SERVICES d/b/a
PARALEGAL & ATTORNEY SERVICE BUREAU, INC.

(Requestor's Name)

1406 Hays Street, Suite 2

(Address)

Tallahassee, FL 32301 (904) 656-3992

(City, State, Zip) (Phone #)

OFFICE USE ONLY

-05/11/95--01001--023
****122.50 ****122.50

CORPORATION NAME(S) & DOCUMENT NUMBER(S) (If known):

1. SER Management, Inc
(Corporation Name) (Document #)
2. (Corporation Name) (Document #)
3. (Corporation Name) (Document #)
4. (Corporation Name) (Document #)

☒ Walk in ☐ Pick up time _____ ☒ Certified Copy

☐ Mail out ☐ Will wait ☐ Photocopy ☐ Certificate of Status

95 MAY 10 PM 1:54
SECRETARY OF STATE
TALLAHASSEE FLORIDA

NEW FILINGS	
☐	Profit
☐	NonProfit
☐	Limited Liability
☐	Domestication
☐	Other

AMENDMENTS	
☐	Amendment
☐	Resignation of R.A., Officer/Director
☐	Change of Registered Agent
☐	Dissolution/Withdrawal
☒	Merger

OTHER FILINGS	
☐	Annual Report
☐	Fictitious Name
☐	Name Reservation

REGISTRATION/ QUALIFICATION	
☐	Foreign
☐	Limited Partnership
☐	Reinstatement
☐	Trademark
☐	Other

5/11 Jon Merger C...

Examiner's Initials	

CR2E031(10/92)

FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

May 10, 1995

CAPITOL SERVICES

TALLAHASSEE, FL

SUBJECT: SER MANAGEMENT, INC.
Ref. Number: P95000028412

We have received your document for SER MANAGEMENT, INC.. However, the document has not been filed and is being returned for the following:

The document must include original signatures.

If you have any questions concerning the filing of your document, please call (904) 487-6957.

Joy Moon-French
Corporate Specialist

Letter Number: 095A00023742

Pick Date May 10
Pick up 2:30

ARTICLES OF MERGER

OF

SER MANAGEMENT, INC.

AND

CRI MANAGEMENT, INC.

Pursuant to the provisions of Section 607.1105 of the Florida Statutes, the undersigned hereby certify that:

1. CRI Management, Inc. a Florida corporation, shall be merged with and into SER Management, Inc., a Florida corporation (the "Surviving Subsidiary"), which shall be the surviving corporation (the "SER Merger").

2. The SER Merger shall become effective on the date on which these Articles of Merger are filed with the Secretary of State of the State of Florida.

3. The Agreement and Plan of Merger dated as of May 10, 1995, pursuant to which the SER Merger shall be accomplished and a certified copy of which is attached hereto, was adopted by the shareholders of CRI Management and the Surviving Subsidiary on May 10, 1995.

SER MANAGEMENT, INC.

Michael D. Weiner
President

CRI MANAGEMENT, INC.

Michael D. Weiner
President

DOC #1114079

AGREEMENT AND PLAN OF MERGER

BETWEEN

CRI MANAGEMENT, INC.

AND

SER MANAGEMENT, INC.

MAY 10, 1995

This Agreement and Plan of Merger (the "Agreement") is made and entered into as of May 10, 1995 by and between CRI Management, Inc., a Florida corporation ("CRI Management"), and SER Management, Inc., a Florida corporation (the "Surviving Corporation"), each a wholly-owned subsidiary of Southeast Realty Corp., a Maryland corporation ("Southeast Realty").

CRI Management and Surviving Corporation agree as follows:

ARTICLE I

THE MERGER

Section 1.1 Merger of CRI Management into Surviving Corporation. CRI Management shall be merged (the "Merger") with and into Surviving Corporation, upon the filing of this Agreement with the Secretary of State of Florida pursuant to Section 607.214 of the Florida General Corporation Act (the time of such filing is referred to herein as the "Effective Time"). At the Effective Time, the separate corporate existence of CRI Management shall cease and Surviving Corporation shall be the surviving corporation and the separate corporate existence of Surviving Corporation, with all its purposes, objects, rights, privileges and powers, shall continue unaffected and unimpaired by the Merger. The Merger shall be pursuant to the provisions of and with the effect provided in the Florida General Corporation Act.

Section 1.2 Certificate of Incorporation. From the Effective Time and until further amended in accordance with the Florida General Corporation Act, the Certificate of Incorporation of Surviving Corporation shall be the Certificate of Incorporation of the surviving corporation.

Section 1.3 By-laws. The By-laws of Surviving Corporation, as in effect immediately prior to the Effective Time, shall be the By-laws of the surviving corporation until duly amended in accordance with the law.

Section 1.4 Directors. From and after the Effective Time, Michael D. Weiner and John J. Hannan shall be the directors of Surviving Corporation, until their respective successors are duly appointed or elected and qualified.

Section 1.5 Exchange of CRI Management Common Stock for Surviving Corporation Common Stock. Upon surrender by the sole shareholder of CRI Management of its certificates representing all of the outstanding capital stock of CRI Management to Surviving Corporation, Surviving Corporation shall deliver to such shareholder a certificate representing 100 shares of common stock, $.01 par value per share, of Surviving

Corporation, and the certificates surrendered by the sole shareholder of CRI Management shall be cancelled.

Article II

CONDITIONS

Section 2.1 Conditions to Each Party's Obligations to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the approval by the sole shareholder of each of CRI Management and the Surviving Corporation of this Agreement.

Article III

TERMINATION, AMENDMENT AND WAIVER

Section 3.1 Termination. This Agreement may be terminated at any time prior to the Effective Time by mutual consent of Directors of CRI Management and Surviving Corporation.

Section 3.2 Effect of Termination. In the event of termination of this Agreement, this Agreement shall forthwith become void and there shall be no liability on the part of either CRI Management or Surviving Corporation or their respective officers or directors.

Section 3.3 Amendment. This Agreement may be amended by CRI Management or Surviving Corporation, by action taken by or on behalf of their respective Board of Directors, at any time before or after approval by their respective shareholders provided, however, that after approval by the sole shareholder of CRI Management no such modification shall reduce the amount of, or eliminate the opportunity of the Fund to receive the form of, the consideration contemplated by such shareholder. This Agreement may not be amended except by an instrument in writing signed on behalf of CRI Management and Surviving Corporation.

Section 3.4 Waiver. Any term or provision of this Agreement may be waived in writing at any time by the party which is, or whose shareholders are, entitled to the benefits thereof.

IN WITNESS WHEREOF, CRI Management and Surviving Corporation have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

CRI MANAGEMENT, INC.

ATTEST_____
Name: Michael D. Weiner
Title: Secretary

By:_____
Name: John J. Hannan
Title: Vice President

SER MANAGEMENT, INC.

ATTEST_____
Name: Michael D. Weiner
Title: Secretary

By:_____
Name: John J. Hannan
Title: Vice President

DOC #1056629

CRI MANAGEMENT, INC.

Secretary's Certificate

The undersigned, Michael D. Weiner, the duly elected and acting Secretary of CRI Management, Inc., a Florida corporation and one of the merging parties mentioned in the foregoing Agreement and Plan of Merger (the "Agreement"), hereby certifies that the sole shareholder of CRI Management, Inc. adopted the Agreement by written consent dated May 10, 1995.

Dated: May 10, 1995

Name: Michael D. Weiner
Title: Secretary of
CRI Management, Inc.

SER MANAGEMENT, INC.

Secretary's Certificate

The undersigned, Michael D. Weiner, the duly elected and acting Secretary of SER Management, Inc., a Florida corporation and one of the merging parties mentioned in the foregoing Agreement and Plan of Merger (the "Agreement"), hereby certifies that the sole shareholder of SER Management, Inc. adopted the Agreement by written consent dated May 10, 1995.

Dated: May 10, 1995

Name: Michael D. Weiner
Title: Secretary of
SER Management, Inc.

DOC #1056629

P95000028412

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
95 JUN 30 PM 2:59

OFFICE USE ONLY (Document #)

Sunstate Research
(Requestor's Name)
PO Box 11271
(Address)
Tallahassee FL 32302
(City, State, Zip) (Phone #)

800001531298
-07/06/95--01062--019
****262.50 ****262.50

OFFICE USE ONLY

CORPORATION NAME(S) & DOCUMENT NUMBER(S) (if known):

1. Crocker + Sons, Inc and Crocker
(Corporation Name) (Document #)
2. Realty Management Services, Inc
(Corporation Name) (Document #)
3. and SER Management, Inc
(Corporation Name) (Document #)
4. _____
(Corporation Name) (Document #)

☒ Walk in ☐ Pick up time ____ (3) ☒ Certified Copy
☐ Mail out ☒ Will wait ☐ Photocopy ☐ Certificate of Status

need two (2) c/c of this merger

NEW FILINGS	
☐	Profit
☐	NonProfit
☐	Limited Liability
☐	Domestication
☐	Other

AMENDMENTS	
☐	Amendment
☐	Resignation of R.A., Officer/Director
☐	Change of Registered Agent
☐	Dissolution/Withdrawal
☒	Merger NC

need one (1) CC of Articles of Inc and all amendo of Survivor

OTHER FILNGS	
☐	Annual Report
☐	Fictitious Name
☐	Name Reservation

REGISTRATION/ QUALIFICATION	
☐	Foreign
☐	Limited Partnership
☐	Reinstatement
☐	Trademark
☐	Other

Examiner's Initials TLL

CR2E031(9/92)

CAPITOL SERVICES

1406 Hays St. #2
Suite 110A
1020 East Lafayette St.
Tallahassee, FL 32301-4525
(904) 878-4734
Fax (904) 656-7543
FEIN: 59-2905950

June 28, 1995

To Whom It May Concern:

I, Frank D. Hill, Vice President of Capitol Services, release the following corporate name, reserved on June 9, 1995, to Sunstate Research:

CROCKER REALTY MANAGEMENT, INC.
R95000002594

If there are any questions, please feel free to call me.

