

EXHIBIT "L"

HOTEL MANAGER'S LEASE

EXHIBIT "L"

THIS INDENTURE made this _____ day of _____, 2006.

IN PURSUANCE OF THE BRITISH COLUMBIA "SHORT FORM OF LEASES ACT"

BETWEEN:

WALNUT BEACH RESORT RENTAL POOL OWNERS ASSOCIATION
A Society incorporated pursuant to the Society Act (British Columbia) with a registered and records office at ♦

(hereinafter called the "Landlord")

OF THE FIRST PART

AND:

ATLIFIC INC. (Inc. No. A00100989), a body corporate duly incorporated under the laws of the Province of British Columbia, and having an office at 1110 Howe Street, Vancouver, British Columbia

(hereinafter called the "Tenant")

OF THE SECOND PART

ARTICLE 1
RENTAL MANAGEMENT STRATA LOT

1.01 WITNESSETH that for and in consideration of the rents, covenants and agreements herein reserved and contained on the part of the Tenant, to be paid, observed and performed, the Landlord doth hereby demise and lease unto the Tenant Strata Lot 1 of the hotel known as the Walnut Beach Resort consisting of the hotel front desk, administrative offices, massage room, storage areas, lobby, great room and kitchen, (hereinafter referred to as the Rental Management Strata Lot located in the building located at 4200 Lakeshore Drive, in the Town of Osoyoos, in the Province of British Columbia.

ARTICLE 2
TERM OF LEASE

2.01 TO HAVE AND HOLD the Rental Management Strata Lot for a term the same as the term of the Hotel Management and Rental Pool Agreement between the Tenant, Lakeshore Developments Ltd., the Landlord and the Owners of Strata Lots 1 – 113 of Strata Plan _____ dated _____, 200____ (the "Hotel Management and Rental Pool Agreement") and any amendments and extensions thereto (hereinafter called the "Lease Term").

2.02 The Manager will immediately peacefully vacate and surrender the Rental Management Strata Lot and this Lease upon termination of the Hotel Management and Rental Pool Agreement for any reason.

ARTICLE 3
PAYMENT TERMS

3.01 Yielding and paying therefore unto the Landlord rental for the Rental Management Strata Lot a sum equal to Ten (\$10.00) dollars per year.

3.02 All payments to be made hereunder to be made to the Landlord in lawful money of Canada at Vancouver, British Columbia, or at such other place as the Landlord may from time to time designate in writing.

ARTICLE 4
INSURANCE

4.01 The Tenant shall place, at the Tenant's expense, and keep in force during the Lease Term:

- (a) comprehensive general liability insurance on an occurrence basis with respect to the business carried on, in, or from the Rental Management Strata Lot and the Tenant's use and occupancy thereof, of not less than \$3,000,000 per occurrence, which insurance shall include the Landlord as a named insured and shall protect the Landlord in respect of claims by the Tenant as if the Landlord were separately insured; and
- (b) insurance in such amounts as may be reasonably required by the Landlord in respect of fire and such other perils, including sprinkler leakage, as are from time to time defined in the usual extended coverage endorsement covering the Tenant's trade fixtures and the furniture and equipment of the Tenant and all leasehold improvements in the Rental Management Strata Lot, and which insurance shall include the Landlord as a named insured as the Landlord's interest may appear with respect to the insured's leasehold improvements provided that any proceeds recoverable in the event of loss to leasehold improvements shall be payable to the Landlord, but the Landlord agrees to make available such proceeds toward the repair or replacement of the insured property if this Lease is not terminated under any other provision hereof.

ARTICLE 5
USE OF PREMISES

5.01 The Tenant shall use the Rental Management Strata Lot for the purpose of carrying out its obligations under the Hotel Management and Rental Pool Agreement and for no other purpose without the written consent of the Landlord.

ARTICLE 6
COVENANTS OF THE TENANT

The Tenant covenants with the Landlord:

6.01 To pay rent.

6.02 To assign this Lease to the manager from time to time of the hotel appointed by the owners of the strata lots which comprise Strata Plan _____.

6.03 To pay any and all licence fees and taxes imposed in connection with the occupancy of the Rental Management Strata Lot, or with the particular business of the Tenant or in connection with any form of equipment used by the Tenant in the Rental Management Strata Lot.

