
HOTEL LEASE AND MANAGEMENT AGREEMENTS

The following is a summary of the material terms of the Hotel Lease and Management Agreements only. The Hotel Lease and Management Agreements were executed prior to the date of this Document and are available for inspection at the registered office of the REIT Manager at 2301, Somptueux Central, 52-54 Wellington Street, Central, Hong Kong during normal business hours and up to the .

General

Zhejiang New Century Hotel, New Century Hotel Management, New Century Tourism and the REIT Manager entered into the Master Hotel Lease and Management Agreement on June 14, 2013. The Master Hotel Lease and Management Agreement sets out the general guidelines and principles for the lease and management of the Initial Hotel Properties under the separate Hotel Lease and Management Agreements for each Initial Hotel Property.

On June 14, 2013, Zhejiang New Century Hotel and the Property Companies being subsidiaries of New Century REIT and registered owners of the Initial Hotel Properties, entered into separate Hotel Lease and Management Agreements with New Century Hotel Management for the lease and management of each of the Initial Hotel Properties, namely, New Century Grand Hotel Hangzhou, New Century Hotel Xiaoshan Zhejiang, New Century Resort Qiandao Lake Hangzhou, New Century Grand Hotel Ningbo and New Century Grand Hotel Changchun.

New Century Tourism agreed to provide a guarantee to Zhejiang New Century Hotel with respect to the obligations of the Lessee and Hotel Manager under the Hotel Lease and Management Agreements. The guarantee provided by New Century Tourism covers the performance by the Lessee of its obligations, including the payment of Individual Rents and the shortfall between the Total Rent and the Base Rent by New Century Hotel Management under the Hotel Lease and Management Agreements. Also, New Century Tourism has undertaken to the Lessee to maintain a minimum net asset of RMB2 billion for the duration of the Hotel Lease and Management Agreements, including any renewed term of that, which will be evidenced by its interim consolidated accounts and audited annual consolidated accounts to be provided to the Lessors within seven business days from the issuance of such accounts. Under the Hotel Lease and Management Agreements, the Lessee will provide the Lessors with a security deposit in the aggregate amount of RMB20 million, which represents over 50% of the difference between the amount of the Base Rent (adjusted for the entire year) and the forecasted rental payment for the year 2013 (adjusted for the entire year) for the first five years of the term of the Hotel Lease and Management Agreements. Such security deposit can be utilized by the Lessors in the event that the Lessee is in breach of its payment obligation under the Hotel Lease and Management Agreements.

In addition to the above, New Century Hotel Management has, at the cost of New Century Hotel Management, also procured an irrevocable guarantee in the amount of RMB216 million (being the amount of the Base Rent) per year (“**Guarantee Amount**”) to be issued by Bank of China, Zhejiang Branch in favor of the Lessors to recover the payment obligations of the Lessee under the Hotel Lease and Management Agreements for a period of five years from the commencement of terms of the Hotel

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Lease and Management Agreements which is the . In the event that the Lessee and/or New Century Tourism have breached their payment obligations under the Hotel Lease and Management Agreement, the Lessors can require Bank of China, Zhejiang Branch to pay for the amount owing by the Lessee up to the Guarantee Amount.

Term

Each of the Hotel Lease and Management Agreements is for a term commencing from the and expiring on the tenth anniversary of the (the “**First Ten-Year Term**”). Unless otherwise stated, references to “year” in the description of the Hotel Lease and Management Agreements refer to “lease” year rather than fiscal year or calendar year.

REIT Manager’s Option to Renew after the First Ten-Year Term

The Lessee has also granted the REIT Manager an option, exercisable solely at the REIT Manager’s discretion, to renew the Hotel Lease and Management Agreements for a further term of ten years (“**Renewed Ten-Year Term**”). In order to renew the Hotel Lease and Management Agreements, the REIT Manager shall notify the Lessee no later than seven months prior to the end of the First Ten-Year Term (i.e. seven months prior to the expiry date of the Hotel Lease and Management Agreements).

