

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (this "Agreement") is made as of the _____ day of October, 2005, by and between **THE REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER**, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("Optionor") and **THE LANCASTER COUNTY CONVENTION CENTER AUTHORITY**, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("Optionee").

RECITALS

A. Optionee is a public instrumentality of the Commonwealth of Pennsylvania organized under the Third Class County Convention Center Authority Act, 16 P.S. 2399.1 et seq., as amended, for the purpose, among others, of acquiring, developing, designing, constructing, financing, improving, operating, maintaining and owning a convention center in the City of Lancaster, County of Lancaster, Pennsylvania.

B. Optionor is a public instrumentality of the Commonwealth of Pennsylvania organized under the Urban Redevelopment Law, Act No. 385, approved May 24, 1945, P.L. 991, as amended, for the purpose among other things to: 1) promote the elimination of blighted areas and supply decent housing; 2) replan such areas that are certified by the Lancaster City Planning Commission; 3) contract with private, corporate, or governmental entities for the redevelopment of blighted commercial, industrial, or residential areas; 4) acquire properties in blighted areas by purchase, gift, or eminent domain; and 5) contract with private, corporate, or governmental entities desiring to provide funding for the redevelopment of commercial, industrial, or residential properties.

C. Optionor, Optionee and Penn Square Partners, a Pennsylvania Limited Partnership ("PSP") have entered into a Joint Development Agreement dated October ____, 2005 ("JDA") which provides the terms under which the parties shall proceed with the development, financing, construction and operation of a Convention Center and Hotel. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the JDA.

D. Pursuant to the terms of the JDA and the Agreement To Transfer And Reimbursement Agreement entered into between Optionor and PSP and dated _____ ("Reimbursement Agreement"), Optionor has acquired ownership from PSP of a certain parcel of real property in the City of Lancaster, Lancaster County, Pennsylvania, consisting of approximately _____ acres and more particularly described in the legal description attached hereto as **Exhibit A** and the drawing depicting said real property attached hereto as **Exhibit B**, each of which exhibits is made a part hereof (the "PSP Premises").

E. Pursuant to the JDA, the PSP Premises, along with other property known as the LCCCA Premises may be subjected to a condominium regime, whereupon Optionor shall become the owner of the Hotel Unit of the condominium.

F. Optionee desires an option to purchase the PSP Premises, or the Hotel Unit, should the PSP Premises be subjected to the condominium regime (both hereinafter referred to as the "Property").

G. Optionor is willing to grant Optionee an exclusive option to purchase the Property under the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties to this Agreement, the parties, intending to be legally bound hereby, agree as follows:

1. **Option.** Optionor, in additional consideration of One Hundred Dollars (\$100) paid to Optionor by Optionee, hereby grants unto Optionee an exclusive option to purchase the Property (the "Purchase Option") on the terms and conditions herein stated. Optionee shall have the right to exercise the Purchase Option at any time during the Exercise Period which shall commence on the date that the JDA is terminated by any party thereto in accordance with its terms and terminate on the earlier of (i) the date on which foundation construction is commenced for both the Hotel and Convention Center, or (ii) at 11:59 p.m. E.S.T. on the date that is 365 days after commencement ("Exercise Period").
2. **Manner of Exercise; Closing.** Prior to expiration or termination thereof, Optionee may exercise the Purchase Option by notifying Optionor in writing (the "Exercise Notice") of its election to do so. Closing shall be made on or before the sixtieth (60th) day following the Exercise Notice, time to be of the essence, unless extended by mutual consent in writing signed by the parties hereto. If Optionee exercises the Purchase Option in accordance with the terms of this Agreement, Optionor shall, at the Closing, well and sufficiently, grant and convey unto Optionee, by special warranty deed, the Property and the Purchase Price (as defined below) shall be paid in accordance with Paragraph 3 hereof, and all of Optionor's rights, title and interest in and to the Property shall be sold, transferred, assigned and conveyed to Optionee (the "Closing").
3. **Purchase Price.** If Optionee exercises the Purchase Option, the purchase price for the Property shall be (i) Ten Dollars (\$10.00), (ii) the assumption, or if assumption is not permitted by the Commonwealth of Pennsylvania, the payment in full by Optionee of the then current repayment obligations under the IDP Mortgage as that term is defined in the Reimbursement Agreement, and (iii) payment of the balance of the PSP loan, as that term is defined in the Reimbursement Agreement, to the extent that (a) Optionee has pre-approved in writing the utilization by RACL of the loan proceeds, and (b) there are insufficient funds available from the Commonwealth of Pennsylvania to RACL to reimburse the balance of the PSP loan (the "Purchase Price"). Any accrued and unpaid principal, interest, costs or fees on the IDP Mortgage as of the Closing shall be paid or assumed by Optionor. In the event the IDP Mortgage is repaid, Optionor and Optionee shall work cooperatively with each other to secure consent, if necessary, from the Commonwealth of Pennsylvania to allow Optionor, in the exercise of its discretion, to

reinvest the proceeds into a convention center project developed by Optionee. The cash portion of the Purchase Price shall be paid in good funds at Closing.

4. **Re-Sale of Property.** In the event that Optionee, at or within five (5) years of the Closing, enters into a binding agreement of sale to convey the Property to any person or entity other than Optionor or a Hotel Developer, then, at the subsequent closing on such sale, Optionee shall (i) pay to PSP an amount equal to its Unreimbursed Sunk Costs, as that term is defined hereinafter, and (ii) Pay to Optionor all of its "Net Profit" from such sale, as defined hereinafter. For purposes of this Agreement, Net Profit shall mean the net proceeds received by Optionee from the re-sale of the Property, less (i) the Purchase Price to exercise the Purchase Option (including the full amount of the IDP Mortgage assumed or paid by Optionee), (ii) all closing costs and other expenses, including legal fees, incurred by Optionee in exercising the Purchase Option, (iii) all carrying costs incurred by Optionee, as a result of its ownership of the Property, (iv) the cost of all improvements made to the Property by Optionee, (v) all closing costs and other expenses, including legal fees, incurred by Optionee with respect to the re-sale of the Property, and (vi) the amount of the Unreimbursed Sunk Costs.

Unreimbursed Sunk Costs means sums not reimbursed to PSP pursuant to the Reimbursement Agreement, or otherwise reimbursed, which unreimbursed sums shall consist of professional, legal, development and operating expenses directly related to the Hotel and Convention Center project, rent and additional rent paid to RACL, and other charges paid by PSP to RACL pursuant to the Lease or otherwise in furtherance of the Project subsequent to the execution of the Reimbursement Agreement.

5. **Subsequent Hotel Development.** In the event the Optionee, at or within five (5) years of, the Closing, enters into a contract with another party (i) to operate or manage a hotel on the Project Site, or (ii) to sell all or a portion of the Project Site for the purpose of developing and constructing a hotel (any such party being a "Hotel Developer"), Optionee shall cause such party, prior to the opening of any such hotel, to pay directly to PSP its Unreimbursed Sunk Costs.
6. **Investigation Period.** During the Exercise Period, and provided that Optionee is not then in default under this Agreement, Optionee shall have the right, itself or through its representatives, to conduct, at Optionee's expense whatever reasonable investigation, analyses and studies of, and related to the development of, the Property (including, without limitation, invasive testing) that Optionee may deem appropriate to satisfy Optionee with regard to:

(a) the physical condition of the Property;

(b) the permitted uses of the Property under applicable building and zoning ordinances and the present compliance or non-compliance with the same;

(c) the probability of development of the Property (which shall include obtaining all government approvals, permits and plans that Optionee determines are necessary and desirable);

(d) evidence of any hazardous waste or similar materials, and of radon, in, on, under or about the Property or adjacent properties;

(e) all existing contracts, agreements, leases and tenancies affecting the Property, if any;

(f) the chain of title of the Property and any restrictions therein;

(g) evidence of significant archeology in, on, under or about the Property;

(h) soil, geologic, and similar tests in, on, under or about the Property; and

(i) any other matter or condition relating to the Property and deemed relevant by Optionee.