Sincerely,

Frank D. Hill
Vice President

FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

ARTICLES OF MERGER
Merger Sheet

MERGING:

CROCKER & SONS, INC., a Florida corporation, K59748

CROCKER REALTY MANAGEMENT SERVICES, INC., a Florida corporation, L98939

INTO

SER MANAGEMENT, INC. which changed its name to

CROCKER REALTY MANAGEMENT, INC., a Florida corporation, P95000028412

File date: June 30, 1995

Corporate Specialist: Thelma Lewis

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

95 JUN 30 PM 2:59

ARTICLES OF MERGER

OF

CROCKER & SONS, INC.

AND

CROCKER REALTY MANAGEMENT SERVICES, INC.

AND

SER MANAGEMENT, INC.

Pursuant to the provisions of Section 607.1105 of the Florida Statutes, the undersigned hereby certify that:

1. Crocker & Sons, Inc. ("CSI") and Crocker Realty Management Services, Inc. ("CRMSI"), each a Florida corporation, shall be merged with and into SER Management, Inc., a Florida corporation (the "Surviving Subsidiary"), which shall be the surviving corporation (the "CSI Merger").

2. The CSI Merger shall become effective as of the close of business on June 30, 1995.

3. The Agreement and Plan of Merger dated as of September 29, 1994, pursuant to which the CSI Merger shall be accomplished and a copy of which is attached hereto, was unanimously approved by the shareholders of CSI, CRMSI on September 26, 1994, and was approved by written consent of the sole shareholder of the Surviving Subsidiary as of June 29, 1995.

4. Upon the effectiveness of these Articles of Merger the name of the Surviving Subsidiary shall be "Crocker Realty Management, Inc."

IN WITNESS WHEREOF, the undersigned have executed these Articles of Merger this 26 day of June, 1995.

CROCKER REALTY MANAGEMENT SERVICES, INC.

By: _____
Name: _____
Title: _____

CROCKER & SONS, INC.

By: _____
Name: _____
Title: _____

SER MANAGEMENT, INC.

By: _____
Name: Tom Jackson
Title: Vice President

IN WITNESS WHEREOF, the undersigned have executed these Articles of Merger this 30th day of June, 1995.

CROCKER REALTY MANAGEMENT SERVICES, INC.

By: _____
Name: Barbara F. Crocker
Title: President

CROCKER & SONS, INC.

By: _____
Name: _____
Title: _____

SER MANAGEMENT, INC.

By: _____
Name: _____
Title: _____

AGREEMENT AND PLAN OF MERGER

by and among

CROCKER & SONS, INC. and

CROCKER REALTY MANAGEMENT SERVICES, INC.

and

SOUTHEAST REALTY CORP. and

CRI MANAGEMENT, INC.

Dated as of September 29, 1994

AGREEMENT AND PLAN OF MERGER

TABLE OF CONTENTS

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of September 29, 1994 (the "Agreement"), by and among Crocker & Sons, Inc. ("CSI"), and Crocker Realty Management Services, Inc. ("CRMSI"), each a Florida corporation (CSI and CRMSI, collectively, the "Target Parties"), and Southeast Realty Corp., a Maryland corporation ("Southeast Realty"), and CRI Management, Inc., a Florida corporation and a wholly-owned subsidiary of Southeast Realty (the "Merger Subsidiary").

WHEREAS, the parties wish to enter into a business combination pursuant to which CSI and CRMSI will merge with and into the Merger Subsidiary, on the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND PRINCIPLES OF CONSTRUCTION

1.1 Defined Terms. As used in this Agreement:

"Acquiring Parties" shall mean Southeast Realty and the Merger Subsidiary.

"Acquiring Parties' Disclosure Schedule" shall mean the disclosure schedule delivered by the Acquiring Parties pursuant to the CRI Merger Agreement, as amended or supplemented by the Acquiring Parties at any time and from time to time on or prior to October 11, 1994.

"Acquiring Parties' Financial Statements" shall have the meaning provided in Section 3.2(h).

"Acquiring Parties' Public Reports" shall have the meaning provided in Section 3.2(g).

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly,

the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Agreement, all Exhibits and Schedules hereto, as modified, supplemented or amended from time to time.

"APGP" shall mean AP-GP Southeast Portfolio Partners, L.P.

"APGP Fontaine" shall mean AP-GP Fontaine III Partners, LP.

"APGP Operating Corp." shall mean Southeast Portfolio Operating Corp.

"AP Southeast" shall mean AP Southeast Portfolio Partners, L.P.

"Articles of Merger" shall mean the Articles of Merger, in the form of Exhibit A attached hereto.

"Business Day" shall mean any day excluding Saturday, Sunday and any day which in Miami, Florida or New York, New York shall be a legal holiday or a day on which financial institutions are authorized by law or other governmental action to close.

"Closing" shall have the meaning provided in Section 7.1.

"Closing Date" shall have the meaning provided in Section 7.1.

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

"Competing Transaction" shall mean any of the following (other than in connection with the Mergers and the Transfer) involving a party hereto: (i) any merger, consolidation, share exchange, business combination, or other similar transaction; (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 15% or more of the assets of such party, in a single transaction or series of transactions; (iii) any tender offer or

exchange offer for 15% or more of the outstanding shares of capital stock of such party or the filing of a registration statement under the Securities Act in connection therewith; (iv) any Person having acquired beneficial ownership or the right to acquire beneficial ownership of, or any "group" (as such term is defined under Section 13(d) of the Securities Exchange Act) having been formed which beneficially owns or has the right to acquire beneficial ownership of, 15% or more of the outstanding shares of capital stock of such party; or (v) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

"CRI Management" shall mean CRI Management, Inc.

"CRI Merger" shall mean the Merger and the other transactions contemplated in the CRI Merger Agreement, including the Transfer.

"CRI Merger Agreement" shall mean the Agreement and Plan of Merger dated as of the date hereof by and among Southeast Realty, AP Acquisition Co., Inc. and Crocker Realty Investors, Inc.

"CRMSI" shall have the meaning provided in the first paragraph of this Agreement.

"CSI" shall have the meaning provided in the first paragraph of this Agreement.

"CSI Merger" shall have the meaning provided in Section 2.1.

"Damages" shall mean, as to any Person, all (i) costs and expenses incurred by such Person in the negotiation, documentation and consummation of the CSI Merger and the Transfer, including, without limitation, the reasonable fees and expenses of counsel, accountants and financial advisers, and all costs and expenses related to any filings under the HSR Act and the printing, filing and mailing of the Registration Statement, and (ii) damages, losses, costs and expenses incurred by such Person, directly or indirectly, including, without limitation, all reasonable legal fees incurred in investigating, litigating (at trial or appellate level) or otherwise resolving any disputes brought by a Person not a party to this Agreement or the CRI Merger Agreement (or an Affiliate of such

party). To the extent that the Acquiring Parties (as defined herein and in the CRI Merger Agreement) incur Damages which cannot be allocated as between CRI and the Target Parties, such Acquiring Parties shall allocate 25% of such unallocable Damages to their Damages incurred in connection with the transactions contemplated by this Agreement and the remaining 75% to their Damages incurred in connection with the transactions contemplated by the CRI Merger Agreement.

"Effective Time" shall have the meaning provided in Section 2.2(i).

"Employment Agreements" shall have the meaning provided in the CRI Merger Agreement.

"Environmental Claims" shall mean any notice of violation, claim, demand, abatement order or other order or direction (conditional or otherwise) by any Person for any Damages, including, without limitation, personal injury (including sickness, disease or death), tangible or intangible property damage, contribution, indemnity, indirect or consequential damages, damage to the environment, pollution, contamination or other adverse effects on the environment, removal, cleanup or remedial action or for fines, penalties or restrictions, resulting from or based upon (i) the existence or occurrence, or the alleged existence or occurrence, of a Hazardous Substance Activity or (ii) the violation, or alleged violation, of any Environmental Law in connection with any property or any portion thereof.

"Environmental Law" shall mean all laws, statutes, ordinances, orders, rules, codes, regulations and judgments and any judicial or administrative interpretations thereof relating to health, safety and protection of the environment, including, without limitation, those relating to fines, orders, injunctions, penalties, damages, contribution, cost recovery compensation, removal, cleanup or remedial action, losses or injuries resulting from Hazardous Substance Activity, in any manner applicable to property, or the ownership, use, occupancy or operation thereof, including, without limitation, CERCLA, the Hazardous Material Transportation Act (49 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control

Act (15 U.S.C. § 2601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) and the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), each as heretofore or hereafter amended or supplemented from time to time, and any analogous future or present applicable local, state and federal statutes and regulations promulgated pursuant thereto, each as in effect as of the date of determination.

