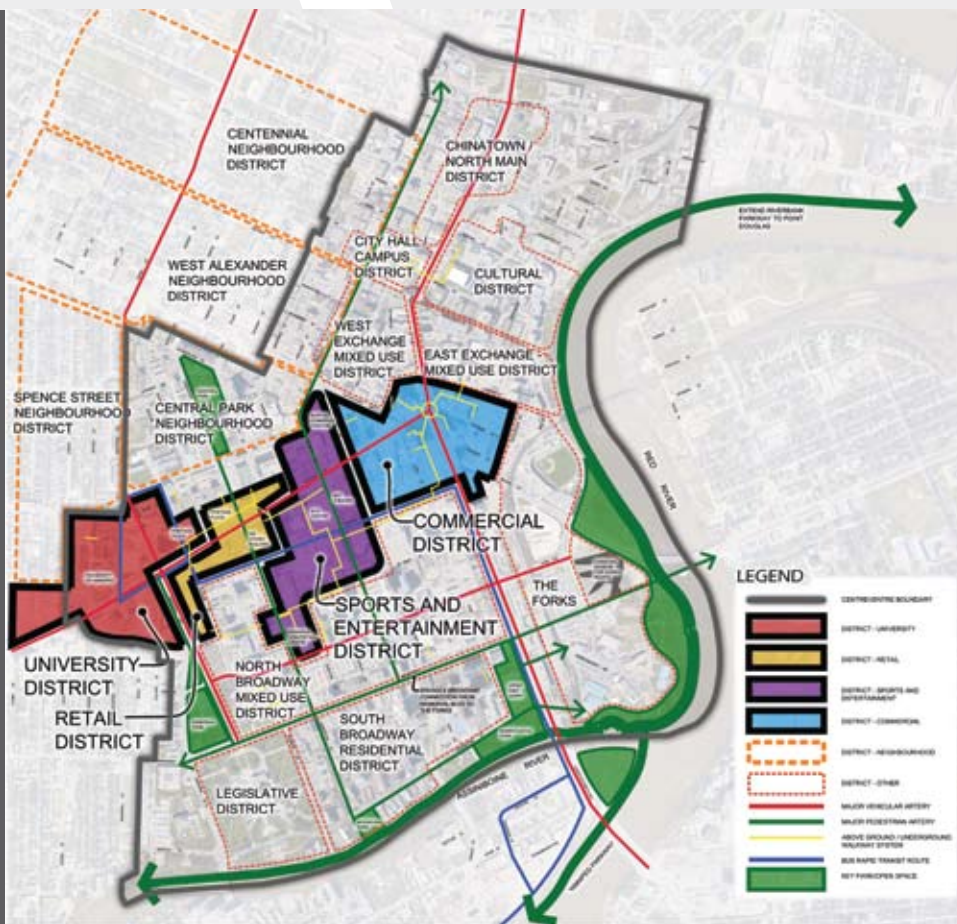


Coming together is a beginning.
Keeping together is progress.
Working together is success.



CentreVenture Development Corporation was created in June 1999 as an arms length agency of the City of Winnipeg. Our mandated area covers one of the largest downtowns in North America. CentreVenture's directive is to stimulate downtown revitalization by creating an environment for private sector businesses and government to work together and to promote the downtown to investors, businesses and residents.

A Message from the Mayor of Winnipeg and the President & CEO of CentreVenture



MISSION:

To serve as an advocate for downtown and a leader in promoting development by identifying opportunities, creating partnerships, forming innovative improvement strategies, providing information and by serving as an accessible conduit to support initiatives.

VISION:

To be the leader and catalyst in creating a downtown of which all Winnipeggers can be proud; a downtown that reflects the vibrancy of the whole city. To realize a downtown that will contribute to Winnipeg and Manitoba's reputation as a great place to live, work and visit. In short, to make downtown a better place.

VALUES:

- Effective leadership in downtown development
- Passionate advocacy on behalf of downtown stakeholders
- Transparency in providing open access to assistance, information and professional guidance
- Professional and accountable in all business activities
- Collaboration with all partners and stakeholders in revitalizing the downtown

On behalf of the City of Winnipeg, we are excited to work with CentreVenture as we create an action plan to focus development on Portage Avenue. Putting the strategy into play, not only will visitors and citizens come to Portage Avenue to see some of the biggest names in showbiz play at the MTS Centre, they will be drawn to Portage Avenue because of its growing reputation as a lively Sports, Hospitality and Entertainment District.

The redeveloped Avenue and Hample Buildings will together be a shining star on Portage Avenue.

The addition of more people living downtown breathes life into the heart of our city long after the storefronts close, and this project plays a large role in making this happen. More than 500 new residential units have been completed or are under construction in and around the Exchange District last year, including eight historic buildings undergoing loft conversions. Our downtown population will increase by more than 10 percent. The Downtown Residential Development Grant program approved \$7 million in grants for residential projects, with another \$12 million expected in 2011.

This brings a total number of 800 new units to the downtown.

With renewed vigour, businesses and civic leaders have reignited their interest in creating a downtown that is vibrant and able to compete on a global scale with the major cities of the world. Getting there will take the collective action of all levels of government, the private sector and community to make it all happen. We will get it done.

Sam Katz
Mayor

Looking back at the period from 2008 to 2010, CentreVenture exceeded 90 percent of its targets, participated in excess of \$250,000,000 in development, restored the agency's credibility, led critical planning initiatives, opened dialogue with Downtown stakeholders and set the stage for a major shift in investment philosophy. There is clearly a common vision from the public and private sectors for a revitalized downtown.

Our 2011 - 2013 Business Plan is a roadmap for our organization that

will allow us to deliver on our vision to "Make Downtown a Better Place." It is through this plan that we will shape downtown as Winnipeg's and Manitoba's statement to the world as to who we are, what we believe and to what we aspire. Our hopes for the future are ingrained in our passion and commitment to Winnipeg.

Our dedication to fiscal responsibility remains strong and aligned with a changing economic climate. We will focus on opportunities to establish a long term, sustainable funding

mechanism, spend responsibly and strategically invest in projects that generate future value for our stakeholders.

CentreVenture has delivered in the past and will continue through the execution of the 2011 to 2013 Business Plan.

Ross McGowan
President & CEO of CentreVenture

Coming Together

Summary of the 2008-2010 Business Plan

The past three years have been positive for CentreVenture and Winnipeg's Downtown. Significant projects have been completed and north Main Street experienced a renaissance. We continue to forge ahead as the face of Downtown evolves.

The 2008 - 2010 Business Plan contained three major elements: the operating budgets with a breakeven target, commercial development and community investment/public destinations. Seeing development from the conception stage to completion is often a multi-year endeavour; however, CentreVenture had a successful three year span with much being accomplished as the following summary will demonstrate.

PLAN COMPONENT	THE GOAL	STATUS AT YEAR END 2010	DID WE MEET OUR GOAL
Operating Budget	Breakeven or Better	Small surplus at December 31, 2010	✓
Commercial Development			
Cluster Development (along Portage & Main)	Target - 5	6 either underway or complete 1 in due diligence phase	✓
Land Assembly	Target - 3	5 land assemblies for development have been completed	✓
Profile Tenants - from outside the downtown - from outside the city	Target - 4 Target - 2	5 tenants relocated to the downtown 2 expanded/will expand to Winnipeg	✓
Non-Cluster Development	Target - 5	14 underway or complete 16 in due diligence phase	✓
Parking Services	Target - 3	1 complete 2 in planning stages	✓
Mortgages/Loans - direct lending - facilitate third party financing	Target - \$4.5 million Target - \$6.0 million	\$8.6 million loans advanced by CV \$13.75 million in loans facilitated	✓
Public Destinations/ Community Investment	Target - 4	3 public destinations completed or underway 15 community investment projects	✓