The mechanism for determining the market rental package for the Renewed Ten-Year Term as further described below is similar to the mechanism for determining the market rental package for the sixth to the tenth years under the First Ten-Year Term (the “**Subsequent Period**”). The market rental package for the Renewed Ten-Year Term of the Hotel Lease and Management Agreement (i.e. for the eleventh to the twentieth years) includes the amount or basis of the Individual Rents, the Base Rent, the amount of security deposit required, which shall not be lower than RMB20 million (i.e. the amount of security deposit for the first to fifth years), and the amount to be covered by irrevocable guarantee(s) to be issued by licensed bank(s) in the PRC. The Base Rent for each year during the Renewed Ten-Year Term (i.e. from the eleventh to twentieth years) will be a market base rent to be determined by an independent professional property valuer to be jointly appointed by Zhejiang New Century Hotel and New Century Hotel Management. The independent professional property valuer shall be appointed at least seven months prior to the commencement of each year during the Renewed Ten-Year Term (i.e. at least seven months prior to each of the eleventh to twentieth years) and the Lessee shall bear the costs and expenses for appointing the independent professional property valuer. If the market base rent, as valued by such independent professional property valuer in accordance with the then prevailing HKIS valuation standards, prior to the commencement of each year during the Renewed Ten-Year Term is lower than 85% of the average annual rent received from the Lessee of the Initial Hotel Properties between the sixth to ninth years of the First Ten-Year Term (the “**Reference Average Rent**”), the Base Rent with respect to the Initial Hotel Properties for each year under the Renewed Ten-Year Term (i.e. for each of the eleventh to twentieth years) will be 85% of the Reference Average Rent instead of the market base rent.

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In determining the market rental package, the independent professional property valuer to be appointed shall value the market rental value of the underlying Initial Hotel Properties in accordance with the then prevailing HKIS valuation standards, which will form the basis to the Market Base Rent and other elements of the market rental package, including the amount to be covered by irrevocable guarantee(s) to be issued by licensed bank(s) in the PRC, for each year under the Renewed Ten Year Term (i.e. the irrevocable guarantee(s) for each of the eleventh to the twentieth years) which shall not be lower than the Base Rent for each corresponding year under the Renewed Ten Year Term and the amount of security deposit for each year under the Renewed Ten Year Term (i.e. the amount of the security deposit for each of the eleventh to the twentieth years). In the event that if New Century Hotel Management is unable to obtain an irrevocable guarantee(s) from licensed bank(s) in the PRC for any year during the Renewed Ten Year Term, the amount of the security deposit shall be adjusted to the amount of the Base Rent so determined for that year, plus the security deposit required for that year. The security deposit for each year of the Renewed Ten Year Term shall be deposited with the Lessors until the end of that relevant year, when any differences between the security deposit from the relevant year and the upcoming year will be set off between the parties.

The rent for each of the Initial Hotel Properties is an Individual Rent which is payable monthly in arrear.

An Individual Rent equals to the total sum of (i) 20% of the relevant Initial Hotel Property’s total operating revenue of that month as shown in the relevant monthly management accounts; and (ii) 34% of the relevant Initial Hotel Property’s Gross Operating Profit of that month as shown in the relevant monthly management accounts.

An adjustment of the Individual Rent will be made based on Initial Hotel Property’s total operating revenue and Gross Operating Profit as set out in the audited annual accounts of the Lessee (“**Adjusted Rent Amount**”) to be audited by auditor appointed by the relevant Lessee, but approved by the relevant Lessor. To the extent that amount of actual rent received by the relevant Lessor is more or less than the Adjusted Rent Amount, the relevant Lessor or the Lessee (as the case may be) shall pay to the other party the amount of such difference within 30 days from the issuance of the relevant audited annual accounts.

Rent

Rent Under Master Hotel Lease and Management Agreement

Under the Master Hotel Lease and Management Agreement, the total rent calculation for the Initial Hotel Properties comprises a Base Rent and a Total Rent.