"Exchange" shall mean the securities exchange upon which the Southeast Realty Shares are listed for trading.

"Fontaine Operating Corp." shall mean Fontaine III Operating Corporation.

"Fontaine Partnership" shall mean AP Fontaine III Partners, L.P.

"Fund" shall mean the Apollo Real Estate Investment Fund, L.P.

"Fund Side-Letter" shall mean the letter agreement dated as of the date hereof from the Fund to CRI and the Target Parties.

"GAAP" shall mean generally accepted accounting principles in the United States as of the date of the applicable financial statement.

"Governmental Entity" shall mean any foreign or domestic governmental or regulatory authority.

"Hazardous Substance Activity" shall mean any storage, holding, existence, release, spill, leaking, pumping, pouring, injection, escaping, deposit, disposal, dispersal, leaching, migration, use, treatment, emission, discharge, generation, processing, abatement, removal, disposition, handling or transportation of any Hazardous Substances emanating from any property through the air, soil, surface water, groundwater or property and also including, without limitation, the abandonment or disposal of any barrels, containers and other closed receptacles containing any Hazardous Substances from or on such property, in each case whether sudden or non-sudden, accidental or non-accidental.

"Hazardous Substances" shall mean (i) any chemical, material or substance defined as or included in the definition of hazardous wastes, hazardous materials, hazardous substance, extremely hazardous substance, pollutants, restricted hazardous waste, or toxic substances or words of similar import under any applicable Environmental Laws, (ii) any oil, petroleum or petroleum derived substance, any drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, any flammable substances or explosives, any radioactive materials, or any other materials which cause any property to be in violation of any applicable Environmental Laws and (iii) asbestos in any form which is friable, urea formaldehyde foam insulation, electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Income Taxes" shall mean (i) foreign, federal, state or local income or franchise taxes or other taxes imposed on or with respect to net income or capital, together with any interest or penalties or additions to tax imposed with respect thereto, and (ii) any obligations under any agreements or arrangements with respect to any taxes described in clause (i) above.

"Income Tax Returns" shall mean all Tax Returns pertaining to Income Taxes required to be filed with any Taxing Authority.

"Indemnified Party" shall mean a Person seeking indemnification hereunder.

"Indemnifying Party" shall mean a Person from whom indemnification is sought hereunder.

"Indenture" shall mean the Indenture dated as of March 1, 1994, from the Partnership to Bankers Trust Company of California, N.A., as Trustee, and Bankers Trust Company, as Servicer.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit, arrangement, encumbrance, lien (statutory or other), preference,

priority or other security interest of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the Uniform Commercial Code or any other similar recording or notice statute, and any lease or other arrangement having substantially the same effect as any of the foregoing.

"Merger Subsidiary" shall have the meaning provided in the first paragraph of this Agreement.

"Mergers" shall mean the CRI Merger and the CSI Merger.

"NCNB Agreement" shall have the meaning provided in the CRI Merger Agreement.

"Options Corporation" shall mean Southeast Options Operating Corporation, a Delaware corporation.

"Partnerships" shall mean AP Southeast, APGP, Fontaine Partnership and APGP Fontaine.

"Partnership" shall mean AP Southeast Portfolio Partners, L.P.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any Governmental Entity.

"Properties" shall have the meaning provided in Section 3.2(j).

"Registration Statement" shall have the meaning provided in Section 5.21.

"Related Financial Statements" shall have the meaning provided in the CRI Merger Agreement.

"SEC" shall mean the Securities and Exchange Commission, as from time to time constituted, or any successor Governmental Entity.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Selling Shareholders" shall mean all of the shareholders of CSI and CRMSI immediately prior to the Closing Date.

"Selling Shareholders' Side-Letters" shall mean the letter agreement dated as of the date hereof from Thomas J. Crocker and Richard S. Ackerman to the Acquiring Parties and the letter agreement dated as of the date hereof from Thomas J. Crocker, Barbara F. Crocker, Richard S. Ackerman and Robert E. Onisko to Southeast Realty and the Merger Subsidiary.

"Southeast Fontaine GP Corp." shall mean a corporation to be organized as a wholly-owned subsidiary of Southeast Realty solely for the sole purpose of holding the general partnership interest in APGP Fontaine.

"Southeast Realty" shall have the meaning provided in the first paragraph of this Agreement.

"Southeast Realty GP Corp." shall mean Southeast Realty GP Corp.

"Southeast Realty Shares" shall have the meaning provided in Section 2.2(iv).

"Southeast Realty Subsidiaries" shall mean the Merger Subsidiary, CRI Acquisition, Inc. and Southeast Realty GP Corp.

"Surviving Subsidiary" shall have the meaning provided in Section 2.1.

"Target Parties" shall have the meaning provided in the first paragraph of this Agreement.

"Target Shares" shall have the meaning provided in Section 2.2(iv).

"Tax Returns" shall mean all returns, reports and forms required to be filed with any Taxing Authority.

"Tax" or "Taxes" shall mean (i) any and all taxes (whether federal, state, local or foreign), including, without limitation, gross receipts, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, employment, excise, or property taxes, and Income Taxes, together with any interest, penalties or additions to tax imposed with respect thereto and (ii) any obligations under any agreements or arrangements with respect to any taxes described in clause (i) above.

"Taxing Authority" shall mean any governmental authority, domestic or foreign, having jurisdiction over the assessment, imposition, determination, or collection of any Tax.

"Transfer" shall have the meaning provided in the CRI Merger Agreement.

"Transfer Agreements" shall have the meaning provided in the CRI Merger Agreement.

1.2 Principles of Construction.

(a) All references to sections, schedules and exhibits in this Agreement are to sections, schedules and exhibits to this Agreement.

(b) When used in this Agreement, the words "herein", "hereof" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) A statement made herein to the knowledge of a Person is made to the actual knowledge of such Person (or in the case of a corporation or partnership, actual knowledge of its officers or the officers of its general partner (other than assistant officers whose duties are principally ministerial)), after due inquiry as to the matter that is the subject of such statement to satisfy such Person that there is a reasonable basis for belief in the accuracy of such statement, but shall not be construed to require independent review or verification by such Person of underlying facts.

ARTICLE II

THE MERGER AND RELATED MATTERS

2.1 The Merger. Subject to the terms and conditions of this Agreement, CSI and CRMSI shall each merge with and into the Merger Subsidiary (the "CSI Merger") at the Effective Time. As a result of the CSI Merger, the separate corporate existence of each of CSI and CRMSI shall cease, and the Merger Subsidiary shall continue as the surviving corporation (the "Surviving Subsidiary").

2.2 Effect of CSI Merger.

(i) General. The CSI Merger shall become effective at the time (the "Effective Time") the Merger Subsidiary, CSI and CRMSI file the Articles of Merger, duly executed, with the Secretary of State of the State of Florida. The CSI Merger shall have the effect set forth in the Florida Business Corporation Act. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of CSI and CRMSI shall vest in the Surviving Subsidiary, and all the debts, liabilities and duties of CSI and CRMSI shall become the debts, liabilities and duties of the Surviving Subsidiary. The Surviving Subsidiary may, at any time after the Effective Time, take any action (including executing and delivering any document) in the name and on behalf of the Merger Subsidiary, CSI or CRMSI in order to carry out and effectuate the transactions contemplated in this Agreement.

(ii) Articles of Incorporation and By-Laws. At the Effective Time, the Articles of Incorporation and By-Laws of the Merger Subsidiary as in effect immediately prior thereto shall be the Articles of Incorporation and By-Laws of the Surviving Subsidiary and the name of the Surviving Subsidiary shall be changed to Crocker Realty Management Services, Inc.

(iii) Directors and Officers of the Merger Subsidiary. At the Effective Time, the directors and officers of the Merger Subsidiary shall become the directors and officers of the Surviving Subsidiary (retaining their respective positions and terms of office).

(iv) Conversion of Target Shares. At the Effective Time, by virtue of the CSI Merger and without any action on the part of any of the Selling Shareholders, the shares of the common stock of CSI, par value $1.00 per share, and the shares of the common stock of CRMSI, par value $1.00 per share (collectively, the "Target Shares"), shall be converted into and represent the right to receive 637,500 shares of the common stock of Southeast Realty, par value $.01 per share (individually, a "Southeast Realty Share," and collectively, the "Southeast Realty Shares"). If, after the date of this Agreement, the outstanding shares of the common stock of Southeast Realty shall have been changed into a different number of shares or a different class by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the Southeast Realty Shares shall be correspondingly adjusted to reflect such change. At the Effective Time, all Target Shares held in the treasury of CSI and CRMSI shall automatically be cancelled and cease to exist. After the Effective Time, no Target Share shall be deemed to be outstanding or to have any rights other than those set forth in this subsection (iv).

(v) Delivery of Certificates. As soon as practicable after the Effective Time, Southeast Realty shall deliver to the Selling Shareholders, in the proportions set forth in Schedule 2.2 attached hereto, certificates representing the Southeast Realty Shares, and the Selling Shareholders shall deliver to Southeast Realty the certificates representing the Target Shares.