- 6.04 To repair and keep in good condition the Rental Management Strata Lot; reasonable wear and tear and damage by fire, lightning, tempest and structural defect or act of God excepted.
- 6.05 That the Landlord may enter and view the state of repair and that the Tenant will repair according to notice save as aforesaid.
- 6.06 That it will leave the Rental Management Strata Lot in good repair, save as aforesaid.
- 6.07 Not to do or suffer any waste or damage, disfiguration or injury to the Rental Management Strata Lot or the fixtures and equipment therein nor to permit or suffer any overloading of floors thereof; and not to use or permit the use of any part of the Rental Management Strata Lot for any dangerous, noxious or offensive trade or business and not to permit, cause or maintain any nuisance or interference with the comfort of any of the occupants of the said building.
- 6.08 Not to do or permit anything to be done whereby any policy of insurance on the said building or any part may become void or voidable or whereby the premium may be increased.
- 6.09 That the Tenant will not assign this Agreement without the Landlord's consent in writing and that the Tenant acknowledges and agrees that it shall only have the right to assign this Agreement upon such terms as set out in Section 16.01 of the Hotel Management and Rental Pool Agreement.
- 6.10 To abide by and comply with all laws, rules and regulations of the strata corporation and of every municipal or other authority which in any manner relate to or affect the business or profession of the Tenant or the use of the Rental Management Strata Lot by the Tenant and to save harmless the Landlord from all costs, charges or damages to which the Landlord may be put or suffer by reason of the breach by the Tenant of any such law, rule or regulation.
- 6.11 That the Landlord or its agents may enter upon the Rental Management Strata Lot at such times as may be reasonable for the purpose of examining the same, or for the making of any repairs, alterations, improvements, or additions to the Rental Management Strata Lot or the building of which the same form part which the Landlord shall deem necessary or desirable.
- 6.12 To permit the Landlord, or its agents, to show the Rental Management Strata Lot at any reasonable time to any prospective purchasers, or, within the six months immediately preceding the expiry of this Lease, any prospective tenant, and in either case to allow the exhibiting of the usual for sale or leasing signage and notices on the exterior of the Rental Management Strata Lot.
- 6.13 The Tenant further covenants to indemnify the Landlord and save it harmless from any and all liability, damage, cost, claims and causes of actions whatsoever arising from any breach or violation of any of the Tenant's obligations under this Lease or from the use and occupation of the Rental Management Strata Lot by the Tenant hereunder and to furnish a public liability policy naming the Landlord as well as the Tenant as an insured, such insurance to be satisfactory to the Landlord.

ARTICLE 7
COVENANTS OF THE LANDLORD

- 7.01 The Landlord covenants with the Tenant for quiet enjoyment.
- 7.02 Notwithstanding section 6.09 of this Agreement, the Landlord shall consent to an assignment of this Agreement to any manager appointed pursuant to the Hotel Management and Rental Pool Agreement.

ARTICLE 8
ALTERATIONS AND INSTALLATIONS

8.01 The Tenant shall make no alterations, installations, removal, additions or improvements in or about the Rental Management Strata Lot without the Landlord's prior written consent, such consent not to be unreasonably withheld and in the event of such consent the Tenant shall have such work performed at Tenant's sole expense by contractors or tradesmen or mechanics and at such times and in such manner as may be approved in writing by the Landlord, such consent not to be unreasonably withheld. The Tenant will indemnify and save harmless the Landlord from and against all and all manner of claims for liens for wages or materials or for damage to persons or property caused during the making of or in connection with any repairs, alterations, installations and additions which the Tenant shall make or cause to be made in the Rental Management Strata Lot; and will allow the Landlord to post and will keep posted on the Rental Management Strata Lot any notice the Landlord may desire to post under the provisions of the *Builders Lien Act* or other legislation.

8.02 All alterations, additions, partitions and built-in cabinet work and fixtures and wall-to-wall carpeting and fixtures whether placed there by the Tenant/sub-Tenant or the Landlord, shall at the expiration or earlier termination of this Lease become the Landlord's property without compensation therefor to the Tenant and shall not be removed from the Rental Management Strata Lot by the Tenant at any time. All articles of personal property and all furniture, business and trade fixtures and machinery and equipment, owned or installed by the Tenant at the expense of the Tenant in the Rental Management Strata Lot shall remain the property of the Tenant and may be removed by the Tenant at its expense. Providing that the Tenant shall repair any damage to the Rental Management Strata Lot or the building in which the Rental Management Strata Lot is located caused by the aforesaid removal. If the Tenant does not remove its property forthwith after written demand by the Landlord such property shall, if the Landlord elects, be deemed to become the Landlord's property or the Landlord may remove the same at the expense of the Tenant, the cost of such removal to be paid by the Tenant forthwith to the Landlord on written demand, the Landlord not to be responsible for any loss or damage to such property because of such removal.

ARTICLE 9
LIABILITY FOR PROPERTY DAMAGE AND/OR PERSONAL INJURY

9.01 The Landlord shall not be liable for any damage in or upon the Rental Management Strata Lot, arising from any reason or cause whatsoever, or for any personal injury sustained by the Tenant, its officers or employees, or other persons, or for any property loss, however occurring, and the Tenant shall have no right to any diminution of rent in any of such cases; and without restricting the generality of the foregoing, the Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the building or from pipes, appliances or plumbing works or from the roof, street or sub-surface, or from any other place, or by dampness, or for any such injury or damage by any cause of whatsoever nature, provided such injury or damage is not caused by the negligence of the Landlord or its servant or agents.