Base Rent

For the first five years from the commencement of the Master Hotel Lease and Management Agreement, New Century Hotel Management is required to pay a minimum aggregate annual Base Rent of RMB216 million.

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From the Subsequent Period (i.e. the sixth to tenth years of the Master Hotel Lease and Management Agreement), the Base Rent for each year will be the Market Base Rent which is to be determined by an independent professional property valuer to be jointly appointed by Zhejiang New Century Hotel and New Century Hotel Management. The independent professional property valuer shall be appointed at least seven months prior to the commencement of each year (i.e. at least seven months prior to the commencement of each year during the Subsequent Period) and the Lessee shall bear the costs and expenses for appointing the independent professional property valuer. If the Market Base Rent as determined by such independent property valuer to be appointed is lower than 85% of the average annual rent received from the Lessee for the Initial Hotel Properties for the first four years (i.e. the “**Reference Average Rent for the First Four Years**”), the Base Rent with respect to the Initial Hotel Properties for each year during the Subsequent Period will be 85% of the Reference Average Rent for the First Four Years instead of the Market Base Rent. Given the minimum amount of the annual rent received from the Lessee for each of the first four years of the term of the Hotel Lease and Management Agreements is RMB216 million, being the Base Rent for the first four years, the Base Rent from the Subsequent Period would be no less than RMB183.6 million (being 85% of the Base Rent for the first four years). In determining the renewed market rental package, the independent professional property valuer to be appointed shall value the market rental value of the underlying Initial Hotel Properties in accordance with the then prevailing HKIS valuation standards, which will form the basis to the Market Base Rent, and other elements of the market rental package for each year during the Subsequent Period prior to the commencement of each year during the Subsequent Period, including the amount or calculation of the Individual Rents, the amount of security deposit required, which shall not be lower than RMB20 million, and the amount to be covered by irrevocable guarantee(s) to be issued by licensed bank(s) in the PRC, which shall not be lower than the Base Rent for each relevant year during the Subsequent Period. In the event that New Century Hotel Management is unable to obtain the above irrevocable guarantee(s) issued by licensed bank(s) in the PRC, the amount of the security deposit, which is payable ten business days prior to commencement of each year during this period shall be adjusted to the amount of the Base Rent so determined for each year during this period plus the security deposit required for that year as determined by the independent professional property valuer. The security deposit for each year during the Subsequent Period (i.e. the security deposit for each of the years during the Subsequent Period) will be deposited with the Lessors until the end of the relevant year, when any differences between the security deposit from the relevant year and the upcoming year will be set off between the parties.

Total Rent

For the initial term of ten years of the Hotel Lease and Management Agreements, if the Total Rent (calculated as follows) is less than the Base Rent for that year, then New Century Hotel Management shall pay the difference to Zhejiang New Century Hotel within 30 days from the issuance of the audited annual accounts of the leases.

Total Rent equals to the aggregate of all Individual Rents (as adjusted) for a year.

For the fiscal year in which the Hotel Lease and Management Agreements are to expire or terminate (the “**Expiration or Termination Fiscal Year**”), the Base Rent for the Initial Hotel Properties shall be pro-rated accordingly.

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The amount of Base Rent may be adjusted for a relevant year due to disposal or temporary suspension of the hotels under certain circumstances, when the Lessors call for a temporary suspension of the use and operation of the Initial Hotel Properties. The adjustment will be made on the basis of the number of days which the Initial Hotel Properties were under suspension in proportion to the total number of days in the relevant year. In a case where an Initial Hotel Property is disposed and replaced with another hotel property, an adjustment will also be made on the basis of the number of days required for the replacement of such Initial Hotel Property in proportion to the total number of days in the relevant year.

Business proposal and budget

The relevant Lessee is required to submit a business proposal to the relevant Lessor, containing details of the expected income and expenses in relation to the operation of the Initial Hotel Property (“**Operating Budget**”) and details of its capital investment plans or expenses, including but not limited to deposit into the Hotel FF&E expenditure (“**Capital Investment Budget**”, together with the Operating Budget the “**Budget**”). Further, the relevant Lessee will have to provide other reports or estimates upon the relevant Lessor’s reasonable request.

