

## NEWS RELEASE

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### For Immediate Release

October 31, 1996 TORONTO, ONTARIO : Leisure Canada Inc. announced today that it has entered into a letter of intent to acquire all of the outstanding shares of Wilton Properties Limited ("Wilton") in exchange for the issue of 13,000,000 shares of Leisure Canada. As indicated below, Wilton owns 50% of a Cuban corporation that proposes to develop approximately 4,000 hotel rooms in Cuba. Upon successful completion of the share exchange, Walter H. Berukoff of Wilton will become Chairman of Leisure Canada. Following the completion of the share exchange a Anguillian Islands company owned by a Anguillian Islands trust of which Walter H. Berukoff is a primary beneficiary will own approximately 9,300,000 shares or approximately 49% of Leisure Canada.

Wilton commenced negotiations with a Cuban Company, **Grupo Hotelero Gran Caribe S.A.** ("Gran Caribe") during 1993 to form a joint venture to develop approximately 4,000 hotel rooms in Cuba. Gran Caribe currently owns more than 6,000 hotel rooms in Cuba, almost all of which are in the Cuban four and five star categories. On July 1, 1996, Wilton entered into an agreement with a wholly-owned subsidiary of Gran Caribe ("Gran Antilla") to form a joint venture company, **Vancuba Holdings S.A.**, (the "Joint Venture") owned 50% by Wilton and 50% by Gran Antilla. In accordance with that agreement (the "Development Agreement"), the Joint Venture has acquired from the government of Cuba the rights to develop up to 11 hotels containing approximately 4,200 rooms on four sites in Cuba.

The hotels to be constructed by the Joint Venture will be designed to meet international four and five star standards. The largest project will be at Jibacoa, located 40 minutes by highway east of Havana, midway between Havana and the resort area of Veradero. The site is several square kilometres in size, located on the beach and in an adjacent valley. The site is to be developed by the Joint Venture as a new integrated destination resort. The development plan contemplates an 18 hole signature golf course, a 27 hole resort golf course, 5

hotels averaging approximately 300 rooms, a shopping centre, a resort ranch and approximately 600 bungalows. Pursuant to the Development Agreement, the first phase at Jibacoa will involve construction of 2 hotels totaling 600 rooms and an 18 hole golf course.

The second largest site is Cayo Largo, a sand and limestone quay approximately 50 kilometres south of the main island of Cuba. The quay currently has 5 hotels, all owned and operated by Gran Caribe. Cayo Largo has a new airport with a runway sufficient to receive fully loaded jumbo jets from Europe. The Joint Venture plans to develop 3 resort hotels at the undeveloped west end of Cayo Largo, which is generally acknowledged to have the best beach in Cuba. Phase 1 of Cayo Largo, will be a mixture of hotel and bungalow accommodations totaling approximately 280 rooms. The exact configuration of the rooms and the theme of the resort is the subject of a market study currently being prepared by The Economic Planning Group of Canada.

The proposed Monte Barretto/Havana project will consist of a 180 room low-rise building, a 200 room high-rise building, 120 service apartments, three swimming pools and related facilities. The property is located on the waterfront of Havana among a group of 5 other hotels, across the street from an area which is planned by the Havana City Planning Commission to include a world trade centre and to be the new commercial trade centre for Havana. The hotel components will be marketed to business travellers and tourists. The service apartments will be marketed primarily to business people planning extended visits to Havana of one month or more.

The island of Youth property contains two sites located in a nature preserve extending across the south coast of the Island of Youth. The Island of Youth is a large island of approximately 2,000 square kilometres located approximately 50 kilometres south of the main island of Cuba. The Island of Youth is intended to be developed for eco-tourism markets, for principally European vacationers. Access to the Island of Youth is principally by air however further development of the airport will be required to allow jets to land at the Island of Youth airport.

Under the Development Agreement, a feasibility study for the development of the two hotels at Jibacoa and one at Cayo Largo are to be completed within eight months of the signing of the agreement. The feasibility study for the Monte Barretto/Havana project is to be completed within 12 months from the date of the Development Agreement. The feasibility study for the Island of Youth project is to be completed within the time required to ensure that development can proceed concurrently with phase II of the Cayo Largo project.

The Development Agreement provides various reserves for the carrying out of the subsequent stages of the Jibacoa and Cayo Largo projects. Provided that the development schedule established with the Cuban Government is met the

Joint Venture will remain exclusively entitled to acquire surface rights at Jibacoa and Cayo Largo.

Each of Wilton and Gran Antilla are required under the Development Agreement to provide 50% of the equity required by the Joint Venture to develop the Cuban resort projects. Wilton is responsible for obtaining debt financing for the Joint Venture, if available on reasonable commercial terms. If debt financing is unavailable on those terms each of Wilton and Gran Antilla are required to provide the financing by contributing additional equity. If either party fails to provide its share of the required financing for any particular project, the other party may elect to dilute the defaulting party's equity, or to put a loan to the defaulting party at an interest rate equal to an independently calculated rate of return for that project.

The Joint Venture has been registered with the Chamber of Commerce in Havana and exists as a separate legal entity in Cuba. Pursuant to the Development Agreement, following the completion of each positive feasibility study the Joint Venture will form a new wholly-owned subsidiary for each project to be developed. At the time of the creation of each such subsidiary the exclusive right to use the corresponding surface rights for a 50 year period is to be conveyed to the subsidiary by the Government of the Republic of Cuba. The purchase price for the surface rights has been settled by the Joint Venture and the Republic of Cuba for the first and subsequent phases of the Jibacoa and Cayo Largo projects and is to be settled for the other two locations prior to the end of 1996.

The Development Agreement was approved by a resolution of the Council of Ministers of the Republic of Cuba on July 1, 1996 (the "Council Resolution"). The Council Resolution authorizes the Joint Venture to obtain from various Cuban government ministries certain financial relief, including an exemption from import duties on imported materials used in the construction of Joint Venture projects and an exemption from Cuban 30% income tax until recovery of all capital expended in the development of the projects.

Management of Leisure Canada have been advised that extensive research has been carried out by Wilton regarding the historical title to the subject development sites and that to the best of Wilton's knowledge none of the properties intended to be developed by the Joint Venture are subject to claims for damages under Title III of the recently passed Helms-Burton legislation in the United States. Under the Development Agreement, Gran Antilla has guaranteed the titles to the surface rights, will be responsible for discharging any adverse claim, charge or encumbrance, and will indemnify Wilton against any adverse change in any law of Cuba from those existing on July 1, 1996.

Currently, the only liabilities of Wilton are represented by loans of approximately \$500,000, all of which are due to related parties and which are required to be

capitalized prior to closing. Accordingly, on closing of the share exchange transaction, Wilton will have no liabilities.

“This Cuban resort project is a natural progression in our goal to become a full service travel company”, said Bill Kerby, President of Leisure Canada. Last year, Leisure Canada pioneered charter tour operations from London, England to South Africa through Bluebird Holidays, its British tour operation. Bluebird opened offices in Johannesburg to take advantage of a unique opportunity to develop South Africa as a destination of choice for European travellers. In response to client demand, Bluebird has added a second weekly flight to Cape Town to complement the London-Johannesburg routing. Cuba is expected to offer similar opportunities to clients in Canada, Europe and South Africa over the next several years. Cuba’s pleasant all seasons climate makes it an ideal year-round resort destination for travellers from countries in both hemispheres.

The proposed transaction is subject to the entering of formal agreements, completion of due diligence by both parties, and all required regulatory and shareholder approvals, including approval by the shareholders of Leisure Canada.

Leisure Canada currently has four components of its travel operations :

1. Bluebird Holidays P.L.C. - a tour operator-consolidator with offices in the United Kingdom and South Africa operating air contracts with British Airways, Virgin Atlantic, Britannia, Canadian Airlines and Canada 3000.
2. Altracs Publishing and Multimedia Division - Leisure Canada Magazine, Leisure Card, 800-4-TRAVEL and its Internet superstore called ON-LINE-4-TRAVEL.
3. International Insurance Brokers Corporation - provides insurance services for customers
4. Auto Division - encompasses the Thrifty Car Rental B C Master Licence

Leisure Canada has agreed in principle to purchase a fifth division known as Travel Distribution Resource Group (TDRG), a Canada-wide travel agency chain of 210 locations operating under the brand names Goliger’s Travel, Travel Trust International and International Tours. Completion of the transaction is subject to the resolution of certain contingent liabilities of TDRG, which TDRG has indicated is imminent.

For further information, contact : Bill Kerby, President at (604) 606-1606.