9.02 The Tenant shall reimburse the Landlord for all expenses, damages, losses or fines incurred or suffered by the Landlord by reason of any breach, violation or non-performance by the Tenant of any covenant or provision of this Lease or by reason of damage to persons or property caused by the Tenant, its servants or agents.

9.03 The Tenant shall give the Landlord immediate notice in case of fire or accident in the Rental Management Strata Lot or in the building of which the Rental Management Strata Lot forms a part.

ARTICLE 10
TENANT'S AND LANDLORD'S EXPENSES ENFORCING LEASE

10.01 In the event that it shall be necessary for the Landlord to retain the services of a solicitor or any other proper person for the purpose of assisting the Landlord in enforcing any of its rights hereunder in the event of default on the part of the Tenant it shall be entitled to collect from the Tenant the cost of all such services as if the same were rent reserved and in arrears hereunder. (If services of a solicitor are required, the costs shall be on a solicitor and client basis).

10.02 If the Tenant shall consider it desirable to retain the services of a lawyer or any other proper persons reasonably necessary for the purpose of assisting the Tenant in enforcing any of its rights hereunder in the event of default on the part of the Landlord, it shall be entitled to recover from the Landlord the cost of all such services.

ARTICLE 11
WAIVER

11.01 The failure of either party to insist upon strict performance of any covenant or condition contained in this Lease or in the rules and regulations attached hereto shall not be construed as a waiver or relinquishment for the future of any such covenant, condition or rules and regulations. The acceptance of any rent or the performance of any obligation hereunder by a person other than the Tenant shall not be construed as an admission by the Landlord of any right, title or interest of such person as a sub-Tenant, assignee, transferee or otherwise in the place and stead of the Tenant.

ARTICLE 12
INABILITY TO PERFORM

12.01 The Landlord does not warrant that any service or facility provided by it hereunder will be free from interruptions caused or required by maintenance, repairs, renewals, modifications, strikes, riots, insurrections, labour controversies, accidents, fuel shortages, governmental intervention, force majeure, act of God or other cause or causes beyond the Landlord's reasonable care and control. No such interruption shall be deemed an eviction or disturbance of the Tenant's enjoyment of the Rental Management Strata Lot nor relieve the parties from their obligations under this Lease provided that the Landlord shall without delay take all reasonable steps to remove the cause of the interruption.

ARTICLE 13
NOTICES

13.01 All notices, demands and communications hereunder to either party shall be given by personal delivery or by registered mail, postage prepaid, and if intended for the Landlord shall be addressed to 201 – 1520 McCallum Road, Abbotsford, British Columbia, and if intended for the Tenant shall be addressed to 1110 Howe Street, Vancouver, British Columbia, and any such notice, demand or communication shall be effective as of the day of such personal delivery or as of five (5) days following the date of such posting, as the case may be.

ARTICLE 14
INTERPRETATION

14.01 Where required the singular number shall be deemed to include the plural and the neuter gender the masculine or feminine. Where there is more than one Tenant they shall be jointly and severally bound to the fulfilment of their obligations hereunder. The captions herein are for convenience only and shall not constitute a part of this Lease. The definition of any words used in any Article of this Lease shall apply to such words when used in any other Article herein whenever the context is consistent.

ARTICLE 15
SPECIAL CLAUSES

15.01 It is agreed that this Lease may not be terminated without the consent of Strata Corporation
_____.

15.02 Should there be a disagreement or a dispute between the parties with respect to this Lease or the interpretation hereof, the disagreement or dispute shall be referred to a single arbitrator pursuant to the British Columbia *Commercial Arbitration Act*, at the expense of the Tenant and the determination of that arbitrator shall be final and binding upon the parties.

15.03 Time shall be of the essence hereof.

15.04 This Lease shall be governed by and construed in accordance with the laws of the Province of British Columbia and the parties hereto submit and attorn to the jurisdiction of the courts of the Province of British Columbia.

15.05 If any one or more of the provisions contained in this Lease should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Lease would fail in its essential purpose.

15.06 This Lease contains the entire agreement between the parties hereto and supersedes all prior agreements and understandings, oral or written, by and between any of the parties hereto with respect to the subject matter hereof.

15.07 The parties hereto shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party hereto shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Lease.

15.08 This indenture shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have signed these presents on the date and year first above written.

**WALNUT BEACH RESORT RENTAL POOL
OWNERS ASSOCIATION**

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

ATLIFIC INC.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory