

PENN SQUARE PARTNERS  
1853 William Penn Way  
Lancaster, Pennsylvania 17605

July [\_\_\_\_], 2016

The Lancaster County Convention Center Authority  
25 South Queen street  
Lancaster, Pennsylvania 17603  
Attention: Kevin Molloy, Executive Director

Re: Penn Square Hotel and Convention Center

Ladies and Gentlemen:

Reference is made to that certain Letter of Intent dated February 5, 2015 (the "Letter of Intent") by and between The Lancaster County Convention Center Authority, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("LCCCA"), The Redevelopment Authority of the City of Lancaster, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("RACL") and Penn Square Partners, a Pennsylvania limited partnership ("PSP"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Letter of Intent.

1. LCCCA and PSP hereby agree that PSP shall indemnify, defend and hold harmless LCCCA from and against any and all claims, actions, damages, liability and expenses incurred by LCCCA with respect to (x) physical damage to the Convention Center Unit or the Common Elements (as defined in the Condominium Declaration) occurring as a direct result of PSP's development of the New Tower, or (y) any increased operational cost of the Convention Center Unit or loss of income from events being held at the Convention Center Unit incurred by

LCCCA, during the construction period associated with the construction of the New Tower arising as a direct result of PSP's development of the New Tower.

2. Within seventy-two (72) hours of either LCCCA or PSP, or PSP's general contractor, obtaining actual knowledge of (x) any physical damage to the Convention Center Unit or the Common Elements allegedly occurring as a direct result of PSP's development of the New Tower, or (y) any increased operational cost of the Convention Center Unit or loss of income from events being held at the Convention Center Unit incurred by LCCCA during the construction period and allegedly associated with the construction of the New Tower and arising as a direct result of PSP's development of the New Tower (any of subclauses (x) and (y), a "Potential Indemnification Event"), such party shall provide written notice to the other party of such Potential Indemnification Event (the "Potential Indemnification Event Notice").

A. If PSP agrees that such Potential Indemnification Event was the direct result of PSP's development of the New Tower (any such event, an "Indemnification Event"), then PSP shall have ten (10) days after the earlier of (i) receipt of the Potential Indemnification Event Notice or (ii) obtaining actual knowledge of such Potential Indemnification Event, to cure such Indemnification Event; provided that,

i. If the Indemnification Event cannot be cured within such ten (10) day period and PSP shall have commenced to cure the same within such ten (10) day period and thereafter diligently proceeds to cure the same, such ten (10) day period shall be extended for so long as is necessary for PSP to cure such Indemnification Event.

ii. Notwithstanding the above, if the Potential Indemnification Event directly affects the operation of the Convention Center Unit (for example, and as an illustration

only, breaking a window or causing a significant disruption in utility service) then PSP shall temporarily fix the damage as soon as reasonably possible.

iii. Repairs to the Convention Center Unit and/or the Common Elements shall be made with materials that are the same as the original, or materials that are equivalent in the reasonable discretion of LCCCA.

3. If there is a good faith dispute over the responsibility or repairs necessary in the event of a Potential Indemnification Event, and the parties cannot reach an agreement within 30 days from the Potential Indemnification Event Notice, the parties agree to resolve these claims through mediation and/or arbitration sponsored by the Lancaster County Court of Common Pleas or similar process. This process does not waive the right of LCCCA to seek a temporary or permanent injunction.

4. This Indemnity Agreement and the process for the cure of any Indemnification Event will remain in place for twelve (12) months after the end of construction. "End of construction" shall mean the later date of the substantial completion of the major structural and utility components of the New Tower or the issuance of a Certificate of Use and Occupancy for the restaurant to be constructed within the New Tower.

5. All notices and other communications required or permitted to be given under or in connection with this Letter Agreement shall be in writing and shall be deemed given when delivered in person or on the second business day after the day on which mailed by certified mail, return receipt requested, addressed at the following addresses (which addresses may be changed at any time by written notice given in accordance with this provision):

A. If to LCCCA:

The Lancaster County Convention Center Authority  
35 South Queen Street  
Lancaster, Pennsylvania 17603  
Attention: Kevin Molloy, Executive Director

B. If to PSP:

Penn Square Partners  
1853 William Penn Way  
Lancaster, PA 17605-0008  
Attention: Mark C. Fitzgerald, President and Chief Operating Officer

6. PSP will provide a schedule of major construction activities and placement of large equipment. PSP should give a week's notice for any material change in the schedule. This does not give LCCCA any ability to dictate the schedule of construction activities.

7. PSP shall take commercially reasonable steps to avoid disruption to the access to the Convention Center Unit and LCCCA activities.

8. LCCCA has the right to inspect work performed within the Convention Center Unit and/or Common Elements, including subsurface work, connections to the Convention Center Unit, utility or storm water connections, etc. PSP will provide reasonable advance notice to LCCCA before any of this work is covered, to permit inspection. Any inspection must be performed so as to not unreasonably interfere with or delay the PSP construction.

9. PSP must supply the name and contact information of PSP's representative either on site or readily available for questions. PSP's representative shall be Thomas Smithgall. PSP shall hold meetings with LCCCA on a monthly basis to report on the status of the project. In addition, LCCCA may request more frequent meetings if LCCCA believes they are necessary.

[No further text on this page. Signature page follows]

lccca.com

Please signify your acknowledgement of and agreement with the foregoing by executing this letter agreement in the space provided below. We each intend to be legally bound hereby.

Very Truly Yours,

PENN SQUARE PARTNERS, a Pennsylvania limited partnership

By: Penn Square General L.P., its general partner

By: Penn Square General Corporation, its general partner

By: \_\_\_\_\_  
Mark C. Fitzgerald  
Executive Vice President

Agreed and Accepted:

THE LANCASTER COUNTY CONVENTION CENTER AUTHORITY

By: \_\_\_\_\_  
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