(vi) Stock Transfer Books. At the Effective Time, the stock transfer books of CSI and CRMSI shall be closed, and there shall be no further registration of transfers of Target Shares thereafter in such records.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Target Parties. The Target Parties, jointly and severally, represent and warrant to Southeast Realty and the Merger Subsidiary as of the date hereof and as of the Closing Date as follows:

(a) Organization. Each of CSI and CRMSI is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of CSI and CRMSI is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except for filings in jurisdictions where the failure to make such filings would not, individually or in the aggregate, have a material adverse effect on its business, properties or financial condition. Since its incorporation, each of CSI and CRMSI has elected and has been taxed as a "small business corporation" under Subchapter S of the Code and any applicable or similar state or local statutes.

(b) Authority and Enforceability. Each of CSI and CRMSI has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. Each of the Target Parties has validly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of the Target Parties enforceable against each of the Target Parties in accordance with its terms.

(c) Capitalization. The authorized capital stock of CSI consists of 7,500 shares of common stock, par value $1.00 per share, and the authorized capital stock of CRMSI consists of 1,000 shares of common stock, par value $1.00 per share. There are 7,500 shares of common stock of CSI issued and outstanding and 200 shares of common stock of CRMSI issued and outstanding. All of the issued and outstanding shares of such common stock are validly issued, fully paid and nonassessable, free and clear of all Liens. There are no preemptive rights, subscriptions, options, warrants, puts, calls, rights, exchangeable or convertible securities or other agreements or commitments of any character obligating either CSI or CRMSI to issue, transfer, sell, purchase or redeem any of its securities. Since September 22, 1994, neither CSI nor CRMSI has issued, nor at the Effective Time

will have issued, any shares of its capital stock or any other securities exchangeable for or convertible into shares of capital stock of CSI or CRMSI.

(d) Subsidiaries. Neither CSI nor CRMSI owns any capital stock or other proprietary interest in any Person.

(e) Financial Statements. Each of the audited balance sheets and the audited statements of income and retained earnings and cash flows, as of and for the fiscal years ended December 31, 1993, 1992 and 1991, provided by CSI and CRMSI to Southeast Realty, have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, and the unaudited balance sheet and the unaudited statements of income and retained earnings and cash flows as of and for September 22, 1994, provided by CSI and CRMSI to Southeast Realty, present fairly the financial position of CSI and CRMSI as of the indicated dates and the results of their operations for the indicated periods, are correct and complete in all respects, and are consistent with the books and records of CSI and CRMSI, provided that the interim financial statements are subject to normal year-end adjustments, none of which is material. Except as described in the Schedules to this Agreement, the unaudited balance sheet as of September 22, 1994, reflects all claims against and all debts and liabilities (whether accrued, absolute, contingent or otherwise) of CSI and CRMSI as of such date.

(f) No Material Changes. Except as set forth in Schedule 3.1(f) and as reflected on the unaudited balance sheet as of September 22, 1994, since December 31, 1993, there has been no material adverse change in the assets, liabilities, condition, results of operations, business or prospects of CSI or CRMSI.

(g) No Violation. The execution, delivery and performance by each of the Target Parties of this Agreement and of the documents and instruments contemplated hereby to be executed, delivered and performed by them will not (i) violate or conflict with any provision of the Articles of Incorporation or By-Laws of CSI or CRMSI, (ii) constitute a violation of, or be in conflict with, or result in a breach of, or

constitute a default under, or create (or cause the acceleration of the maturity of) any debt, obligation or liability pursuant to, or result in the creation or imposition of any Lien upon any of their assets under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument, to which any of the Target Parties is a party or by which any of the Target Parties is bound or to which any of the Target Parties or any of their assets is subject, or (iii) contravene any provision of any law, rule or regulation or any judgment, decree, order or award by which any of the Target Parties is bound or to which any of the Target Parties or any of their assets is subject.

(h) Property. Neither CSI nor CRMSI owns any real property. The tangible property used in the conduct of the business of CSI and CRMSI is owned by CSI and CRMSI, free and clear of all Liens, and is in good operating condition and repair (subject to normal wear and tear).

(i) Contracts. Schedule 3.1(i) attached hereto contains an accurate and complete list of all material agreements to which either CSI or CRMSI is a party or by which either CSI or CRMSI or any of their assets are bound, including, without limitation, (i) all agreements, contracts and commitments relating to the employment of any Person by CSI or CRMSI, and any bonus, deferred compensation, pension, profit sharing, stock option, employee stock purchase, retirement or other employee benefit plans, (ii) all agreements, indentures and other instruments which contain restrictions with respect to payment of dividends or any other distribution in respect of its capital stock, (iii) all agreements, contracts and commitments relating to capital expenditures in excess of $25,000, (iv) all agreements, contracts and commitments relating to the making of any loan, advance or investment, (v) all guarantees and other contingent liabilities in respect of any indebtedness or obligation of any Person (other than the endorsement of negotiable instruments for collection in the ordinary course of business), (vi) all asset management, property management, consulting and any similar contracts, (vii) all agreements, contracts and commitments limiting the ability of CSI or CRMSI to engage in any

line of business or to compete with any Person, (viii) all agreements, contracts and commitments not entered into in the ordinary course of business which involve annual expenditures of $25,000 or more and are not cancelable without penalty upon 60 days' notice and (ix) all agreements, contracts and commitments which might reasonably be expected to have an adverse impact on the business, operations or prospects of CSI or CRMSI. Each contract or agreement set forth in Schedule 3.1(i) is in full force and effect and there exists no default or event of default or event, occurrence, condition or act (including the CSI Merger) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default thereunder. None of the Target Parties has violated any of the terms or conditions of any contract or agreement set forth in Schedule 3.1(i) in any material respect, and, to the best knowledge of the Target Parties, all of the covenants to be performed by each other party thereto have been fully performed. Neither of the Target Parties has any obligations to any Person arising in connection with any Competing Transaction.

(j) Litigation. Schedule 3.1(j) attached hereto contains an accurate and complete list of all actions, suits, proceedings at law or in equity, arbitrations, administrative and other proceedings pending or, to the best knowledge of the Target Parties, threatened, and all judgments, orders, decrees and other awards, against or affecting any of the Target Parties. Except as marked by an asterisk on such list, there is no action, suit, proceeding at law or in equity, arbitration, investigation, administrative or other proceeding pending or, to the best knowledge of the Target Parties, threatened, or any judgment, order, decree or award, against or affecting any of the Target Parties which could materially and adversely affect the Target Shares, or which could materially and adversely affect the condition, whether financial or otherwise, of any of the Target Parties, or which could materially and adversely affect the right or ability of any of the Target Parties to consummate the transactions contemplated hereby. Except as set forth in Schedule 3.1(j), to the best knowledge of the Target Parties, there is no valid basis upon which any such action, suit, arbitration, investigation or

proceeding could be commenced or asserted against any of the Target Parties or any of their assets.

(k) **Taxes**. Except as set forth in Schedule 3.1(k):

(i) All Tax Returns for all periods ending on or before the Closing Date that are or were required to be filed by CRMSI or CSI have been or will be filed on a timely basis in accordance with the laws, regulations and administrative requirements of each Taxing Authority. All such Tax Returns that have been filed on or before the Closing Date were, when filed, and continue to be, true, correct and complete in all material respects, and all such Tax Returns filed after the date hereof and before the Closing Date, will be, when filed, true, correct and complete in all material respects.

(ii) All of the United States federal, state and local Income Tax Returns that have been filed before 1988 by CRMSI or CSI have been audited by the applicable Taxing Authority or are closed by the applicable statute of limitations. Schedule 3.1(k) describes all adjustments and proposed adjustments made by any representative of any Taxing Authority with respect to Tax Returns filed for all completed taxable years since 1988. All deficiencies proposed (plus interest, penalties and additions to tax that were or are proposed to be assessed thereon, if any) as a result of such examinations have been paid, reserved against, settled or, as described in Schedule 3.1(k), are being contested in good faith by appropriate proceedings. Except as set forth in Schedule 3.1(k), CSI and CRMSI have not given or been requested to give waivers or extensions of any statute of limitations relating to the payment of Taxes for which CSI and CRMSI may be liable.

(iii) CRMSI and CSI have paid, or made provision for the payment of, all Taxes that have or may become due for all periods ending on or before the Closing Date, including, without

limitation, all Taxes reflected on the Tax Returns referred to in this Section 3.1(k), or in any assessment, proposed assessment, or notice, either formal or informal, received by CRMSI or CSI, except such Taxes, if any, as are set forth in Section 3.1(k) that are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP consistently applied) have been provided. The reserves with respect to Taxes on the books of CRMSI and CSI are adequate (determined in accordance with GAAP consistently applied) and are at least equal to CRMSI's and CSI's actual liabilities for Taxes. All Taxes that CRMSI and CSI are or were required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the appropriate Taxing Authority. There are no Liens with respect to Taxes upon any of the properties or assets, real or personal, tangible or intangible, of CRMSI or CSI (except for Liens with respect to Taxes not yet due).

(iv) No property owned by CRMSI or CSI is property that the Acquiring Parties or CRMSI or CSI is or will be required to treat as being owned by another person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986, or is "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code.