If Optionee desires to perform invasive testing, it shall seek the approval of Optionor and PSP, which approval shall not be unreasonably withheld or delayed, and shall provide them with details concerning the nature and scope of such testing. Optionee, or its contractor performing the invasive testing, shall provide Optionor and with insurance with limits of \$5 million per occurrence per location insuring Optionor against all losses, damages, cost and expense incurred by it in connection with the testing performed hereunder.

Optionee shall indemnify, defend and hold harmless Optionor against all losses, damages, cost and expenses incurred by it in connection with any of the investigations performed by Optionee in connection with this Agreement.

In the event of the expiration or earlier termination of this Agreement, Optionee shall furnish Optionor with copies of all reports obtained by Optionee in connection with its investigation of the Property; provided, that Optionee assumes no responsibility for the accuracy of any such reports. In no event shall Optionee be deemed to be required to exercise the Purchase Option or purchase the Property as a result of its investigation of the Property as contemplated in this Agreement. Optionor acknowledges and agrees that Optionee may, in its sole and absolute discretion, elect either to exercise or not to exercise the Purchase Option. Optionor will use its best efforts to cooperate in and assist with Optionee's performance of its reasonable investigation as described in this Paragraph 6.

7. **Optionor's Representations, Warranties and Covenants.** Optionor represents and warrants to Optionee and covenants and agrees with Optionee as follows:

(a) Other than engaging in conduct authorized by the JDA, Optionor has not entered into any contracts, including, without limitation, any leases, either recorded or unrecorded, written or oral, impairing all or any portion of the Property, or the use of it, and Optionor shall not enter into any contract impairing all or any portion of the Property, or the use of thereof, so long as the Purchase Option remains in effect and is unexercised or, if Optionee exercises the Purchase Option, through the Closing.

(b) Optionor shall not do anything during the term of the Agreement to adversely affect title to the Property;

(c) For so long as the Purchase Option remains in effect and unexercised or, if Optionee exercises the Purchase Option, until the Closing, Optionor shall not, and shall not allow any third party to, store or locate any toxic or hazardous materials or wastes or trash or other debris on or under the Property; and Optionor shall take all reasonable efforts to prevent such storage or location of toxic and hazardous materials and wastes and trash and other debris by any third parties;

(d) Optionor has no knowledge of any special assessments or condemnation proceedings presently pending or proposed which affect the Property;

(e) Optionor has not received any notice of violations of applicable land or municipal ordinances or regulations (including, without limitation, housing, building, safety and fire ordinances and regulations) or of any applicable rule or regulation of any federal or state governmental agency having jurisdiction over the Property;

(f) Optionor is not aware of any underground storage tanks on the Property; and

(g) Optionor, to the best of Optionor's knowledge, has not conducted (or permitted others to conduct) any activity on the Property in violation of any law, statute, code, rule, regulation, order or decree relating to emissions, discharges or releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes (collectively, "Environmental Legal Requirements"). There is no action, suit, proceeding, claim, notice or investigation pending or threatened against Optionor relating to any Environmental Legal Requirement, and Optionor has not received any notice from any governmental authority or any other person or entity requiring compliance with any Environmental Legal Requirement or demanding remediation of any environmental contamination on the Property or damages or fines in respect thereof. In connection with the Property, Optionor is not in violation of any Environmental Legal Requirement including those relating to air, water, land and the generation, storage, transportation, treatment or disposal of petroleum products, asbestos-containing materials, toxic substances, hazardous substances (as defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended), solid wastes, hazardous wastes or any other substance for which any governmental entity with jurisdiction over Optionor or the Property requires special handling in its generation, handling, use, collection, storage, treatment or disposal (collectively, "Hazardous Substances"). There are no Hazardous Substances on the Property.

(h) Optionor shall, within ten (10) days of the commencement of the Exercise Period, deliver to Optionee all relevant information in Optionor's possession relating to the physical and environmental condition or development of the Property, including, but not limited to, the following:

(i) Copies of all reports in Optionor's possession regarding soil or subsurface conditions of the Property;

(ii) Copies of all licenses, permits, approvals or the like in Optionor's possession, relating to the Property (evidencing compliance with applicable laws and regulations, restrictive covenants, if any, and other title encumbrances).

(iii) Copies of all engineering studies and surveys in Optionor's possession.

(iv) Copies of all inspection reports, maps, environmental reports, tax bills, regulatory correspondence, and existing contracts or agreements affecting, or concerning, the Property or any part thereof.

Any plans and approvals obtained by Optionor may be used by Optionee in connection with Optionee's development of the Property.

These representations and warranties shall be true and correct in all respects as of the Closing. Should any such warranty or representation be false, inaccurate or misleading at Closing, then Optionee, at its option, may terminate this Agreement and pursue any remedies available to Optionee at law or in equity. These representations and warranties shall survive Closing.

8. **Prorations.** If Optionee exercises the Purchase Option, real estate taxes, to the extent payable, and all other proratable items shall be prorated as of the Closing.
9. **Conveyance and Possession.** At Closing, Optionor shall convey good and marketable absolute fee simple title to the Property to Optionee by special warranty deed, free and clear of all claims, liens and encumbrances, which title shall be insurable by a reputable title insurance company selected by Optionee at regular rates. The deed shall be prepared by Optionor's attorney at Optionor's expense. At Optionee's request, the deed shall contain as the description of the Property a survey description thereof by metes and bounds prepared and certified as such to Optionor's attorney, at Optionee's expense, by a professional surveyor licensed and registered in the Commonwealth of Pennsylvania. Possession of the real estate shall be given at Closing. Realty transfer taxes, to the extent payable, shall be divided equally between Optionor and Optionee. Optionee shall be responsible for its own attorney's fees, all recording costs and title insurance.
10. **Assignability.** Optionee shall be entitled to assign Optionee's rights and obligations under this Agreement at any time.
11. **Indemnity.**
 - (a) **By Optionor.** Optionor, for itself and its successors and assigns, hereby agrees to defend, indemnify and hold harmless Optionee and Optionee's successors and assigns from and against any and all claims, demands, judgments, damages, actions, causes of action, injuries, administrative orders, consent agreements and orders, liabilities, penalties, costs, and expenses of any kind whatsoever (including reasonable attorneys' fees) arising from the activities of Optionor or its agents prior to Closing, including, without limitation, any and all claims, demands, judgments, damages, actions, causes of action, injuries, administrative orders, consent agreements and orders,

liabilities, penalties, costs, and expenses of any kind whatsoever (including reasonable attorneys' fees) with respect to the representations and warranties made in Paragraph 6 herein.

(b) **By Optionee.** Optionee, for itself and its successors and assigns, hereby agrees to defend, indemnify and hold harmless Optionor and its successors and assigns from and against any and all claims, demands, judgments, damages, actions, causes of action, injuries, administrative orders, consent agreements and orders, liabilities, penalties, costs, and expenses of any kind whatsoever (including reasonable attorneys' fees) arising from the activities of Optionee or its agents or assignees in conducting the investigation of the Property permitted under Paragraph 6 above.

The indemnity provisions of this Paragraph 11 shall survive Closing.

12. **Brokerage.** Neither party is aware of any agent entitled to a commission for the sale of the Property. Each party shall defend, indemnify and save the other party harmless from any liability for any finder's fee or broker's fee or commission agreed to by the indemnifying party in connection with the sale or purchase of the Property or any part thereof, including, without limitation, reasonable attorneys' fees and expenses incurred in connection with such a claim. The indemnity obligations of this Paragraph 12 shall survive termination or expiration of this Agreement and Closing.
13. **Risk of Loss.** All risk of loss from fire or casualty shall remain with Optionor until Closing.
14. **Eminent Domain.** If the Property or any part thereof is taken by eminent domain prior to Closing, Optionee shall have the option to (i) void this Agreement or (ii) elect to proceed with Closing and pay the Purchase Price, in which case Optionor shall assign to Optionee all damages to which Optionor may be entitled on account of such condemnation.
15. **Optionor's Remedy for Nonperformance or Breach.** If Optionee breaches this Agreement, Optionor's remedies are as follows:
 - (a) If Optionee exercises the Purchase Option and fails to consummate the purchase of the Property, Optionor's sole remedy for that breach shall be to receive from Optionee an amount equal to Optionor's actual out-of-pocket expenses incurred in connection with the execution of this Agreement and the performance of its obligations hereunder.
 - (b) If Optionee breaches any term of this Agreement that survives Closing, Optionor may maintain an action at law for damages or seek equitable relief.
16. **Optionee's Remedy for Nonperformance or Breach.** If Optionor breaches this Agreement, Optionee may seek relief in an action for specific performance and/or seek other equitable relief and/or maintain an action at law for damages.

17. **Miscellaneous.**

(a) **Recitals.** The recitals preceding Paragraph 1 of this Agreement constitute a material part of this Agreement, and are expressly incorporated herein by reference.

(b) **Notices.** All notices, requests, demands, directions and other communications required or permitted under the provisions of this Agreement, or otherwise with respect hereto, shall be in writing and shall be: (i) mailed by first class registered or certified mail, return receipt requested, postage prepaid; or (ii) sent by next day business courier (such as FedEx or the like); or (iii) personally delivered, as follows:

if to Optionor, to:

The Redevelopment Authority of the City of Lancaster
120 N. Duke Street
Lancaster, PA 17603
Attention: Charles H. Simms, Jr., Chairman

with a copy to:

Blakinger, Byler & Thomas, P.C.
28 Penn Square
Lancaster, PA 17603
Attention: Frank P. Mincarelli, Esquire

if to Optionee, to:

The Lancaster County Convention Center Authority
P.O. Box 1622
Lancaster, PA 17608
Attention: C. Ted Darcus, Chairman

with a copy to:

Stevens & Lee
4750 Lindle Road, 3rd Floor
Harrisburg, PA 17111
Attention: Christopher M. Cicconi, Esquire

or to such other address(es) or to the attention of such other person(s) and officer(s) as the addressee of any such notice shall have previously furnished to the sender in writing. Each notice or communication which shall be transmitted in the manner described above, or which shall be delivered to a telegraph company, shall be deemed sufficiently given, served, sent, or received for all purposes at such time as it is sent to the addressee (with return receipt, delivery receipt being deemed conclusive evidence of such mailing or delivery), or at such time as delivery is refused by the addressee on presentation.

(c) **Governing Law.** This Agreement has been negotiated and executed in Pennsylvania, and it shall be construed and governed in accordance with the laws of the

Commonwealth of Pennsylvania, including its statutes of limitation but without application of conflicts of laws principles.

(d) **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties and may not be changed, altered or modified except by an instrument in writing signed by Optionor and Optionee.

(e) **Binding Effect.** All of the terms of this Agreement, including but not limited to the representations, warranties and covenants of Optionor, shall be binding upon and shall insure to the benefit of the parties to this Agreement and their respective successors and assigns.

(f) **Partial Invalidity.** If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof shall continue in full force and effect and shall in no way be affected, impaired or invalidated.

(g) **Captions.** The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in reference to this Agreement and in no way whatsoever define, limit or describe the scope or intent of this Agreement.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, with each such counterpart being deemed to be an original instrument.

(i) **Recording.** This Agreement may be recorded by the Optionee in the Office of the Recorder of Deeds or any other office or place of public record.

(j) **Third Party Beneficiary.** PSP is a third party beneficiary of the provisions of Sections 4 and 5 of this Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto cause this Agreement to be executed as of the date first above written.

WITNESS/ATTEST:

OPTIONEE:

**THE LANCASTER COUNTY
CONVENTION CENTER AUTHORITY**

By: _____
C. Ted Darcus, Chairman

OPTIONOR:

**THE REDEVELOPMENT AUTHORITY
OF THE CITY OF LANCASTER**

By: _____
Charles Simms, Chairman

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT A

DESCRIPTION and RECITAL

TRACT NO. 1 (2-10 East King Street & 19-21 South Queen Street))

ALL THAT CERTAIN tract of land with the improvements thereon erected, being situated on the South side of East King Street, the West side of South Christian Street, and the East side of South Queen Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, as shown on a survey prepared by H. F. Huth Engineers, Inc., dated April 17, 1962, revised May 10, 1962, said tract being more fully bounded and described as follows:

BEGINNING at a point at the intersection of the South line of East King Street and the East line of "The Square"; thence along the South line of East King Street, North 81 degrees 35 minutes East, a distance of 111.61 feet to a point, a corner of land now or late of Simon A. Cantor, said point being the Eastern face of the East wall of the three-story brick store building hereon erected; thence along the East face of said wall and passing through the center line of said wall at the Southern extremity of said wall, South 08 degrees 32 minutes East, a distance of 131.67 feet to a point in the South side of a 10.0 foot wide private alley, said point being situated on the North face of the North wall of a four-story brick building hereon erected; thence along the same, North 81 degrees 46 minutes 30 seconds East, a distance of 69.21 feet to a point in the West line of South Christian Street; thence along the same, South 08 degrees 38 minutes 30 seconds East, a distance of 162.66 feet to a point, a corner of lands now or late of William G. Rinehart; thence along the same, passing along the North face of the North wall of the building erected on lands now or late of William G. Rinehart, South 81 degrees 42 minutes 30 seconds West, a distance of 246.74 feet to a point in the East line of South Queen Street; thence along the same, North 08 degrees 39 minutes 30 seconds West, a distance of 229.32 feet to a point in the South line of "The Square"; thence along the same, North 81 degrees 56 minutes East, a distance of 66.0 feet to a point in line of the East line of said "Square"; thence along the same, North 08 degrees 26 minutes West, a distance of 65.10 feet to the point or place of BEGINNING.

BEING composed of the following tracts of land:

1. Purparts No. 1, 3 and 4 of the same premises which James Shank and P. T. Watt and Laura G. Watt, his wife, and James Shand and P. T. Watt, partners trading as Watt and Shand, by Deed dated March 18, 1918, and recorded in the Recorder of Deeds Office for Lancaster County, Pennsylvania, in Deed Book I, Volume 23, Page 220, granted and conveyed unto Watt and Shand, a PA corporation, its successors and assigns.
2. The same premises which George R. Rohrer and Adelaide C. Rohrer, his wife, and Howard Rohrer, by their Deed dated April 2, 1920, and recorded in the Recorder of Deeds Office aforesaid in Deed Book C, Volume 24, Page 506, granted and conveyed unto Watt and Shand, a PA corporation, its successors and assigns.
3. The same premises which Drossos A. Skyllas, by Deed dated April

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der. No.: D192447LA

15, 1925, and recorded in the Recorder of Deeds Office aforesaid in Deed Book I, Volume 27, Page 578, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

4. The same premises which Albert F. Witmer, Substituted Fiduciary of the Trust Mortgage Pool of The Lancaster Trust Company, by Deed dated May 22, 1936, and recorded in the Recorder of Deeds Office aforesaid in Deed Book P, Volume 32, Page 480, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

5. The same premises which John M. Ammon and Cora M. Ammon, his wife, by Deed dated July 2, 1937, and recorded in the Recorder of Deeds Office aforesaid in Deed Book E, Volume 33, Page 295, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

6. The same premises which Harry P. Wisegarver, Executor of Jennie H. May, by Deed dated March 30, 1940, and recorded in the Recorder of Deeds Office aforesaid in Deed Book N, Volume 34, Page 365, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

7. The same premises which Alpheaus S. Groff and Ella L. Groff, his wife, by Deed dated February 24, 1960, and recorded in the Recorder of Deeds Office aforesaid in Deed Book Y, Volume 48, Page 419, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follows, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said other property of the said R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in a concrete walk on line of property now or late of Phares Reifsnnyder; thence extending along said property of Phares Reifsnnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

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BEING THE SAME PREMISES which R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, by Deed dated November 30, 1949, and recorded December 1, 1949, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book E, Volume 40, Page 501, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

TRACT NO. 3 (27-29 South Queen Street)

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 1/4 inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

BEING THE SAME PREMISES which Ethel Judene Walker, by Deed dated October 29, 1986, and recorded November 10, 1986, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book N, Volume 96, Page 231, granted and conveyed unto Watt & Shand, a Pennsylvania corporation, its successors and assigns.

