



**An Investor's Paradise**  
—CNN



**LEISURE CANADA INC.**  
CUBA'S LEADING REAL ESTATE DEVELOPER

## **Fall 2009 Management Presentation**

[www.leisurecanada.com](http://www.leisurecanada.com)

**TSX-V: LCN**



*“Over six million Americans would travel to Cuba in the first year alone, following the normalization of U.S.-Cuba relations.”*

PricewaterhouseCoopers

**Leisure Canada Inc. is positioned to be the leading developer of luxury resorts in Cuba and is the largest foreign owner of surface rights in Cuba.**

- **Cuba’s unique history and culture make it a highly attractive holiday destination**
- **Irreplaceable Sites**
- **Free and Clear of all U.S. Claims**
- **A Highly Experienced Hospitality and Real Estate Development Senior Management Team with A Track Record of Success**
- **Compelling Economics**
- **Enormous Post-Embargo Upside Potential**

- **Ownership Rights** to First-Class Properties
- **First Mover Advantage** – Properties, Political Capital and Business Model
- **Preferred Status** – Positioned to be the Leading Developer of Hotel and Resort Properties in Cuba
- Monte Barreto project is one of the most important and **strategic** hotel projects in Havana
- Proven Management Team with **Extensive Expertise in Cuba** and in developing high end resorts worldwide
- **Compelling Valuations**
- 50/50 JV with Cuban government to develop high-end hotel properties and golf destinations.
  - Under law 77 of the constitution
- **Management** has operated on the island for over a decade and has amassed significant political capital.
- **Entitlements** – 4200 rooms, golf courses, marina, village town centre



Represents one of the few pure-play opportunities to invest in the potential upside the lifting of the US-Cuba embargo could bring.

**Walter H. Berukoff**, *Executive Chairman, Board of Directors:*

Mr. Berukoff is an entrepreneur who has an extensive background in hotel and real estate development. His portfolio has prospered from strategic investing and corporate opportunity. For the past 30 years he has been the President of Red Lion Management, a private holding company that deals with merchant banking, real estate and strategic business investment. As a strategic investor, Mr. Berukoff directed the investment in mineral development in Cuba as early as 1991. He was responsible for the development of the Mantua copper/gold mine located in Pinar del Rio in Cuba, the first new non-nickel unclaimed mine since the revolution in Cuba. As part of the development of the mine, Mr. Berukoff brought the first foreign bank financing to Cuba. Mr. Berukoff foresaw the immense potential to be gained from participating in the development of Cuba's tourism and hospitality industry. He was invited by the Cuban leadership, because of his proven track record in hotel and real estate development to partner with the Cuban government and founded Leisure Canada.

**Robin Conners**, *President & CEO, Board of Directors. Advisory Board:*

Over 25 years of experience in strategy, project development, operations and financing in the hospitality and development sectors. Former VP Commercial Development with Intrawest Corporation, working with the St. Joe Company; Florida's largest real estate development company; overseeing \$2.5 billion in development projects.

**René Hubert**, *President, Wilton Properties:* Over 25 years of experience in strategic planning, tourism development and land use planning. Directed and carried out large-scale development projects in many countries in Latin America, the Caribbean and Africa. Has been involved in tourism developments projects in Cuba since 2001.



*Left to right: Fidel Castro, Guy Chartier, Walter H. Berukoff*

**David Oliver**, *Director, Vice President, Development – Canada, Regent International Hotels, Radisson Hotels & Resorts, and Country Inns & Suites By Carlson*: Mr. Oliver has been involved in financing, construction, operations and development within the hospitality industry for over 40 years. After completing his education at University Nevada, Las Vegas, he undertook positions with Pannell Kerr Forester (Los Angeles) and then executive positions with Sonesta Hotels (New Orleans and Bahamas), Princess Hotels (Bahamas and Bermuda), General Manager of Sheraton Hotels (Niagara Falls) and as Manager, Fairmont/Canadian Pacific - Royal York Hotel (Toronto), before becoming President, Ramada/Renaissance Hotels and Resorts, Canada. He joined WardAir Airlines as global Director of Hospitality Operations and Development before it was acquired by CP Air/ Air Canada. During the 1990's, Mr. Oliver as CEO built and opened the London Convention Center and then subsequently undertook major development roles with ITT Sheraton, Starwood Hotels and Resorts, Carlson Hotels Worldwide, and Wyndham Hotels Worldwide. He has been involved in the development of over 100 hotels globally. He also works as a Director with Strategic Hospitality Services Inc., a global hotel consulting firm.

**Kenneth D. Taylor**, *Director, Chairman, Taylor and Ryan Incorporated*: Mr. Taylor is the Chairman of Global Public Affairs, Inc. that operates from Ottawa and New York. During his tenure as a diplomat in the Canadian Foreign Service, his work involved trade development responsibilities in Guatemala, Detroit and London. He was also involved in foreign aid related matters in Pakistan and crisis management in Iran. In addition to the many awards and honorary doctorates extended to Mr. Taylor, he has received two civilian honours granted by the Governments of the United States and Canada: The United States Congressional Gold Medal and Officer, Order of Canada, respectively. Following his resignation from the Foreign Service in 1984, Mr. Taylor served as Senior Vice President of Nabisco Brands/RJR Nabisco for six years where he formulated and implemented policies to strengthen that corporation's international interests and relationships.