(v) Neither CRMSI nor CSI (i) has agreed to or is required to make any adjustment pursuant to Section 481(a) of the Code; (ii) has any knowledge that any Taxing Authority has proposed any such adjustment or change in accounting method with respect to CRMSI or CSI, or (iii) has an application pending with any Taxing Authority requesting permission for any change in accounting method.

(vi) None of the Selling Shareholders is a foreign person within the meaning of Section 1445 of the Code.

(vii) Neither CRMSI nor CSI has in effect any tax elections for federal income tax purposes under Sections 108, 168, 338, 441, 471, 1017, 1033, 1502 or 4977 of the Code.

(viii) There is no contract, agreement, plan or arrangement covering any person that, individually or collectively, as a consequence of this transaction could give rise to the payment of any amount that would not be deductible by the Acquiring Parties or CRMSI or CSI by reason of Section 280G of the Code.

(ix) Neither CRMSI nor CSI (A) owns any real property located in New York State, (B) is the lessee of any such New York real property, or (C) owns any interest in real property that may subject any of the parties to any transfer or gains taxes as a result of the transactions contemplated by this Agreement.

(l) Insurance. Except as set forth on Schedule 3.1(l) attached hereto, all policies of insurance maintained by CSI and CRMSI, with respect to their amounts and types of coverage, are adequate to insure fully against risks to which CSI and CRMSI and their businesses, employees and assets are normally exposed in the operation of their businesses and against which it is customary to insure.

(m) Compliance with Laws. CSI and CRMSI are each in compliance in all material respects with all applicable laws, rules, regulations, orders, judgments, awards and decrees.

(n) Consents. Except as set forth in Schedule 3.1(n) attached hereto, no consent, approval or authorization of, or filing with any Person is required in connection with the execution, delivery and performance of this Agreement by the Target Parties.

(o) Licenses and Permits. Except as set forth in Schedule 3.1(o), each of CSI and CRMSI possesses all material licenses and permits necessary to entitle it to own its properties and to transact the business in which it is engaged.

(p) Employee Benefit Plans. Except as set forth in Schedule 3.1(p) attached hereto, neither CSI nor CRMSI has established, maintained or contributed to any employee benefit plan, program or other arrangement.

(q) Disclosure. Neither this Agreement nor any certificate delivered in accordance with the terms hereof nor any document or statement in writing delivered by or on behalf of any of the Target Parties to Southeast Realty or the Merger Subsidiary or any of their representatives or agents in connection with the transactions contemplated hereby, when taken as a whole, contains an untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading.

(r) Broker's or Finder's Fees. None of the Target Parties has any liability or obligation to pay any fees or commissions to any Person with respect to the transactions contemplated hereby for which Southeast Realty or the Merger Subsidiary may be liable or obligated.

(s) Copies of Documents. The Target Parties have made available to Southeast Realty and the Merger Subsidiary for inspection and copying by Southeast Realty and the Merger Subsidiary and their advisers, accurate and complete copies of all documents referred to in this Section 3.1, and all exhibits, schedules, amendments, modifications and endorsements and waivers thereof.

(t) Federal Tax Classification. Each of CSI and CRMSI has since its inception elected to be taxed, and has reported its income for federal tax purposes, as an "S corporation" as that term is defined in Section 1361(a)(1) of the Code.

3.2 Representations and Warranties of the Acquiring Parties. The Acquiring Parties, jointly and severally, represent and warrant to the Target Parties, as of the date hereof and as of the Closing Date, as follows:

(a) Organization. Southeast Realty is a corporation duly organized, validly existing and in

good standing under the laws of the State of Maryland. The Merger Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Each of Southeast Realty and the Merger Subsidiary has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of Southeast Realty and the Merger Subsidiary is duly qualified or licensed to conduct business and is in good standing in each jurisdiction in which the property owned, leased or operated by it makes such qualification or licensing necessary, except for filings in jurisdictions where the failure to make such filings would not, individually or in the aggregate, have a material adverse effect on its business, properties or financial condition. Southeast Realty has been organized and has at all times conducted its business in such a manner as to permit it to qualify as a "real estate investment trust" within the meaning of Section 856 of the Code.

(b) Authority and Enforceability. Each of Southeast Realty and the Merger Subsidiary has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and each has validly executed and delivered this Agreement. This Agreement constitutes the legal, valid and binding agreement of Southeast Realty and the Merger Subsidiary enforceable against each of them in accordance with its terms.

(c) No Violation. Except as set forth in Section 4.9 of the Acquiring Parties' Disclosure Schedule, the execution, delivery and performance by Southeast Realty and the Merger Subsidiary of this Agreement and of the documents and instruments contemplated hereby to be executed, delivered and performed by them, and the execution, delivery and performance of the Transfer Agreements will not (i) violate or conflict with any provision of the Articles of Incorporation, By-Laws, Certificate of Limited Partnership or Limited Partnership Agreement of the parties to such agreements, (ii) constitute a violation of, or be in conflict with, or result in a breach of, or constitute a default under, or create (or cause the acceleration of the maturity of) any debt, obligation or liability pursuant to, or result

in the creation or imposition of any Lien upon any of their assets under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which Southeast Realty, any Partnership, Options Corporation or any Southeast Realty Subsidiary is a party or by which Southeast Realty, any Partnership, Options Corporation or any Southeast Realty Subsidiary is bound or to which Southeast Realty or the Merger Subsidiary or any of their assets are subject, or (iii) contravene any provision of any law, statute, rule or regulation or any judgment, decree, order or award by which Southeast Realty, any Partnership, Options Corporation or any Southeast Realty Subsidiary is bound or to which it or any of their assets are subject.

(d) Capitalization. The authorized capital stock of Southeast Realty consists solely of 50,000,000 shares of common stock, par value $.01 per share, 10,000,000 shares of preferred stock, par value $.01 per share, and 60,000,000 shares of excess stock, par value $.01 per share. The authorized capital stock of each Southeast Realty Subsidiary consists solely of 1,000 shares of common stock, par value $.01 per share. There are 100 shares of common stock, and no shares of preferred stock or excess stock, of Southeast Realty issued and outstanding, and 100 shares of common stock of each Southeast Realty Subsidiary, issued and outstanding. All of the issued and outstanding shares of such common stock are validly issued, fully paid and nonassessable. Except as described in the CRI Merger Agreement and the Employment Agreements, there are no preemptive rights, subscriptions, options, warrants, puts, calls, rights, exchangeable or convertible securities or other agreements or commitments of any character obligating Southeast Realty or the Southeast Realty Subsidiaries to issue, transfer, sell, purchase or redeem any of their securities. Except as described in the CRI Merger Agreement, since September 22, 1994, neither Southeast Realty nor any of the Southeast Realty Subsidiaries has issued any shares of its capital stock or any other securities exchangeable or exercisable for or convertible into shares of the capital stock of Southeast Realty or the Southeast Realty Subsidiaries. The Southeast Realty Shares are validly authorized and, when issued pursuant to this

Agreement, shall be validly issued, fully paid and nonassessable, free and clear of all Liens thereupon.

(e) Capital Structure of Partnerships. At all times prior to the consummation of the transactions contemplated in the Transfer Agreements, APGP has been the sole general partner, and the Fund has been the sole limited partner, of AP Southeast. At all times prior to the consummation of the transactions contemplated in the Transfer Agreements, APGP Operating Corp. has been the sole general partner, and the Fund has been the sole limited partner, of APGP. At all times prior to the consummation of the transactions contemplated in the Transfer Agreements, APGP Fontaine has been the sole general partner, and the Fund has been the sole limited partner, of Fontaine Partnership. At all times prior to the consummation of the transactions contemplated in the Transfer Agreements, Fontaine Operating Corp. has been the sole general partner, and the Fund has been the sole limited partner, of APGP Fontaine. Except with respect to the transactions contemplated by this Agreement, the CRI Merger Agreement and the Transfer Agreements, and except as provided in the NCNB Agreement, no Person other than APGP, APGP Operating Corp., the Fund, Fontaine Operating Corp. and APGP Fontaine has, directly or indirectly, any equity, profit-sharing or other similar interest in, or right to the assets or income of, any of the Partnerships. Except as provided in the Transfer Agreements, there are no outstanding rights or claims for the purchase of, or any rights or claims convertible into, an equity or other interest in any of the Partnerships, and except as provided in the NCNB Agreement, after giving effect to the transactions contemplated hereby, no Person other than Southeast Realty, Southeast Realty GP Corp. and Southeast Fontaine GP Corp. will have, directly or indirectly, any equity, profit-sharing or other similar interest in, or right to the assets or income of, any of the Partnerships. As of the Closing Date, there will be no outstanding rights or claims for the purchase of, or any rights or claims convertible into, an equity or other interest in any of the Partnerships.

(f) Subsidiaries. Southeast Realty does not own and, as of the Closing Date, will not own, any capital

stock or other proprietary interest in any Person other than the Southeast Realty Subsidiaries, and the Partnerships. None of the entities identified in the previous sentence (except Southeast Realty) owns any capital stock or other proprietary interest in any Person.

(g) Filings with the SEC. Southeast Realty and AP Southeast have timely made all filings with the SEC that each has been required to make under the Securities Act and the Securities Exchange Act (such filings, excluding the financial statements and exhibits filed therewith, the "Acquiring Parties' Public Reports"). Each of the Acquiring Parties' Public Reports complied with the Securities Act and the Securities Exchange Act in all material respects on the date of filing. None of the Acquiring Parties' Public Reports, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(h) Financial Statements. The financial statements (other than any pro forma financial statements) included in or incorporated by reference into the Acquiring Parties' Public Reports, including the related notes and schedules (the "Acquiring Parties' Financial Statements"), have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, present fairly the consolidated financial condition of Southeast Realty, the Southeast Realty Subsidiaries and AP Southeast, or the financial condition of AP Southeast, as the case may be, as of the indicated dates, and the consolidated results of operations of Southeast Realty, the Southeast Realty Subsidiaries and AP Southeast or the results of operations of AP Southeast, as the case may be, for the indicated periods, provided that any interim financial statements are subject to normal year-end adjustments, none of which is material. The Related Financial Statements present fairly the financial condition of Fontaine Partnership and of each of APGP, APGP Fontaine and Options Corporation, as of June 30, 1994, and the revenues and expenses of Fontaine Partnership

for the period ended June 30, 1994 (on a tax basis). The Acquiring Parties' Financial Statements and the Related Financial Statements are correct and complete in all material respects, and have been prepared from the books and records of Southeast Realty, the Southeast Realty Subsidiaries, the Partnerships and Options Corporation, as applicable. The Related Financial Statements relating to APGP are based on and are consistent with the Acquiring Parties' Financial Statements relating to AP Southeast. The Acquiring Parties' Financial Statements and the Related Financial Statements of Fontaine Partnership present fairly the revenues and expenses of the Properties included in such financial statements. Except as set forth in Section 4.7 of the Acquiring Parties' Disclosure Schedule, the balance sheet contained in the most recently filed Acquiring Parties' Public Reports and the balance sheets contained in the Related Financial Statements reflect all claims against and all debts and liabilities (whether accr ed, absolute, contingent or otherwise) of Southeast Realty, the Southeast Realty Subsidiaries, the Partnerships and Options Corporation or affecting the Properties as of the date thereof.

(i) No Material Changes. Except as set forth in Section 4.8 of the Acquiring Parties' Disclosure Schedule, since June 30, 1994, there has been no material adverse change in the assets, liabilities, condition, results of operations, business or prospects of the Partnerships or Options Corporation. Since September 21, 1994, there has been no material adverse change in the assets, liabilities, condition, results of operations, business or prospects of Southeast Realty. Since September 22, 1994, there has been no material adverse change in the assets, liabilities, condition, results of operations, business or prospects of any of the Southeast Realty Subsidiaries.

(j) Real Property.

(i) Neither Southeast Realty nor any Southeast Realty Subsidiary owns any real property. Section 4.10 of the Acquiring Parties' Disclosure Schedule contains an accurate and complete list of all real property owned in whole or in part by the Partnerships

and the other properties which will be transferred to Southeast Realty or the Southeast Realty Subsidiaries pursuant to the Transfer Agreements (collectively, the "Properties") and includes the name of the record title holder thereof and a list of all indebtedness secured by a Lien. Except as set forth in Section 4.10 of the Acquiring Parties' Disclosure Schedule, AP Southeast and Fontaine Partnership will have on the Closing Date good and marketable title in fee simple to the Properties, free and clear of all Liens, except to the extent insured by title insurance. Except as set forth in engineering reports (true and complete copies of which have been delivered to the Target Parties), all of the buildings, structures and appurtenances situated on the Properties are in good operating condition, normal wear and tear excepted, and in a state of good maintenance and repair, and are adequate and suitable for the purposes for which they are presently being used. Except as set forth in surveys (true and complete copies have been delivered to the Target Parties), none of such buildings, structures or appurtenances (or any equipment therein), nor the operation or maintenance thereof, violates any restrictive covenant or any provision of any federal, state or local law, ordinance, rule or regulation, or encroaches on any property owned by others.

(ii) Section 4.10 of the Acquiring Parties' Disclosure Schedule contains an accurate and complete list of all leases, including all amendments thereto and all material agreements incidental thereto, relating to the Properties and the amount of any security deposit and prepaid rent related thereto and other amounts due thereunder. Except as set forth in Section 4.10 of the Acquiring Parties' Disclosure Schedule, each such lease is in full force and effect, all rents and additional rents on each such lease are not more than 30 days' past due have been paid. In each case, the lessee is in peaceful possession and is not in default thereunder and no waiver, indulgence or postponement of the lessee's obligations thereunder has been granted by the lessor, and there exists no event of default on the part of any Partnership or the lessee or event, occurrence, condition or act (including the consummation of the transactions contemplated hereby) which would become a default

under such lease. Section 4.10 of the Acquiring Parties' Disclosure Schedule sets forth the amounts of all outstanding commitments for all tenant improvements on the Properties.

(iii) Except as set forth in Section 4.10 of the Acquiring Parties' Disclosure Schedule, to the best knowledge of the Acquiring Parties, (i) storage and use of Hazardous Substances on the Properties is limited to the types and quantities of Hazardous Substances generally used in consumer, retail, hotel, restaurant, commercial and office environments; (ii) Hazardous Substances have not been released or disposed on the Properties; (iii) each of the Acquiring Parties and the Partnerships are, with respect to the Properties, in material compliance with applicable Environmental Law and the requirements of any permits issued under applicable Environmental Law for the Properties; (iv) there are no pending or threatened Environmental Claims against the Acquiring Parties or the Partnerships with respect to the Properties; and (v) there are no underground storage tanks containing Hazardous Substances located at the Properties.

(iv) Except as set forth in Section 4.10 of the Acquiring Parties' Disclosure Schedule, there are no facts or circumstances, conditions or occurrences regarding any of the Properties that any of the Acquiring Parties reasonably anticipates will cause any of the Properties to be subject to any restrictions on any Partnership's ownership, occupancy, use or transferability under any applicable law, rule, regulation, order, judgment, award or decree, including any Environmental Law.

(v) No condemnation, eminent domain or similar proceeding has been commenced or, to the best knowledge of Southeast Realty, is threatened with respect to all or any portion of any Property or for the relocation of roadways providing access to any Property.

(vi) Each Property has rights of access to public ways or private recorded easements or rights of way providing access to public ways and is served by water, sewer, sanitary sewer and storm drain

facilities adequate to service such Property for its intended use. All public utilities necessary to the full use and enjoyment of such Property are located in the public right-of-way or private recorded easements or rights of way abutting such Property, and all such utilities are connected so as to serve such Property without passing over other property (except with respect to easements therefor benefitting such Property). All roads necessary for the use of such Property for its current purpose have been completed and dedicated to public use or established pursuant to recorded easements or rights of way and, to the extent applicable, accepted by all Governmental Entities.

(vii) Each Property is comprised of one (1) or more parcels which constitutes a separate tax lot and does not constitute a portion of any other tax lot not part of such Property, except for the Properties known as Battlefield, Metrowest and Oakbrook I through V, which Properties, although subdivided of record, have not been designated as separate tax lots as of the date hereof.

(viii) Except as set forth in Section 4.10 of the Acquiring Parties' Disclosure Schedule, no special or other assessment for public improvements or otherwise affecting any Property is pending and no such written notice of assessment has been received by any of the Acquiring Parties and the Partnerships, nor, to the best knowledge of Southeast Realty, are there any contemplated improvements to any Property that could result in such special or other assessment.

(ix) Except as set forth in Section 4.10 of t Acquiring Parties' Disclosure Schedule, none of the Properties is located in a flood hazard area as defined by the Federal Insurance Administration.

(k) Contracts.

(i) The Acquiring Parties have delivered to the Target Parties a true and complete copy of the Transfer Agreements. The Transfer Agreements provide for the sale, assignment and transfer by the transferors thereunder to Southeast Realty of all of the equity, profit-sharing or similar interest in, or right to the assets or income of, the Partnerships and

Options Corporation on or prior to the Closing Date. Each of the Transfer Agreements has been validly executed and delivered by all the parties thereto, and constitutes the legal, valid and binding agreement of such parties enforceable against each such party in accordance with its terms. Each of the Transfer Agreements is in full force and effect and there exists no default or event of default or other event, occurrence, condition or act (including the consummation of the transactions contemplated hereby) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default thereunder.

(ii) Section 4.11 of the Acquiring Parties' Disclosure Schedule contains an accurate and complete list of all material agreements to which any of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships is a party or by which any of them or the Properties are bound, including, without limitation, (a) all agreements, contracts and commitments relating to the employment of any Person by any of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships, and all bonus, deferred compensation, pension, profit sharing, stock option, employee stock purchase, retirement or other employee benefit plans, (b) all agreements, indentures and other instruments which contain restrictions with respect to payment of distributions in respect of its partnership interest, (c) all agreements, contracts and commitments relating to capital expenditures in excess of $25,000, (d) all agreements, contracts and commitments relating to the making of any loan, advance or investment, (e) all guarantees or other contingent liabilities in respect of any indebtedness or obligation of any Person (other than the endorsement of negotiable instruments for collection in the ordinary course of business), (f) all asset management, property management, consulting and other similar contracts, (g) all agreements, contracts and commitments limiting the ability of any of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships to engage in any line of business or to compete with any Person, (h) all agreements, contracts and commitments not entered into in the ordinary course of business which

involve annual expenditures of $50,000 or more and are not cancelable without penalty upon 60 days' notice and (i) all agreements, contracts and commitments which might reasonably be expected to have an adverse impact on the assets, liabilities, condition, results of operations, business or prospects of any of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships or the condition of the Properties. Each such contract or agreement is in full force and effect and there exists no default or event of default or other event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default thereunder. None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships has violated any of the terms or conditions of any such contract or agreement, and, to the best knowledge of the Acquiring Parties, all of the covenants to be performed by each other party thereto have been fully performed. Subject to the consent of the Note Trustee under the Indenture, each asset management agreement and property management agreement set forth in Section 4.11 of the Acquiring Parties' Disclosure Schedule is cancelable without penalty within 30 days' notice by a Partnership. None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships has any obligations to any Person arising in connection with a Competing Transaction.