AND Watt and Shand a/k/a Watt & Shand a/k/a Watt & Shand, Inc., by merger effective April 5, 1992, became known as Bon-Ton Stores of Lancaster, Inc.

TRACT NO. 4 (33-35 South Queen Street)

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 6 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company.

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

ATTACHED TO AND FORMING A PART OF TITLE INSURANCE COMMITMENT
Order. No.: D192447LA
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BEING THE SAME PREMISES which Oblender's Furnishings, Inc., by Deed dated December 19, 1977, and recorded in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book U, Volume 72, Page 560, granted and conveyed unto Hager Realty Corporation, its successors and assigns.

AND Hager Realty Corporation, by merger, has become part of Bon-Ton Stores of Lancaster, Inc.

TRACT NO. 5 (31 South Queen Street)

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street, 32 feet $2\frac{1}{4}$ inches, more or less, and extending in depth of that width Eastwarily, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main buidng of the hereby granted premises being a party wall to the end of said main buidng.

BOUNDED on the North by property now or late of Walter A. Heinitsch; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

BEING THE SAME PREMISES which William D. Crabtree and Ruth L. Crabtree, husband and wife, by their Attorney-in-Fact, Richard G. Greiner, by Deed dated July 31, 1997, and recorded July 31, 1997, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 5414, Page 7, granted and conveyed unto Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, its successors and assigns.

DISTRICT - 33-3; MAP - 13K1D; BLOCK - 7; PARCEL - 1 & 28 (Tract 1); 25 (Tract 2); 27 (Tract 3); 24 (Tract 4); 26 (Tract 5)

EXHIBIT B

DRAWING

AGREEMENT TO TRANSFER AND REIMBURSEMENT AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 2005, by and between THE REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER, a body politic created and existing under the laws of the Commonwealth of Pennsylvania, ("RACL") and PENN SQUARE PARTNERS, a Pennsylvania limited partnership ("PSP").

PRELIMINARY STATEMENT

PSP owns the land and improvements known as the Watt & Shand Building more particularly described in **Exhibit A** attached hereto and made a part hereof (the "Property"). The planning commission of the City of Lancaster ("City") has declared the area where the Property is located as a "redevelopment area." RACL, by resolution, and the City have adopted a Redevelopment Proposal in conformance with the requirements of the Urban Redevelopment Law (35 P.S. §1701 et seq.) (the "Redevelopment Law"). The land and improvements adjacent to the Property ("LCCCA Property") are owned by the Lancaster County Convention Center Authority, a body politic created pursuant to the Third Class County and City Convention Center Act ("LCCCA"). PSP, RACL and LCCCA, together with the City and Lancaster County have determined that an important public purpose is served by creating a convention center and hotel to serve the needs of the community. Therefore, PSP, LCCCA and RACL have determined to construct a hotel and convention center (the "Project") on the Property and the LCCCA Property and, to that end, have entered into a Joint Development Agreement ("JDA"), and has made a condominium declaration ("Condominium Declaration"). After the transfer of the Property from PSP to RACL, RACL and LCCCA intend to convey the Property and the LCCCA Property, respectively, to the condominium association created by the Condominium Declaration (the "Condominium Association"). Certain of the financing necessary to construct and develop the Project requires that the entire Project be in public ownership. Until the date hereof, PSP has acquired the Property, has held and carried the Property incurring Carrying Costs (as hereinafter defined) and the Development Costs (as hereinafter defined) with respect to design and development of the Project. RACL has determined that, without the expenditure of the Carrying Costs and Development Costs, it would be impossible to construct the Project.

In furtherance of the Project, RACL, PSP and LCCCA will have executed and placed in escrow related documents necessary to implement the construction and management of the Project including, without limitation, the Condominium Declaration and Bylaws establishing a condominium Unit owned by LCCCA ("Unit 1") and a condominium Unit owned by RACL ("Unit 2"), subject to an escrow agreement ("Escrow Agreement") among RACL, PSP, LCCCA and Land Services USA, Inc. (the "Escrow Agent"). RACL and PSP shall enter into a lease pursuant to which PSP shall lease the hotel to be created within Unit 2 (the "Hotel") for a period of twenty (20) years, operate such hotel and have other rights with respect to the Unit 2 ("Hotel Tower Lease").

NOW THEREFORE, in consideration of the sum of One (\$1.00) Dollar, the matters contained herein and other good and valuable consideration, intending to be legally bound hereby, RACL and PSP agree as follows:

1. Upon the later of two (2) days [or such later time to which RACL and PSP may mutually agree] after (i) approval of this Agreement and all other agreements related to the Project to which RACL is to be a party and for the execution of which by RACL the prior

approval of the City Council of the City is required by the Redevelopment Law and (ii) receipt of approval from the Commonwealth of Pennsylvania to restructure the IDP Mortgage as, or to replace the IDP Mortgage by, a leasehold mortgage on the Property securing the principal balance of the loan secured by the IDP Mortgage or at such other time as RACL and PSP may determine, PSP shall sell and RACL shall purchase the Property for the sum of \$1,250,000.00 (the "Purchase Price") which represents the fair market value of the Property not considering its value as a potential hotel site, as determined by an appraisal made by Weinstein Realty Advisors, dated January 23, 2004. PSP shall transfer ownership of the Property to RACL "AS IS, WHERE IS," with no warranties of any kind by PSP; PSP shall execute a special warranty deed in form attached hereto as **Exhibit B** made a part hereof, and a FIRPTA Affidavit in the form attached as **Exhibit C** made a part hereof. The time at which such deed and other document(s) are delivered to RACL in exchange for payment of the Purchase Price is herein referred to as the "Closing."

2. Simultaneously with the delivery of the Purchase Price, RACL and PSP shall order the placement of condominium documents to which they are a party into escrow to be held in accordance with the Escrow Agreement and held by the Escrow Agent.

3. Simultaneously with the delivery of the Purchase Price, RACL shall pay to PSP the following sums and PSP shall do the following things:

(a) (i) RACL shall pay to PSP, as the purchase price for the Project Development Materials (as defined below), all sums expended by PSP to purchase or create such Project Development Materials through the date of Closing (the "Development Costs"), which are estimated as of September 9, 2005, to be \$3,111,060, and (ii) PSP shall execute and deliver to RACL a bill of sale transferring all of PSP's right, title and interest to all design plans, architect's plans and renderings, engineering studies, other design development documents related to the Project, including, without limitation, product produced by attorneys and other professionals necessary for the preservation and development of the Property, and all other documents in which PSP has an interest in connection with the design and construction of the Project and such other documents reasonably and customarily required in connection with a transaction of this nature ("Project Development Materials"). PSP hereby represents and warrants that the purchase price for the Project Development Materials is the actual amount expended therefor by PSP, and PSP shall make no profit from sale of the Project Development Materials to RACL.

(b) RACL shall reimburse PSP for all sums expended by PSP from the date of PSP's acquisition of the Property to the date of Closing that were essential to the preservation, development and disposition of the Property (the "Carrying Costs"), which are estimated (exclusive of disposition costs) as of September 9, 2005, to be \$2,702,537. PSP hereby represents and warrants that the reimbursement sum shall be the actual Carrying Costs incurred by PSP, and PSP shall make no profit with respect thereto.

(c) The amounts contained in Sections 3(a) and 3(b) shall be reduced by the principal amount of the OGP Mortgage (as hereinafter defined) and the amount advanced pursuant to the IDP Mortgage (as hereinafter defined). The amounts in Section 3(a) and 3(b) above shall be reduced in accordance with the nature of the expenditure funded by each respective advance under the OGP Mortgage and the IDP Mortgage.

4. PSP shall pay all recording costs, transfer and other taxes and costs of preparing the appropriate deed, bills of sale and other instruments contemplated by this Agreement, and shall pay or reimburse RACL for the costs of obtaining an ALTA policy insuring title to the Property subject only to all matters of public record of any kind.

5. At Closing, title to the Property shall be vested in PSP and shall be good and marketable, subject only to those claims, liens, encumbrances or exceptions contained in the list attached hereto as **Exhibit D**.

6. The Property is presently subject to two (2) mortgages, one in the principal amount of \$2,000,000.00 advanced by RACL to PSP (the "OGP Mortgage") and one in the principal amount of \$2,250,000.00 (the "IDP Mortgage"), under which RACL is the secured party and PSP is the mortgagor. At Closing, the OGP Mortgage shall be released by RACL, the note executed by PSP in conjunction therewith shall be marked satisfied and returned to PSP, and an appropriate mortgage satisfaction piece shall be filed with the Recorder of Deeds of Lancaster County. In addition, subject to the approval of the Commonwealth of Pennsylvania, the IDP Mortgage shall be amended as (or replaced by) a leasehold mortgage upon PSP's leasehold interest in the Property and, upon sale of the fee interest in the Property by RACL to the Condominium, shall be further amended and restated (or replaced) so as to create a leasehold mortgage upon Unit 2, rather than the Property as a whole, but all of the other terms and conditions of the IDP Mortgage shall remain the same (or, if appropriate, the replacement leasehold mortgages shall contain the same terms and conditions as theretofore were contained in the IDP Mortgage, subject only to such changes as shall be appropriate to reflect the nature of the replacement mortgages). RACL and PSP shall use commercially reasonable efforts to cause the Commonwealth of Pennsylvania to approve an amendment to the IDP Mortgage and the underlying loan which will make the term of the IDP Mortgage and the underlying loan co-terminus with the Hotel Tower Lease and an adjustment to the amortization schedule for such loan to a twenty (20) year schedule with a balloon at the end. RACL agrees that any sums not advanced under the IDP Mortgage will be advanced for Eligible Projects Costs as defined therein.

7. In order to facilitate the demolition of the Watt & Shand Building and the design and construction of the Hotel prior to the receipt by RACL of certain grants from the Commonwealth of Pennsylvania which are to be used for such purposes, PSP may advance the sums required for the acquisition of the Property, Carrying Costs of the Property, demolition and design and construction of the Project as a loan to RACL ("PSP Loan"); provided, however, PSP's obligation to advance the PSP Loan shall be conditioned upon RACL's expenditure of the loan funds ("RACL Expenditures") being for Eligible Project Costs as such are defined in the grant application and contract with the Commonwealth. Upon receipt of the grants or funds from LCCCA under Section 8(b), RACL shall repay the PSP Loan together with interest from the date of each advance at the applicable federal rates for instruments of similar term as set forth in the United States Internal Revenue Code. RACL and PSP agree to use commercially reasonable efforts to apply for, procure and receive grants from the Commonwealth for the purpose of demolition, design and construction by RACL in accordance with the terms and conditions of the Condominium Declaration, the Hotel Tower Lease and the JDA.

8. In the event that the JDA is terminated by any party thereto in accordance with its terms, RACL and PSP agree as follows:

(a) If LCCCA does not exercise its right to acquire the Property or Unit 2, as the case may be (the "Option") under the terms of that certain Purchase Option Agreement entered into between RACL and LCCCA, a copy of which is attached hereto as **Exhibit E**, then upon expiration of such Purchase Option Agreement, RACL may sell the Property or Unit 2, as the case may be, to a third party for development; provided, however, RACL shall provide PSP with the right to match any offer to purchase received from a third party or a right to match a transaction with a third party at the same price and on other terms and conditions substantially similar to those offered by or arrived at with such third party ("Equal Price and Comparable Terms") by providing PSP with written notice of the terms of any proposed sale and transfer of the Property or Unit 2 to a third party (other than a transfer to LCCCA or its assignee). PSP shall have twenty (20) business days from the date of such written notice in which to deliver to RACL a written offer to purchase the Property or Unit 2, as the case may be, at an Equal Price and Comparable Terms, accompanied by a deposit not less than any deposit provided by such third party to RACL. If PSP makes such offer and RACL accepts the same, closing on title shall occur within 60 days, unless otherwise agreed upon by the parties. RACL may decline to accept any such PSP offer timely made only if RACL shall reasonably determine that the terms and conditions of PSP's offer (and any deposit) are not substantially similar to those offered by or arrived at with the third party and shall give PSP written notice of those terms and conditions which it has determined are not substantially similar within ten (10) business days following receipt of PSP's offer, in which case PSP shall have five (5) business days from the date of such written notice to submit an amended offer to match the specified terms and conditions. If PSP does not timely offer an Equal Price and Comparable Terms or, if applicable, does not amend its offer in a timely and appropriate manner following notice from RACL as provided above, RACL shall be free to sell and transfer the Property or Unit 2, as applicable, to such third party, provided that such sale and transfer may not be consummated at a lower price or upon terms and conditions substantially different from those of the third party's offer, as communicated to PSP, without providing to PSP the right to offer an Equal Price and Comparable Terms. If RACL does not consummate the transaction previously described within six (6) months of the date PSP declines to exercise its right to match, RACL shall re-commence the process described in this Section 8(a); provided, however, if the transaction which PSP declines to match is still in the process of being consummated, RACL may request PSP to extend the six (6)-month period, which request shall not be unreasonably withheld or delayed by PSP based solely on whether or not PSP, in its reasonable discretion, believes that such transaction will be consummated within a reasonable period of time. The provisions of this Section 8(a) shall be evidenced by a memorandum of right of first refusal recorded, at the cost and expense of PSP, in the records of the Recorder of Deeds of Lancaster County in the form of **Exhibit F** attached hereto.

(b) Upon a transfer of the Property or Unit 2 to LCCCA or its assignee, LCCCA or its assignee shall assume the IDP Mortgage or, if such assumption is not permitted by the Commonwealth of Pennsylvania, fully repay the IDP Mortgage, and RACL shall release PSP from all liability thereunder. In addition, to the extent LCCCA has given express, written pre-approval of RACL Expenditures, RACL shall require LCCCA, in connection with any such transfer of the Property or Unit 2 to LCCCA, to reimburse RACL for the outstanding principal balance of the PSP Loan, which represents the amount of such pre-approved RACL Expenditures, after the application of amounts received by RACL from the Commonwealth referred to in Section 7 of this Agreement, together with interest as determined in accordance with Section 7 hereof, and RACL shall use such reimbursement to pay or prepay the PSP Loan.

This Document Recorded
02/03/2006 State RTT: 12,500.00 Doc Id: 5496382
09:27AM Local RTT: 12,500.00 Receipt #: 550428
Doc Code: 01 Lancaster County, Recorder of Deeds Office Rec Fee: 48.00



RETURN TO:

Fidelity National Title Insurance Co.
1500 Walnut Street, Suite 400
Philadelphia, PA 19102
215-732-9700

File No.: 04-PHI-1225

Parcel ID #'S:

333-07327-0-0000; 333-04639-0-0000;
333-10277-0-0000; 333-11046-0-0000;
333-05005-0-0000; 333-17324-0-0000

SPECIAL WARRANTY DEED

SPECIAL WARRANTY DEED

THIS INDENTURE executed this 30th day of January, 2006 and effective as of this 31st day of January, 2006, by **PENN SQUARE PARTNERS**, a Pennsylvania limited partnership ("Grantor")

and

THE REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("Grantee").

WITNESSETH, that Grantor, in consideration of the sum of One Million Two Hundred and Fifty Thousand Dollars (\$1,250,000.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does grant, bargain, sell and convey to Grantee, its successors and assigns, that certain parcel of real property located in the City and County of Lancaster, Pennsylvania, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Property") with the appurtenances.

UNDER AND SUBJECT TO all covenants, agreements, easements and restrictions of record and applicable zoning ordinances.

TOGETHER with all and singular the buildings and improvements, ways, streets, alleys, driveways, passages, waters, water-courses, rights, liberties, privileges, hereditaments and appurtenances, whatsoever unto the hereby granted premises belonging, or in any wise appertaining, and the reversions and remainders, rents, issues, and profits thereof, and all the estate, right, title, interest, property, claim and demand whatsoever of Grantor, in law, equity, or otherwise including all inchoate rights, including without limitation, inchoate rights of adverse possession, however, of, in, and to the same and every part thereof.

TO HAVE AND TO HOLD the said piece of ground above described, with the buildings and improvements thereon erected, hereditaments and premises hereby granted, or mentioned and intended so to be, with the appurtenances, to and for the use of Grantee, its successors and assigns forever.

AND GRANTOR, for itself, its successors and assigns does covenant, promise and agree, to and with Grantee, its successors and assigns, by these presents, that it, Grantor, and its successors, all and singular the hereditaments and premises hereby granted or mentioned and intended so to be, with the appurtenances, unto Grantee, its successors and assigns, against it, Grantor, and its successors, and against all and every person and persons whomsoever lawfully claiming or to claim the same or any part thereof, by, from or under him, her, it, them, or any of them, shall and will, subject as aforesaid, WARRANT AND FOREVER DEFEND.

This Indenture may be executed in any manner of counterparts, each of which when executed by a duly authorized party shall be deemed to be an original and all of which when taken together shall constitute but one and the same Indenture.

IN WITNESS WHEREOF, Grantor has executed this Indenture the day and year first above written.

PENN SQUARE PARTNERS

By: Penn Square General Limited Partnership, GP

By: Penn Square General Corporation,
its general partner

By: Novin D. Cooley

Name: Novin D. Cooley
Title: President

Attest:

Robin D. Stauffer

Name: Robin D. Stauffer
Title: Asst. Secretary

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF LANCASTER

SS

On this 30TH day of JANUARY, 2006, before me, a Notary Public, the undersigned officer, personally appeared NEUND J. CULLEY, who acknowledged himself to be the PRESIDENT of Penn Square General Corporation, a Pennsylvania corporation which is the general partner of Penn Square Partners, a Pennsylvania limited partnership, and that he as such PRESIDENT being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of Penn Square General Corporation by himself as PRESIDENT.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal

Steven R. Richardson, Notary Public
East Lampeter Twp., Lancaster County
My Commission Expires Mar. 7, 2009

Member, Pennsylvania Association of Notaries

The address of the above named Grantee is:

120 N. Duke Street
Lancaster, Pennsylvania 17603

Certified by:

DMEAST #9437009 v1

SPECIAL WARRANTY DEED

GRANTOR: Penn Square Partners,
a Pennsylvania limited partnership

TO

GRANTEE: The Redevelopment Authority of the City of Lancaster,
a body politic and corporate existing
under the laws of the Commonwealth of Pennsylvania

PREMISES: 2-10 East King Street,
19-21 South Queen Street,
40 South Christian Street,
27-29 South Queen Street, and
33-35 South Queen Street
Lancaster, Pennsylvania

EXHIBIT A

Legal Description

(See Attached)



Fidelity National Title Insurance Company

Exhibit "A" LEGAL DESCRIPTION

File No. 04-PHI-12225

TRACT NO.1 (2-10 East King Street & 19-21 South Queen Street)

ALL THAT CERTAIN tract of land with the improvements thereon erected, being situated on the South side of East King Street, the West side of South Christian Street, and the East side of South Queen Street, in the city of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, as shown on a survey prepared by H.F. Huth Engineers, Inc., dated April 17, 1962, revised May 10, 1962, said tract being more fully bounded and described as follows:

BEGINNING at a point at the intersection of the South line of East King Street and the East line of "The Square"; thence along the South line of East King Street, North 81 degrees 35 minutes East, a distance of 11.61 feet to a point, a corner of land now or late of Simon A. Cantor, said point being the Eastern face of the East wall of the three-story brick store building hereon erected; thence along the East face of said wall and passing through the center line of said wall at the Southern extremity of said wall, South 08 degrees 32 minutes East, a distance of 131.67 feet to a point in the South side of a 10.0 foot wide private alley, said point being situated on the North face of the North wall of a four-story brick building hereon erected; thence along the same, North 81 degrees 46 minutes 30 seconds East, a distance of 69.21 feet to a point in the West line of South Christian Street; thence along the same, South 08 degrees 38 minutes 30 seconds East, a distance of 162.66 feet to a point, a corner of lands now or late of William G. Rinehart; thence along the same, passing along the North face of the North wall of the building erected on lands now or late of William G. Rinehart, South 81 degrees 42 minutes 30 seconds West, a distance of 246.74 feet to a point in the East line of South Queen Street; thence along the same, North 08 degrees 39 minutes 30 seconds West, a distance of 229.32 feet to a point in the South line of "The Square"; thence along the same, North 81 degrees 56 minutes East, a distance of 66.0 feet to a point in line of the East line of said "Square"; thence along the same, North 08 degrees 26 minutes West, a distance of 65.10 feet to the point or place of BEGINNING.

TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follow, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said property of the said R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in the concrete walk on line of property now or late of Phares Reifsnnyder; thence extending along said property of Phares Reifsnnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

TRACT NO. 3 (27-29 South Queen Street)

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 ¼ inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

TRACT NO. 4 (33-35 South Queen Street)

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 6 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

TRACT NO. 5 (31 South Queen Street)

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street 32 feet 2 ¼ inches, more or less, and extending in depth of that width Eastwardly, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main building of the hereby granted premises being a party wall to the end of said main building.

BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

TOGETHER WITH AND UNDER AND SUBJECT TO the terms and conditions as set forth in the Easement Agreement between City of Lancaster and Penn Square Partners, dated October 3, 2005 and recorded November 8, 2005 as Instrument Number 5474304.

BEING THE SAME PREMISES which The Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, by Deed dated February 17, 1998 and recorded February 18, 1998 in the Office of the Recorder of Deeds, in and for Lancaster County, Pennsylvania in Record Book 5624, Page 0389, granted and conveyed unto Penn Square Partners, a Pennsylvania limited partnership, its successors and assigns.

3
6

This Document Recorded
02/03/2006 State RTT: 0.00
09:27AM Local RTT: 0.00
Doc Code: 06 Lancaster County, Recorder of Deeds Office

Doc Id: 5496383
Receipt #: 550428
Rec Fee: 32.50



RETURN TO:

Fidelity National Title Insurance Co.
1500 Walnut Street, Suite 400
Philadelphia, PA 19102
215-732-9700

File No.: 04-PHI-1225

Parcel ID #'S:
333-07327-0-0000; 333-04639-0-0000;
333-10277-0-0000; 333-11046-0-0000;
333-05005-0-0000; 333-17324-0-0000

MEMORANDUM OF LEASE

MEMORANDUM OF LEASE

THIS MEMORANDUM is made the 31st day of January, 2006, between **REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER** (collectively, "Landlord"), with an address at 120 N. Duke Street, Lancaster, Pennsylvania 17603, and **PENN SQUARE PARTNERS**, ("Tenant"), with an address at 1853 William Penn Way, P. O. Box 10008, Lancaster, Pennsylvania 17605-0008.