**Peter De Visser**, *Director, Founding Partner, De Visser & Gray*: Mr. De Visser is the founding partner of De Visser & Gray, Chartered Accountants, a Vancouver-based accounting firm. He is also the director and officer of several other public companies. Mr. De Visser received his Bachelor of Commerce from the University of British Columbia in 1973 and his C.A. designation in 1976.

**Frank L. Davis**, *Advisory Board, Partner, Fraser Milner Casgrain*: Mr. Davis practises principally in the areas of corporate finance, mining and mergers and acquisitions. He represents various public companies and investment banking firms in public and private offerings of equity and debt securities. He has acted as counsel to offerors, target companies and financial advisors in both hostile and negotiated merger and acquisition transactions and has been active in a variety of take-over bids, mergers, acquisitions, amalgamations, arrangements and divestitures.

## *Will the embargo be lifted?*

- **Cuban Embargo**, a U.S. law signed in October 1961 by President John F. Kennedy, prohibiting trade with Cuba in retaliation for Cuban nationalization of American businesses
- President Obama has already lifted restrictions on Americans visiting relatives in Cuba, on money sent to relatives in Cuba, and on US telecommunications companies seeking to provide the country with improved radio, TV, mobile phone, and Internet service.
- Cuban President Raúl Castro at a recent summit: "We've told the North American government, in private and in public, that we are prepared, wherever they want, to discuss everything -- human rights, freedom of the press, political prisoners -- everything, everything, everything that they want to discuss."



### Share Structure

Exchange: TSX-Venture  
 Symbol: LCN  
 Recent Price: \$0.265  
 52 Week Range: \$0.075 - \$0.42  
 Shares Issued: 164.3M  
 Market Cap: \$43.5M  
 Cash: \$17M

- as of Sept 25/09

On April 13, 2009, certain travel restrictions on Cuban-Americans who want to travel to Cuba to visit family were lifted by the Obama administration

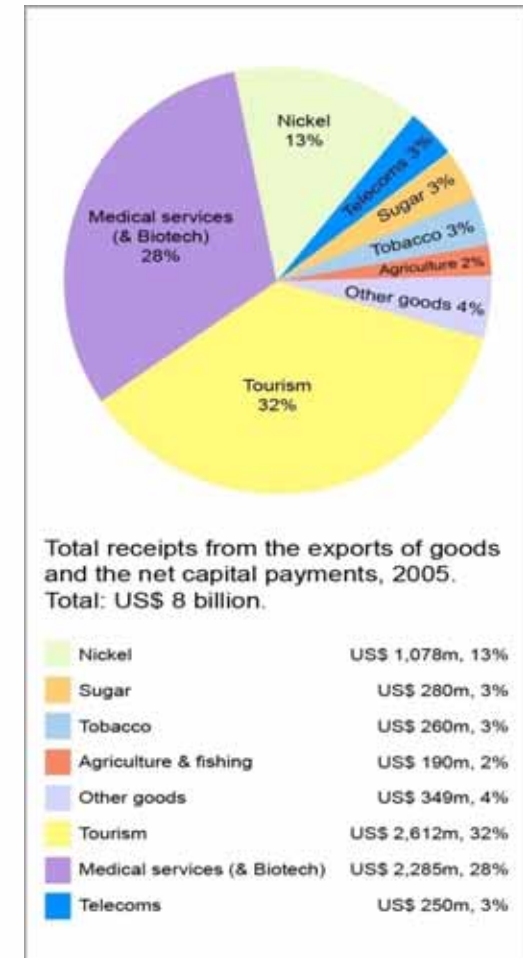
Leisure Canada Inc (TSX-V : V.LCN)



<b>Population</b>	11.3 million (Havana 2.2 million )
<b>Life Expectancy</b>	75 years (men), 79 years (women) (UN)
<b>Major religion</b>	Christianity
<b>Total Land Area</b>	110,860 sq km (42,803 sq miles)
<b>GDP<sup>(1)</sup></b>	\$39.2 billion (Per Capita \$3,500)
<b>GDP Real Growth<sup>(1)</sup></b>	8%
<b>GDP composition<sup>(1)</sup></b>	Agriculture 5.5%, Industry 26.1%, Services 68.4%
<b>Labour Force<sup>(1)</sup></b>	4.6 million (state sector 78%, non-state 22%)
<b>Sectors<sup>(1)</sup></b>	Agriculture 5.5%, industry 26.1%, services 68.4%
<b>Unemployment</b>	1.9% (2005 est)
<b>Literacy</b>	98%

### *Excellent education and medical infrastructure*

<b>Main Exports</b>	Nickel, Sugar, Biomedical, Tobacco
<b>Main Export Partners</b>	Netherlands, Canada, China, Spain
<b>Main Imports</b>	Machinery & Equipment, Fuel, Food, Chemicals
<b>Main Import Partners</b>	China, Spain, Canada, USA, Germany, Italy, Mexico



Notes:

1) Source: Ernst & Young – A business guide to Cuba January 2006



***Cuba has more coastline (3735 km) than the rest of the Caribbean combined.***



- Cuba currently has ~2.5m visitors a year and some estimates put the potential influx of American tourists at 1m in the first year; growing to 5m by the fifth year (post embargo lift).
- Since 1988, Cuba averaged annual growth in arrivals of approximately 15%. It now welcomes ~2.5m visitors/year. In the 1950's, US travelers to Cuba represented 89% of the total number of visitors. The amount today is less than 1%!
- The inventory shortage becomes even more evident when considering the higher scale market, as there are only ~9,000 '5-star' hotel rooms in the country (or less than 0.5m annual weekly stays).

**Enter Leisure Canada.**

### Business Model

#### **Each property set up as 50/50 JV with Cuban Government**

This type of agreement was the first of its kind in Cuba.

**The Cuban government contributes land by way of 75 year leases (50 + 25 yr renewal) and LCN contributes cash until value of land is equalized, at which point Cuban Government contributes equal cash.**

#### **Each property set up as a separate subsidiary and each company can be financed on a stand alone basis.**

This allows financing transactions to potentially be conducted on a specific property.

#### **After construction, LCN will seek out a “flag” partner for the hotels/facilities.**

Operating partners generally receive a percentage of both gross revenue (often ~5%) and of gross operating profit (anywhere from 3-20%). Potential partners with high profile brands have been approached.

#### **Revenue from operations**

real estate leasing, correctional sales and joint venture development; co-development sale of lands, membership sales.

Leisure Canada's joint venture agreement was the first of its kind in Cuba. As such, the Company was able to evaluate potential properties in a competitor free environment. The Company has reviewed over 400 properties with the focus on the following criteria:

1. Proximity to infrastructure, such as airports, highways, and the power grid.
2. Freedom from any and all land claims (including Helms-Burton).
3. The best waterfront locations available for development.



### Monte Barreto

- Located on last significant piece of oceanfront property in Havana's business and trade district. Havana is considered the "Paris of the Caribbean"

### Jibacoa

- 5.5 sq. km of oceanfront property, 65 km E of Havana
- Developed as the first high-end destination resort in Cuba, with up to 6 luxury hotels, 3 golf courses, and timeshare villas.

### Cayo Largo

- Small limestone quay, 50 km south of the main island of Cuba.
- Rated as one of the world's best diving sites.
- Qatar has recently entered into a US\$75m 5-year hotel project with Cuba to develop all infrastructure on the island.

- 34,500 square meters, or the last significant piece of oceanfront property in Havana's business and trade district.
- Site is equivalent to 2 city blocks, and will be adjacent to Havana's new world-class aquarium and across from the new Miramar Trade Center.
- Proposed 3-buildings, 737 guest suites with significant office, convention and retail space.
- Positioned to serve the sophisticated business and leisure travelers.
- Construction expected to begin within 18 months.
- Land cost benefits: \$14,000 per room



# Monte Barreto

LOCATION MAP



# Monte Barreto



GALLERY



- 5.5 square km of oceanfront property, 65km east of Havana and 55km west of Varadero with access to both international airports.
- Master plan allows for:
  - 1,400 5-star guest suites (~5 luxury resorts)
  - 600 bungalows and villas linked to golf
  - 45 holes of Championship Golf
- Site includes several secluded pocket beaches and a line of white cliffs beside the beach rises over 50 meters to form a plateau perfect for a championship golf course.

### Significant Land Cost Benefit Related To Early Entry

Hotel footprint: \$50/m<sup>2</sup> (\$4.50/ft<sup>2</sup>)

Smaller buildings: \$25m<sup>2</sup> (\$2.30/ft<sup>2</sup>)

Golf: \$1.50/m<sup>2</sup> (\$0.13/ft<sup>2</sup>)



# Jibacoa



AERIAL VIEW



# Jibacoa



GALLERY



- Property is ~30 hectares, including 2km of beach.
- Diving in the area has been praised in National Geographic and promoted in several tourist brochures.
- Island has an international airport capable of accommodating 747's.
- Currently 3 quality hotels on island: 236 room Sol Cayo Largo, 307 room Sol Pelicano, and the newer 306 room Barcelo.
- Qatari Diar, through its affiliate Qatari Resorts Company, and Gran Caribe SA recently announced their undertaking to develop a \$75 million 250 room luxury resort on the island. They will develop all the island's infrastructure, significantly reducing LCN's capital costs when building commences.



# Cayo Largo



GALLERY



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- **Irreplaceable Sites**
- **Free and Clear of all U.S. Claims**
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- **Compelling Economics**
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