(l) Litigation. Except as marked by an asterisk on Section 4.12 of Acquiring Parties' Disclosure Schedule, there is no action, suit, proceeding at law or in equity, arbitration, investigation, administrative or other proceeding pending or, to the best knowledge of Southeast Realty, threatened, or any judgment, order, decree or award, against or affecting the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation, the Partnerships or the Properties which could materially and adversely affect the Southeast Realty Shares, or which could materially and adversely affect the condition, whether financial or otherwise, of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation, the Partnerships or the Properties, or which could materially and adversely affect the right or ability

of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation or the Partnerships to consummate the transactions contemplated hereby or under the Transfer Agreements. Except as set forth in Section 4.12 of the Acquiring Parties' Disclosure Schedule, to the best knowledge of Southeast Realty, there is no valid basis upon which any such action, suit, arbitration, investigation or proceeding could be commenced or asserted against any of Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships.

(m) Taxes. Except as set forth in Section 4.13 of the Acquiring Parties' Disclosure Schedule:

(i) All Tax Returns for all periods ending on or before the Closing Date that are or were required to be filed by the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships have been or will be filed on a timely basis in accordance with the laws, regulations and administrative requirements of each Taxing Authority. All such Tax Returns that have been filed on or before the Closing Date were, when filed, and continue to be, true, correct and complete in all material respects, and all such Tax Returns filed after the date hereof and before the Closing Date, will be, when filed, true, correct and complete in all material respects.

(ii) None of the United States federal, state and local Income Tax Returns that has been filed by the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships have been audited by any Taxing Authority or is closed by the applicable statute of limitations. The Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships have not given or been requested to give waivers or extensions of any statute of limitations relating to the payment of Taxes for which the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships may be liable.

(iii) Each of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships has paid, or made provision for the payment of, all Taxes that have or may become due for

all periods ending on or before the Closing Date, including, without limitation, all Taxes reflected on the Tax Returns referred to in this Section 3.2(m), or in any assessment, proposed assessment, or notice, either formal or informal, received by each of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships, except such Taxes, if any, as are set forth in Section 4.13 of the Acquiring Parties' Disclosure Schedule that are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP consistently applied) have been provided. The reserves with respect to Taxes on the books of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships are adequate (determined in accordance with GAAP consistently applied) and are at least equal to the Acquiring Parties', the Southeast Realty Subsidiaries', Options Corporation's and the Partnerships' actual liabilities for Taxes. All Taxes that the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships are or were required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the appropriate Taxing Authority. There are no Liens with respect to Taxes upon any of the properties or assets, real or personal, tangible or intangible, of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships (except for Liens with respect to Taxes not yet due).

(iv) No property owned by the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation or the Partnerships is property that the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation or the Partnerships is or will be required to treat as being owned by another person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986, or is "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code.

(v) None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships has (i) agreed to or is required to make any adjustment pursuant to Section 481(a) of the

Code, (ii) knowledge that any Taxing Authority has proposed any such adjustment or change in accounting method with respect to each of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships, or (iii) application pending with any Taxing Authority requesting permission for any change in accounting method.

(vi) None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships is a foreign person within the meaning of Section 1445 of the Code.

(vii) None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships has in effect any tax elections for federal income tax purposes under Sections 108, 168, 338, 441, 471, 1017, 1033, 1502 or 4977 of the Code.

(viii) There is no contract, agreement, plan or arrangement covering any person that, individually or collectively, as a consequence of this transaction could give rise to the payment of any amount that would not be deductible by the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation or the Partnerships by reason of Section 280G of the Code.

(ix) None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships (A) owns any real property located in New York State, (B) is the lessee of any such New York real property, or (C) owns any interest in real property that may subject any of the parties to any transfer or gains taxes as a result of the transactions contemplated by this Agreement.

(n) Insurance. Section 4.14 of the Acquiring Parties' Disclosure Schedule contains an accurate and complete list of all policies of insurance, including the amounts thereof and all deductibles, maintained by each of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships with respect to its business, employees and assets. Each such policy is in full force and effect and, assuming consummation of the transactions contemplated

hereby, is free from any right of termination on the part of the insurance carriers.

(o) Compliance with Laws. The Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships are each in compliance in all material respects with all applicable laws, rules, regulations, orders, judgments, awards and decrees.

(p) Consents. Except as set forth in Section 4.16 of the Acquiring Parties' Disclosure Schedule, no consent, approval or authorization of, or filing with any Person is required in connection with the execution, delivery and performance of this Agreement by the Acquiring Parties.

(q) Licenses and Permits. Each of the Acquiring Parties possesses all material licenses and permits necessary to entitle it to own its properties and to transact the business in which it is engaged.

(r) Employee Benefit Plans. None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships has established, maintained or contributed to any employee benefit plan, program or other arrangement.

(s) Disclosure. Neither this Agreement nor any certificate delivered in accordance with the terms hereof nor any document or statement in writing delivered by or on behalf of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation or the Partnerships to CSI, CRMSI or any of their representatives or agents in connection with the transactions contemplated hereby, when taken as a whole, contains an untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading.

(t) Broker's or Finder's Fees. Except as set forth in Schedule 3.2(t) attached hereto, none of Southeast Realty, the Southeast Realty Subsidiaries, Options Corporation, the Partnerships, the Fund and the Merger Subsidiary has any liability or obligation to pay any fees or commissions to any Person with

respect to the transactions contemplated hereby for which the Target Parties may be liable or obligated.

(u) Copies of Documents. Southeast Realty and the Merger Subsidiary have made available to the Target Parties for inspection and copying by Target Parties and their advisers, accurate and complete copies of all documents referred to in this Section 3.2, and all exhibits, schedules, amendments, modifications and endorsements and waivers thereof.

ARTICLE IV

COVENANTS OF TARGET PARTIES

During the period from the date of this Agreement and continuing until the Closing Date (except as otherwise indicated), the Target Parties, jointly and severally, covenant to Southeast Realty and the Merger Subsidiary, except as permitted by this Agreement or as Southeast Realty and the Merger Subsidiary shall otherwise consent in writing:

4.1 Conduct of Business. Except as set forth in Schedule 4.1 attached hereto, CSI and CRMSI shall carry on their respective businesses in the ordinary course, consistent in all respects with past practice, and use their best efforts to preserve intact their present business organization.

4.2 Issuance of Securities. Except as set forth in Schedule 4.2 attached hereto, neither CSI nor CRMSI shall authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities (including indebtedness having the right to vote) or equity equivalents (including, without limitation, stock appreciation rights).

4.3 Articles of Incorporation and By-Laws. Neither CSI nor CRMSI shall amend its Articles of Incorporation or By-Laws.

4.4 Assets. Neither CSI nor CRMSI shall acquire, sell, lease, encumber, transfer or dispose of any

of its other assets, except in the ordinary course of business, consistent in all respects with past practice.

4.5 Indebtedness. Except as set forth in Schedule 4.5 attached hereto, neither CSI nor CRMSI shall incur any indebtedness for borrowed money or guarantee any indebtedness or issue or sell any debt securities or warrants or rights to acquire any debt securities of any such person or guarantee (or become liable for) any debt of others or make any loans, advances or capital contributions or mortgage, pledge or otherwise encumber any assets or create or suffer any Lien thereupon.

4.6 Payment of Liabilities. Neither CSI nor CRMSI shall pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business, consistent in all respects with past practice, of liabilities (i) reflected or reserved against in the financial statements described in Section 3.1(e) hereof as of September 22, 1994, or (ii) incurred in the ordinary course of business, consistent in all respects with past practice since September 22, 1994.

4.7 Accounting Practices. Neither CSI nor CRMSI shall change any of the accounting principles or practices used by them or any of them (except as required by GAAP).

4.8 Capital Expenditures. Neither CSI nor CRMSI shall make or commit to make capital expenditures exceeding $25,000 for any single item or $100,000 in the aggregate.

4.9 Material Rights. Neither CSI nor CRMSI shall make any amendment or termination of any material contract, agreement or license to which either is a party or by which their businesses may be bound, except in the ordinary course of business, consistent in all respects with past practice, or waive or release any material rights, whether or not in the ordinary course of business.