BACKGROUND

Landlord is the owner of premises in the City of Lancaster, Lancaster County, known as the Watt & Shand Building, more fully described in Exhibit A, attached hereto, which premises are subject to a certain lease between Landlord and Tenant described below. The parties hereto desire to record this Memorandum of Lease pursuant to the Act of June 2, 1959, P.L. 454. The following is a correct statement of information with respect to the aforesaid Lease:


1. The name of the landlord in the Lease is Redevelopment Authority of the City of Lancaster.
2. The name of the tenant in the Lease is Penn Square Partners.
3. The address of the parties set forth in the Lease is:

120 North Duke Street, Lancaster, Pennsylvania 17603; and

1853 William Penn Way, P. O. Box 10008, Lancaster, Pennsylvania 17605-0008.
4. The date of the Lease is January 31, 2006.
5. The demised premises are described in the Lease and as attached as Exhibit A hereto.
6. The Initial Term of the Lease commenced on January 31, 2006, and ends on the date the Interim Term commences. The Interim Term ends on the date upon which the improvements to be constructed are substantially completed and will continue for a period of twenty (20) years from the date thereof. It is not expected that the combined terms will exceed twenty nine (29) years.
7. The Tenant has a Purchase Option which commences at any time after commencement of the Interim Term and terminates upon the termination of the Lease..

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date and year first above mentioned

Witness: _____



LANDLORD:

THE REDEVELOPMENT AUTHORITY

OF THE CITY OF LANCASTER

By: _____



Charles Simms, Chairman

Witness: _____



TENANT:

PENN SQUARE PARTNERS,

a Pennsylvania Limited Partnership

By: Penn Square General Limited

Partnership, General Partner

By: Penn Square General Corporation,

General Partner

By: _____



Nevin D. Cooley, President

COMMONWEALTH OF PENNSYLVANIA

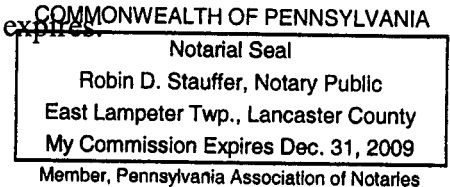
COUNTY OF Lancaster

:
:
SS.
:

On this 31st day of January, 2006, before me, the subscriber, a Notary Public in and for the said County and Commonwealth, personally appeared Nevin D. Cooley, President of Penn Square General Corporation, General Partner of Penn Square General Limited Partnership, General Partner of Penn Square Partners, personally known to me and who in due form of law acknowledged the foregoing instrument to be their act and deed and desired that the same might be recorded as such.

Witness my hand and seal the day and year aforesaid.

Robin D. Stauffer
Notary Public
My commission expires:



COMMONWEALTH OF PENNSYLVANIA

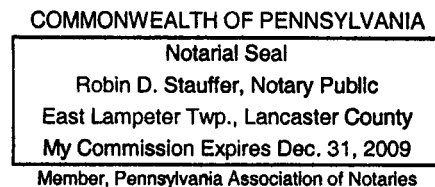
COUNTY OF Lancaster

:
:
SS.
:

On this 31st day of January, 2006, before me, the subscriber, a Notary Public in and for the said County and Commonwealth, personally appeared Charles Simms, Chairman of The Redevelopment Authority of the City of Lancaster, personally known to me and who in due form of law acknowledged the foregoing instrument to be their act and deed and desired that the same might be recorded as such.

Witness my hand and seal the day and year aforesaid.

Robin D. Stauffer
Notary Public
My commission expires:





Fidelity National Title Insurance Company

Exhibit "A" LEGAL DESCRIPTION

File No. 04-PHI-12225

TRACT NO.1 (2-10 East King Street & 19-21 South Queen Street)

ALL THAT CERTAIN tract of land with the improvements thereon erected, being situated on the South side of East King Street, the West side of South Christian Street, and the East side of South Queen Street, in the city of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, as shown on a survey prepared by H.F. Huth Engineers, Inc., dated April 17, 1962, revised May 10, 1962, said tract being more fully bounded and described as follows:

BEGINNING at a point at the intersection of the South line of East King Street and the East line of "The Square"; thence along the South line of East King Street, North 81 degrees 35 minutes East, a distance of 11.61 feet to a point, a corner of land now or late of Simon A. Cantor, said point being the Eastern face of the East wall of the three-story brick store building hereon erected; thence along the East face of said wall and passing through the center line of said wall at the Southern extremity of said wall, South 08 degrees 32 minutes East, a distance of 131.67 feet to a point in the South side of a 10.0 foot wide private alley, said point being situated on the North face of the North wall of a four-story brick building hereon erected; thence along the same, North 81 degrees 46 minutes 30 seconds East, a distance of 69.21 feet to a point in the West line of South Christian Street; thence along the same, South 08 degrees 38 minutes 30 seconds East, a distance of 162.66 feet to a point, a corner of lands now or late of William G. Rinehart; thence along the same, passing along the North face of the North wall of the building erected on lands now or late of William G. Rinehart, South 81 degrees 42 minutes 30 seconds West, a distance of 246.74 feet to a point in the East line of South Queen Street; thence along the same, North 08 degrees 39 minutes 30 seconds West, a distance of 229.32 feet to a point in the South line of "The Square"; thence along the same, North 81 degrees 56 minutes East, a distance of 66.0 feet to a point in line of the East line of said "Square"; thence along the same, North 08 degrees 26 minutes West, a distance of 65.10 feet to the point or place of BEGINNING.

TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follow, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said property of the said R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in the concrete walk on line of property now or late of Phares Reifsnyder; thence extending along said property of Phares Reifsnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

TRACT NO. 3 (27-29 South Queen Street)

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 ¼ inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

TRACT NO. 4 (33-35 South Queen Street)

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 6 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

TRACT NO. 5 (31 South Queen Street)

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street 32 feet 2 ¼ inches, more or less, and extending in depth of that width Eastwardly, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main building of the hereby granted premises being a party wall to the end of said main building.

BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

TOGETHER WITH AND UNDER AND SUBJECT TO the terms and conditions as set forth in the Easement Agreement between City of Lancaster and Penn Square Partners, dated October 3, 2005 and recorded November 8, 2005 as Instrument Number 5474304.

BEING THE SAME PREMISES which The Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, by Deed dated February 17, 1998 and recorded February 18, 1998 in the Office of the Recorder of Deeds, in and for Lancaster County, Pennsylvania in Record Book 5624, Page 0389, granted and conveyed unto Penn Square Partners, a Pennsylvania limited partnership, its successors and assigns.



Fidelity National Title Insurance Company

SCHEDULE B - SECTION II EXCEPTIONS

File No. **04-PHI-1225SR**

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.
2. Rights or claims of parties in possession or under the terms of any unrecorded lease or agreement(s) of sale.
3. Any encroachments, easements, measurements, variations in area or content, party walls or other facts which a correct survey of the premises would show.
4. Right granted to PP&L as set forth in Record Book 4047, Page 396.
5. Rights granted to Pennsylvania Power & Light Company in Deed Book N, Volume 34, Pages 192 and 193.
6. Rights granted to Pennsylvania Power & Light Company in Deed Book A, Volume 41, Page 486.
7. Terms of Agreement as set forth in Deed Book U, Volume 72, Page 563.
8. Deed of Easement as set forth in Deed Book W, Volume 51, Page 1100.
9. Grant of Easement as set forth in Deed Book M, Volume 57, Page 318.
10. Redevelopment Contract as set forth in Deed Book H, Volume 51, Page 328.
11. Memorandum of Right of First Refusal granted to Marriott International, Inc., dated September 25, 2001 and recorded March 21, 2003 as Instrument Number 5164817. (references Tract No. 1 only)

EXHIBIT E

Purchase Option Agreement

EXHIBIT A

DESCRIPTION and RECITAL

TRACT NO. 1 (2-10 East King Street & 19-21 South Queen Street))

ALL THAT CERTAIN tract of land with the improvements thereon erected, being situated on the South side of East King Street, the West side of South Christian Street, and the East side of South Queen Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, as shown on a survey prepared by H. F. Huth Engineers, Inc., dated April 17, 1962, revised May 10, 1962, said tract being more fully bounded and described as follows:

BEGINNING at a point at the intersection of the South line of East King Street and the East line of "The Square"; thence along the South line of East King Street, North 81 degrees 35 minutes East, a distance of 111.61 feet to a point, a corner of land now or late of Simon A. Cantor, said point being the Eastern face of the East wall of the three-story brick store building hereon erected; thence along the East face of said wall and passing through the center line of said wall at the Southern extremity of said wall, South 08 degrees 32 minutes East, a distance of 131.67 feet to a point in the South side of a 10.0 foot wide private alley, said point being situated on the North face of the North wall of a four-story brick building hereon erected; thence along the same, North 81 degrees 46 minutes 30 seconds East, a distance of 69.21 feet to a point in the West line of South Christian Street; thence along the same, South 08 degrees 38 minutes 30 seconds East, a distance of 162.66 feet to a point, a corner of lands now or late of William G. Rinehart; thence along the same, passing along the North face of the North wall of the building erected on lands now or late of William G. Rinehart, South 81 degrees 42 minutes 30 seconds West, a distance of 246.74 feet to a point in the East line of South Queen Street; thence along the same, North 08 degrees 39 minutes 30 seconds West, a distance of 229.32 feet to a point in the South line of "The Square"; thence along the same, North 81 degrees 56 minutes East, a distance of 66.0 feet to a point in line of the East line of said "Square"; thence along the same, North 08 degrees 26 minutes West, a distance of 65.10 feet to the point or place of BEGINNING.

BEING composed of the following tracts of land:

1. Purparts No. 1, 3 and 4 of the same premises which James Shank and P. T. Watt and Laura G. Watt, his wife, and James Shand and P. T. Watt, partners trading as Watt and Shand, by Deed dated March 18, 1918, and recorded in the Recorder of Deeds Office for Lancaster County, Pennsylvania, in Deed Book I, Volume 23, Page 220, granted and conveyed unto Watt and Shand, a PA corporation, its successors and assigns.
2. The same premises which George R. Rohrer and Adelaide C. Rohrer, his wife, and Howard Rohrer, by their Deed dated April 2, 1920, and recorded in the Recorder of Deeds Office aforesaid in Deed Book C, Volume 24, Page 506, granted and conveyed unto Watt and Shand, a PA corporation, its successors and assigns.
3. The same premises which Drossos A. Skyllas, by Deed dated April

15, 1925, and recorded in the Recorder of Deeds Office aforesaid in Deed Book I, Volume 27, Page 578, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

4. The same premises which Albert F. Witmer, Substituted Fiduciary of the Trust Mortgage Pool of The Lancaster Trust Company, by Deed dated May 22, 1936, and recorded in the Recorder of Deeds Office aforesaid in Deed Book P, Volume 32, Page 480, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

5. The same premises which John M. Ammon and Cora M. Ammon, his wife, by Deed dated July 2, 1937, and recorded in the Recorder of Deeds Office aforesaid in Deed Book E, Volume 33, Page 295, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

6. The same premises which Harry P. Wisegarver, Executor of Jennie H. May, by Deed dated March 30, 1940, and recorded in the Recorder of Deeds Office aforesaid in Deed Book N, Volume 34, Page 365, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

7. The same premises which Alpheaus S. Groff and Ella L. Groff, his wife, by Deed dated February 24, 1960, and recorded in the Recorder of Deeds Office aforesaid in Deed Book Y, Volume 48, Page 419, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follows, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said other property of the said R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in a concrete walk on line of property now or late of Phares Reifsnyder; thence extending along said property of Phares Reifsnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

BEING THE SAME PREMISES which R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, by Deed dated November 30, 1949, and recorded December 1, 1949, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book E, Volume 40, Page 501, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

TRACT NO. 3 (27-29 South Queen Street)

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 1/4 inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

BEING THE SAME PREMISES which Ethel Judene Walker, by Deed dated October 29, 1986, and recorded November 10, 1986, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book N, Volume 96, Page 231, granted and conveyed unto Watt & Shand, a Pennsylvania corporation, its successors and assigns.

AND Watt and Shand a/k/a Watt & Shand a/k/a Watt & Shand, Inc., by merger effective April 5, 1992, became known as Bon-Ton Stores of Lancaster, Inc.

TRACT NO. 4 (33-35 South Queen Street)

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 6 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company.

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

ATTACHED TO AND FORMING A PART OF TITLE INSURANCE COMMITMENT
Order.No.: D192447LA

BEING THE SAME PREMISES which Oblender's Furnishings, Inc., by Deed dated December 19, 1977, and recorded in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book U, Volume 72, Page 560, granted and conveyed unto Hager Realty Corporation, its successors and assigns.

AND Hager Realty Corporation, by merger, has become part of Bon-Ton Stores of Lancaster, Inc.

TRACT NO. 5 (31 South Queen Street)

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street, 32 feet $3\frac{1}{4}$ inches, more or less, and extending in depth of that width Eastwardly, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main buiding of the hereby granted premises being a party wall to the end of said main buiding.

BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

BEING THE SAME PREMISES which William D. Crabtree and Ruth L. Crabtree, husband and wife, by their Attorney-in-Fact, Richard G. Greiner, by Deed dated July 31, 1997, and recorded July 31, 1997, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 5414, Page 7, granted and conveyed unto Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, its successors and assigns.

DISTRICT - 33-3; MAP - 13K1D; BLOCK - 7; PARCEL - 1 & 28 (Tract 1); 25 (Tract 2); 27 (Tract 3); 24 (Tract 4); 26 (Tract 5)

EXHIBIT B

Warranty Deed

EXHIBIT C

FIRPTA Affidavit

EXHIBIT D

Exceptions

EXHIBIT A

DESCRIPTION and RECITAL

TRACT NO. 1 (2-10 East King Street & 19-21 South Queen Street))

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BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

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TRACT NO. 4 (33-35 South Queen Street)

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 5 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company.

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

ATTACHED TO AND FORMING A PART OF TITLE INSURANCE COMMITMENT
Order.No.: D192447LA
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BEING THE SAME PREMISES which Oblender's Furnishings, Inc., by Deed dated December 19, 1977, and recorded in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book U, Volume 72, Page 560, granted and conveyed unto Hager Realty Corporation, its successors and assigns.

AND Hager Realty Corporation, by merger, has become part of Bon-Ton Stores of Lancaster, Inc.

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BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

BEING THE SAME PREMISES which William D. Crabtree and Ruth L. Crabtree, husband and wife, by their Attorney-in-Fact, Richard G. Greiner, by Deed dated July 31, 1997, and recorded July 31, 1997, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 5414, Page 7, granted and conveyed unto Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, its successors and assigns.

DISTRICT - 33-3; MAP - 13K1D; BLOCK - 7; PARCEL - 1 & 28 (Tract 1); 25 (Tract 2); 27 (Tract 3); 24 (Tract 4); 26 (Tract 5)

I Certify This Document To Be
Recorded in Lancaster Co., Pa.



[Signature]
STEVE McDONALD
Recorder of Deeds