The relevant Lessor should notify the Lessee of its decision in writing within 15 days of receiving the Lessee’s business proposal. After obtaining the relevant Lessor’s approval, the Lessee should operate the Initial Hotel Property according to its Budget as much as commercially and reasonably possible. Without the relevant Lessor’s prior consent, the Lessee should not incur extra costs causing the total operating expenses during the relevant fiscal period to exceed the Operating Budget by more than 10%. However, the Lessee is allowed to pay for Necessary Expenses, Urgent Expenses and Opportunity Costs (all defined below) without the relevant Lessor’s prior consent if the extra costs cause the total operating expenses during the relevant fiscal period to exceed the Operating Budget by less than 20%. Similarly, the Lessee should not incur extra capital related expenses causing the Capital Investment Budget to be exceeded by more than 10%. However, the Lessee may pay for Urgent Expenses of a capital nature without the Lessor’s prior consent if the extra costs cause the total operating expenses during the relevant fiscal period to exceed the Operating Budget by less than 20%.

Necessary Expenses refer to the expenses incurred for the continued operation of the Initial Hotel Property up to the standards mentioned in the Hotel Lease and Management Agreement and other related agreements, including but not limited to insurance fees, tax, debt and interest repayment. Urgent Expenses are, according to the Lessee’s judgment, necessary to protect the Initial Hotel Property’s legal operation or the health and safety of its hotel residents. Opportunity Costs are expenses that, according to the Lessee’s judgment, would be beneficial to the business plan of the Initial Hotel Property and bring in income that was not included in the calculation of the Budget.

Related party transactions between the Lessee and their respective related parties

The Lessee is required to include details of all related parties transactions between themselves and their respective related parties (including, without limitation, the salient terms of the related parties transactions) relating to the Initial Hotel Properties in the following year in the Budget, which will be subject to the approval of the Non-conflicting Directors. In the event that the amount of the relevant related parties transaction in that year exceeds the amount stated in the Budget, the Lessee

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is required to obtain the prior approval of the Non-conflicting directors of the REIT Manager before continuing the relevant related party transaction. In addition, together with the Budget, the Lessee is required to provide a confirmation to the REIT Manager that the related parties transactions relating to the Initial Hotel Properties as set out in the Budget are to be conducted on normal commercial terms and at arm’s length basis.

Operation of the Initial Hotel Properties

The Hotel Lease and Management Agreements provide that the Lessee shall manage and operate the Initial Hotel Properties to no less a standard than the standard of 4 and 5-star rated hotels as generally recognized by the PRC hotel industry. The Lessee shall provide all services lawfully or properly provided by hotels of comparable standards with a view to optimizing profit of each Initial Hotel Properties.

Unless provided otherwise, the Lessor is not required to provide funding to the Lessee for the use and operation of the Initial Hotel Properties.

The Lessee shall be responsible for operational matters for the Initial Hotel Properties, including sales and marketing activities, repair and maintenance, recruitment of hotel employees and the procurement of suppliers and service providers.

All hotel employees are to be employees of the Lessee, and the Lessee has the discretion and authority in the selection and employment of all hotel employees necessary for the proper operation of each Initial Hotel Property. However, the Lessee shall obtain the Lessors’ approval prior to selecting and employing the general manager and financial controller of each Initial Hotel Property.

Financial books and records

The Lessee shall maintain proper financial books and records in relation to the management of the Initial Hotel Properties and obligations under the Hotel Lease and Management Agreements. The Lessors may inspect such books and records during the term of the Hotel Lease and Management Agreements and for a period of five years after the termination of the relevant Hotel Lease and Management Agreements.

The Lessee shall submit audited financial accounts (including the balance sheet, income statement and cash flow statement) for each relevant Initial Hotel Property to the Lessors within 90 days of each fiscal year end. The Lessors, may, from time to time, and at the Lessors’ own expense, appoint an external auditor to audit the relevant financial statements and request for relevant information from the Lessee. The Lessee shall attend to reasonable requests from the Lessors’ auditor(s) in this regard.

Lessees’ obligation to maintain licenses and permits

The Lessee is required to maintain and renew licenses and permits for the operation of the Initial Hotel Properties in the PRC. All costs and expenses in relation to the maintenance and renewal for such licences shall be treated as hotel operating expenses and shall be borne by the Lessee.

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Tax and Insurance

The Lessee shall be responsible for all tax payments arising from the operation of the Initial Hotel Properties. The Lessors shall be responsible for property and land use tax with respect to the Initial Hotel Properties.

The Lessors and the Lessee will attend to the transfer of the relevant insurance policies and contracts at the beginning and at the end of the relevant Hotel Lease and Management Agreements. During the term of the relevant Hotel Lease and Management Agreement, the Lessors have undertaken to maintain customary, reasonable and adequate insurance coverage for each of the Initial Hotel Properties and the Lessee have in turn undertaken to maintain customary, reasonable and adequate insurance coverage for the operations of the hotels located on the Initial Hotel Properties including employee accident and third party liability insurance.

Maintenance and repair

The Lessee is primarily responsible for routine repairs and maintenance of the relevant Initial Hotel Property. From time to time, the Lessee shall also upgrade the furniture, fixtures and equipment of the relevant Initial Hotel Property using the Hotel FF&E Reserve maintained for the relevant Initial Hotel Property. The Lessee shall also upgrade the operating equipment and supplies of the relevant Initial Hotel Property subject to the Budget.

The Lessee is also required to change or upgrade the operational facilities and the FF&E based on operational requirements, within the scope of the Budget and the Hotel FF&E Reserve maintained for each Initial Hotel Property. If the Lessee fails to upgrade the furniture, fixtures and equipment or the operating equipment and supplies and repair and maintain the relevant Initial Hotel Property or change and upgrade the operational facilities, the relevant Lessor, may take steps to carry out such repairs, maintenance, changes or upgrades, and the Lessee shall reimburse the relevant Lessor for such works.

The Lessee is required to include, in its business plan for each fiscal year, details of any projected out-of-the-ordinary capital expenditure on repair and maintenance, such as structural works and major works to be carried out on the electrical, heating, ventilation, air-conditioning and plumbing systems of the relevant Initial Hotel Property (“**Major Repairs and Works**”). The business plan, including the projected expenditure on Major Repairs and Works, is subject to the relevant Lessor’s approval.

The parties shall ensure that the conduct of Major Repairs and Works on the Initial Hotel Properties does not disrupt the business and operations of the Initial Hotel Properties.

Under certain circumstances, the Lessors may, upon notification to the Lessee, conduct Major Repairs and Works on the Initial Hotel Properties, at their own expense. The Lessors shall ensure that the conduct of such Major Repairs and Works on the Initial Hotel Properties does not disrupt the business and operations of the Initial Hotel Properties and obtain, or with assistance from the Lessee, obtain the permits and approvals required for conducting Major Repairs and Works.

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The Lessor will provide funding and bear the reasonable costs of any major refurbishment, structural works and asset improvement plans with respect to the Initial Hotel Properties.

Hotel FF&E Reserve

The Lessee is required to set up a furniture, fixtures and equipment reserve account for the relevant Initial Hotel Property and to deposit sufficient funds in the relevant Hotel FF&E Reserve for the operation of the relevant Initial Hotel Property.

From the first fiscal year of the relevant Hotel Lease and Management Agreement, the Lessee is required to deposit 2% of the total operating revenue for the relevant Initial Hotel Property from the preceding fiscal year into the relevant Hotel FF&E Reserve. The Hotel FF&E deposit for the first fiscal year shall be pro-rated from the _____ until December 31, 2013.

The relevant Hotel FF&E Reserve shall only be disbursed by the Lessee under the relevant Hotel Lease and Management Agreement in respect of additions to and replacement of furniture, fixtures and equipment for each Initial Hotel Property in accordance with the Capital Investment Budget. Any amount remaining in the Hotel FF&E Reserve at the close of each fiscal year (including interest payments and proceeds from the sale of any FF&E) shall be carried forward and retained in the Hotel FF&E Reserve for the subsequent fiscal year(s).

The Lessee and the relevant Lessor may make arrangements to top-up the amount standing in the relevant Hotel FF&E Reserve from time to time.

Any amount remaining in the relevant Hotel FF&E Reserve at the end of or upon early termination of the relevant Hotel Lease and Management Agreement shall be returned to the relevant Lessor.

Damage or expropriation of the Initial Hotel Properties

The Lessee should notify the relevant Lessor as soon as possible upon the occurrence of a fire at the relevant Initial Hotel Property, or if partial or complete damage has been caused to the relevant Initial Hotel Property. Within 30 days of receipt of such notice, the relevant Lessor has the right to close down the relevant Initial Hotel Property, amend or terminate the relevant Hotel Lease and Management Agreement. The Lessor's decision would only be effective with the Unitholder's approval at a general meeting. Subsequent rental arrangements would be made, depending on the relevant Lessor's course of action.

Similarly, the Lessee should notify the relevant Lessor as soon as possible if all or part of the relevant Initial Hotel Property will or may be expropriated or demolished by the local government. Each Lessor has the right to amend or terminate the relevant Hotel Lease and Management Agreement within 30 days of receiving the relevant Lessee's notice. The Lessors' decision would only be effective with the Unitholders' approval at a general meeting.

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Unless otherwise agreed, the relevant Lessor is entitled to the compensation for expropriation or demolition of the relevant Initial Hotel Property, after deduction of expenses already incurred by the relevant Lessee and actual, direct losses that the relevant Lessee had suffered from.

Hotel lettable areas

There are certain lettable areas at the Initial Hotel Properties (which do not include the hotel rooms, but include certain retail space and other spaces and areas for hotel and retail related use and for installation of telecommunication equipment and antennae), in respect of which the Lessee is authorized by the Lessors to manage, formulate and implement leasing strategies, plan the tenant mix and identify potential under-lessee, enforce tenancy conditions, carry out tenancy/license administration work, conduct rent assessment and formulate underlease terms.

Restrictions against sub-lease and delegation

The Lessee may not, unless with the prior written consent of the relevant Lessor or unless permitted under the relevant Hotel Lease and Management Agreement, sub-let the relevant Initial Hotel Property or delegate the management of the relevant Initial Hotel Property to any other party.

Transfers and right of first refusal

The Lessee is not permitted, unless with the prior written consent of the relevant Lessor, to assign, transfer, or assign any rights or obligations under the relevant Hotel Lease and Management Agreement, except that prior written consent is not required for assignment or transfer to: (i) an entity that controls Lessee; (ii) an entity under the control of such Lessee; or (iii) an entity that is jointly controlled by Lessee on condition that such entity undertakes to fulfill all of the relevant Lessee's obligations under the Master Hotel Lease and Management Agreement (if applicable) and the relevant Hotel Lease and Management Agreement.

If the REIT Manager considers that it would be in the best interest of the Unitholders as a whole and upon passing of an ordinary resolution at a meeting of the Independent Unitholders, the relevant Lessor may, during the term of the relevant Hotel Lease and Management Agreement, transfer all or part of the relevant Initial Hotel Property to a third party if it provides 45 days prior notification to the Lessee and grants the Lessee with a right of first refusal to purchase the relevant Initial Hotel Property on similar terms.

If the REIT Manager considers that it would be in the best interest of the Unitholders and upon passing of an ordinary resolution at a meeting of the Independent Unitholders, the relevant Lessor may, during the term of the relevant Hotel Lease and Management Agreement, create encumbrances over the relevant Initial Hotel Property by way of security for borrowings to a third party. If the creation of encumbrance(s) results or is likely to result in the transfer of the relevant Initial Hotel Property, the transferee must undertake to fulfill all of the relevant Lessor's obligations under the Master Hotel Lease and Management Agreement (if applicable) and the relevant Hotel Lease and Management Agreement.

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If the REIT Manager considers that it would be in the best interest of the Unitholders and upon passing of an ordinary resolution at a meeting of the Independent Unitholders, Zhejiang New Century Hotel may during the term of the Master Hotel Lease and Management Agreement, transfer its rights and obligations (excluding its ownership and title to the Initial Hotel Properties) under the Master Hotel Lease and Management Agreement to an affiliate/related party subject to Zhejiang New Century Hotel guaranteeing the performance by such affiliate/related party.

If the REIT Manager considers that it would be in the best interest of the Unitholders and upon passing of an ordinary resolution at a meeting of the Independent Unitholders, the relevant Lessor may, during the term of the relevant Hotel Lease and Management Agreement, transfer its rights and obligations (excluding its ownership and title to the relevant Initial Hotel Property) under the relevant Hotel Lease and Management Agreement to an affiliate/related party, subject to such Lessor guaranteeing the performance by such affiliate/related party.

Events of default and termination

Upon the occurrence of any of certain events of default, the Lessors may terminate the relevant Hotel Lease and Management Agreement and the Lessee shall make a penalty payment equivalent to two times the total Base Rent (based on the amount of Base Rent for the year in which such termination occurs) for the remaining term of the relevant Hotel Lease and Management Agreement (excluding any renewed term) to the Lessor (“**Penalty Payment**”).

Such events of default include: (i) the Lessee’s failure to meet payment or other obligations under the Master Hotel Lease and Management Agreement and/or relevant Hotel Lease and Management Agreements and failure to take steps to remedy such default even after written notification from the Lessor; (ii) bankruptcy, insolvency, revocation of licence or entering into of a judgment for bankruptcy against the Lessee; (iii) the Lessee’s surrender of the relevant lease before the expiry of the term of the relevant Hotel Lease and Management Agreement without the written consent of Zhejiang New Century Hotel or the relevant Lessor or without any legitimate grounds under PRC law.

If the REIT Manager considers that it would be in the best interest of the Unitholders and upon approval by the Independent Unitholders in a duly convened general meeting, Zhejiang New Century Hotel may terminate the Master Hotel Lease and Management Agreement after providing New Century Hotel Management with 180 days’ prior notice. The relevant Lessor may also terminate the relevant Hotel Lease and Management Agreement after providing the Lessee with 180 days’ prior notice. The Lessee is not entitled to terminate the Hotel Lease and Management Agreements by providing prior written notice.

The Master Hotel Lease and Management Agreement and the Hotel Lease and Management Agreements also contain certain cross-default termination provisions:

- (i) The termination of the Master Hotel Lease and Management Agreement will result in the termination of the Hotel Lease and Management Agreements.

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- (ii) The termination of all the Hotel Lease and Management Agreements will result in the termination of the Master Hotel Lease and Management Agreement if Zhejiang New Century Hotel and New Century Hotel Management are unable to find new hotel properties and enter into a new hotel lease and management agreement for such hotel property.

Notwithstanding (i) and (ii) above, if one or more of the Hotel Lease and Management Agreements has been terminated as a result of a breach on the part of the Lessee and until Zhejiang New Century Hotel terminates the Master Hotel Lease and Management Agreement, each Lessor has the right to terminate the relevant Hotel Lease and Management Agreement.

Force Majeure

The parties to the Master Hotel Lease and Management Agreement and the Hotel Lease and Management Agreements have agreed that none of the parties shall be liable for failure to perform their respective obligations under such agreements to the extent that, and for so long as, observance or performance of such obligations is prevented by an event of force majeure.

Modification to the Hotel Lease and Management Agreements

Any modification to the Master Hotel Lease and Management Agreement and the Hotel Lease and Management Agreements will only be valid if signed by the relevant parties, and any material change to the terms of Master Hotel Lease and Management Agreement is subject to the approval of the Independent Unitholders at a duly convened general meeting.