4.10 No Solicitations. The Target Parties shall immediately cease and cause to be terminated any existing discussions or negotiations with any third parties conducted prior to the date hereof with respect to any Competing Transaction involving any Target Party. The Target Parties shall not, and shall use their best efforts

to ensure that none of their directors, officers, representatives or agents shall, directly or indirectly, solicit, initiate or encourage (including by way of having any discussions or furnishing any information) any Person (including any third parties referred to in the first sentence of this Section 4.10) to pursue any Competing Transaction. CSI and CRMSI shall promptly advise Southeast Realty of any such inquiries or proposals initiated by others regarding a Competing Transaction.

4.11 Access to Information. During the period from the date hereof to the Closing Date, upon reasonable notice, the Target Parties shall afford to Southeast Realty, the Merger Subsidiary, and their directors, officers, employees, accountants, counsel and other advisers access, during normal business hours, to the officers, employees, accountants, counsel and other advisers of CSI and CRMSI having knowledge of the operation of the businesses of CSI and CRMSI and to the properties, books, contracts, commitments and records of CSI and CRMSI; provided, however, that in conducting such activities, Southeast Realty shall not, and shall cause its representatives not to, unduly interfere with the business and employees of CSI and CRMSI and of their accountants, counsel and other advisers. During such period, the Target Parties shall furnish promptly to Southeast Realty, the Merger Subsidiary and their representatives all information concerning the properties and personnel of CSI and CRMSI as Southeast Realty and the Merger Subsidiary may reasonably request. The Target Parties also shall make available for inspection and copying by Southeast Realty and its representatives as promptly as practicable, true and complete copies of all documents listed or described in the schedules hereto, and all amendments, modifications, endorsements and waivers thereof.

4.12 Confidentiality. The Target Parties shall use all non-public information disclosed by or on behalf of Southeast Realty, the Merger Subsidiary, the Southeast Realty Subsidiaries, the Partnerships, or any of their respective representatives solely for the purpose of evaluating the transactions contemplated hereby and shall not disclose such information to any Person other than their directors, officers, employees, accountants, counsel and other advisers, or use such information for any other purpose, except as required by applicable law or legal process (after notifying Southeast Realty), without the

prior written consent of Southeast Realty. The Target Parties shall inform their directors, officers, employees, accountants, counsel and other advisers to which such information is disclosed of the confidential nature of such information and shall obtain the agreement of each such representative to maintain and use such non-public information in a manner consistent with the provisions of this Section 4.12. If this Agreement is terminated, the Target Parties shall, and shall cause their representatives to, destroy or deliver to Southeast Realty all non-public documents, work papers and other materials containing any non-public information, whether obtained before or after the date of execution hereof.

4.13 Books and Records. CSI and CRMSI will maintain their books of account and record in the ordinary course of business, consistent in all respects with past practice.

4.14 Insurance. CSI and CRMSI shall use their best efforts to maintain in full force and effect all policies of insurance now held by them or otherwise naming them as a beneficiary or a loss payee and shall inform the Acquiring Parties of any notice of cancellation or non-renewal of any insurance policy or binder.

4.15 Compliance with Applicable Laws. CSI and CRMSI shall conduct their businesses in compliance with all applicable laws, ordinances, rules, regulations, decrees and orders of all Governmental Entities.

4.16 Inconsistent Actions. None of the Target Parties shall take any action that would or is reasonably likely to result in any of their representations, warranties, covenants or agreements set forth in this Agreement being untrue or being breached on the Closing Date.

4.17 Notification. The Target Parties shall promptly notify Southeast Realty in writing if any of them becomes aware of any misrepresentation, breach of warranty or non-fulfillment of any covenant made herein by any of them and shall have a period of ten Business Days from the date on which any of them becomes aware thereof to cure any such defect which is curable; provided, however, that in no event shall the period for the cure of such defect extend beyond the Closing Date.

4.18 Best Efforts. Subject to the terms and conditions of this Agreement, each of the Target Parties shall use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including, without limitation, the prompt preparation and filing of all forms, registrations and notices required to be filed by any of them to consummate the transactions contemplated hereby and the taking of such actions as are necessary to obtain any requisite approvals, consents, orders, exemptions and waivers by any Governmental Entities and other third parties. The Target Parties shall promptly consult with Southeast Realty and the Merger Subsidiary and provide any necessary information with respect to, and furnish Southeast Realty and the Merger Subsidiary copies of, all filings made by any of them with any Governmental Entities and other third parties in connection with this Agreement and the transactions contemplated hereby. From and after the Closing Date, the Target Parties shall, from time to time, execute and deliver such further instruments of conveyance, assignment and transfer, and take or cause to be taken, such other action for the more effective conveyance, assignment and transfer of the Target Shares and shall lend all reasonable assistance to Southeast Realty and the Merger Subsidiary to carry out the intentions and purposes of this Agreement.

ARTICLE V

COVENANTS OF SOUTHEAST REALTY AND THE MERGER SUBSIDIARY

During the period from the date of this Agreement and continuing until the Closing Date (except as otherwise indicated), Southeast Realty and the Merger Subsidiary, jointly and severally, covenant to the Target Parties, except as permitted by this Agreement or as the Target Parties shall otherwise consent in writing:

5.1 Conduct of Business. Each of Southeast Realty, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall carry on its business in the ordinary course, consistent in all respects with past practice, and shall use its best efforts to preserve intact its present business organization.

5.2 Distributions; etc. Except as set forth in Section 6.2 of the Acquiring Parties' Disclosure Schedule, none of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall (i) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any of its capital stock, (ii) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (iii) repurchase, redeem or otherwise acquire any of its securities.

5.3 Issuance of Securities. Except as set forth in Section 6.3 of the Acquiring Parties' Disclosure Schedule and as required pursuant to the agreements and instruments in effect on the date hereof, including the issuance of the Southeast Realty Shares pursuant to the CRI Merger, the Transfer Agreements and this Agreement, none of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities (including indebtedness having the right to vote) or equity equivalents (including, without limitation, stock appreciation rights).

5.4 Organizational Documents. Except as set forth in Section 6.4 of the Acquiring Parties' Disclosure Schedule and as may be reasonably required to obtain the trustee's consent to the Mergers and the Transfer under the Indenture, none of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall amend its Articles of Incorporation or By-Laws or Certificate of Limited Partnership or Limited Partnership Agreement, as the case may be.

5.5 Assets. None of Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall acquire, sell, lease, encumber, transfer or dispose of any of its other assets, except as provided in the Transfer Agreements and except for acquisitions made pursuant to option agreements to acquire real property in effect on the date hereof (true and complete copies of

which have been delivered on the date hereof to the Target Parties).

5.6 Indebtedness. Except as set forth in Section 6.6 of the Acquiring Parties' Disclosure Schedule, none of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall incur any indebtedness for borrowed money or guarantee any indebtedness or issue or sell any debt securities or warrants or rights to acquire any debt securities of any Acquiring Party, the Southeast Realty Subsidiaries, Options Corporation or the Partnerships or guarantee (or become liable for) any debt of others or make any loans, advances or capital contributions or mortgage, pledge or otherwise encumber any assets or create or suffer any Lien thereupon.

5.7 Payment of Liabilities. None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business, consistent in all respects with past practice, of liabilities (i) reflected or reserved against in the Acquiring Parties' Financial Statements as of June 30, 1994, or (ii) incurred in the ordinary course of business, consistent in all respects with past practice since June 30, 1994.

5.8 Accounting Practices. None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall change any of the accounting principles or practices used by them or any of them (except as required by GAAP).

5.9 Capital Expenditures. None of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall make or commit to make capital expenditures exceeding $25,000 for any single item or $500,000 in the aggregate, except as otherwise provided in the budget set forth in Section 6.9 of the Acquiring Parties' Disclosure Schedule.

5.10 Material Rights. The Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall not make any amendment or

termination of any material contract, agreement or license to which any of them is a party or by which their businesses may be bound, including the Transfer Agreements, except in the ordinary course of business, consistent in all respects with past practice, or waive or release any material rights, whether or not in the ordinary course of business.

5.11 No Solicitations. Southeast Realty, the Merger Subsidiary, the Southeast Realty Subsidiaries, Options Corporation, the Partnerships, APOP and the Fund shall immediately cease and cause to be terminated any existing discussions or negotiations with any third parties conducted prior to the date hereof with respect to any Competing Transaction involving Southeast Realty, the Merger Subsidiary, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships. Southeast Realty, the Merger Subsidiary, the Southeast Realty Subsidiaries, Options Corporation, the Partnerships and the Fund shall not, and shall use their best efforts to ensure that none of their directors, officers, representatives or agents shall, directly or indirectly, solicit, initiate or encourage (including by way of having any discussions or furnishing any information) any Person (including any third parties referred to in the first sentence of this Section 5.11) to pursue any Competing Transaction, except as may be required by the exercise of their fiduciary duties under applicable law. Southeast Realty and the Merger Subsidiary shall promptly advise the Target Parties of any such inquiries or proposals initiated by others regarding a Competing Transaction.

5.12 Access to Information. During the period from the date hereof to the Closing Date, upon reasonable notice, the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships shall afford to the Target Parties and their directors, officers, employees, accountants, counsel and other advisors access, during normal business hours, to directors, officers, employees, accountants, counsel and other advisers of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships having knowledge of the operation of their businesses and to properties, books, contracts, commitments and records of the Acquiring Parties, the Southeast Realty Subsidiaries, Options Corporation and the Partnerships; provided, however, that in conducting such activities, the