Pictured (left) Union Tower

Making Progress

The 2010 Highlights

COMMERCIAL DEVELOPMENT, PROPERTY ACQUISITION AND SALES

- CentreVenture successfully negotiated the purchase of 311 Portage Avenue (formerly A&B Sound) in early 2010. The A&B Sound property, co-owned by CentreVenture and The Forks North Portage Partnership, will be developed for hospitality and commercial uses. The private sector-led development will remove blight from Portage Avenue and further reinforce private sector confidence in the rejuvenation of Portage Avenue.
- In February 2010, CentreVenture purchased 260 Princess Street, a 23,000 sq. ft. parcel of land at the southwest corner of Logan and Princess and in April purchased the nearby 265 Princess Street located at the southeast corner of Princess and Logan.
- CentreVenture concluded negotiations with CP Rail to purchase land at the northwest corner of Main and Higgins to consolidate with City surplus property and create a 55,000 sq. ft. development parcel as the new home of the Centre For Youth Excellence.
- In August 2010, CentreVenture purchased property at 7 Argyle Street and in September issued an Expression of Interest to the development community to redevelop the property.

The Downtown Residential Development Grant (DRDG) Program

In 2010, CentreVenture worked with the City and the Province to create the DRDG Program.

The response from the development community was overwhelming with 26 applications being received.

- The proposed projects in these applications would mean
- An estimated \$180 million in private-sector investment in downtown residential development
 - 1,030 proposed new residential condominium units
 - 300 rental residential units

RESIDENTIAL DEVELOPMENT

In March of 2010, the Province of Manitoba and the City of Winnipeg announced a new three-year Program, the Downtown Residential Development Grant Program (DRDG), making available \$20 million in grants to stimulate downtown residential development.

CentreVenture worked closely with the City and Province to design the program and assist administration by being the point of contact for the development community. The response from the development community has been overwhelming and by the end of 2010, the Program was fully subscribed.

At year end (2010), 26 applications had been received which will represent an estimated \$180 million in private sector investment in the downtown with over 1,300 new residential units being proposed.

Not all applications were able to be approved under the existing program and we have been working with the City of Winnipeg and the Province of Manitoba to expand the program to \$40 million. CentreVenture is confident that the request to expand the program will be approved in 2011.

Pictured (left) Central Park's Splash Park

Pictured (right - top to bottom)

1. youCUBE Condominiums - Waterfront Drive

2. Central Park

3. Rendering of the Bell Hotel Supportive Housing Conversion Project

COMMUNITY INVESTMENT

It is CentreVenture's commitment to contribute to the well-being of the downtown and surrounding neighborhoods impacted by our operations, striving to understand and support their needs. Our community investment program is aligned with our business strategy and provides for mutually beneficial relationships with community and non-government organizations.

CENTRAL PARK

In August 2010, downtown residents, employees and government officials celebrated the official grand opening of Central Park. The \$5.5 million investment to revitalize the park was announced back in June 2008 by the three levels of government with donations from the Gray Family, The Winnipeg Foundation and CentreVenture Development Corporation. The rejuvenated park serves as a year round, multi-use gathering place for all. In summer, the water spray park and soccer pitch are available to the public.

THE BELL SUPPORTIVE HOUSING CONVERSION PROJECT

CentreVenture acquired the former Bell Hotel in the fall of 2007. In 2009, we secured funding from the City of Winnipeg, Province of Manitoba and Government of Canada to convert the building into supportive housing for the homeless/at risk of homelessness. This funding has allowed the property to be redeveloped into 42 self-contained studio apartments. The main floor will provide a mix of support services including space for one-on-one counselling, group counselling, cultural events and a public café. The project will be complete in summer 2011.

Looking Forward

The 2011-2013 Business Plan

With Main Street revitalization and momentum well underway, CentreVenture's focus through 2013 will be concentrated on Winnipeg's premier artery, Portage Avenue. In September 2010, City Council endorsed the Portage Avenue Development Strategy, prepared by CentreVenture in collaboration with the Downtown Council. CentreVenture will continue to play a lead role in delivering the Strategy, with particular support and participation expected from the Province of Manitoba and the City of Winnipeg.

As we move forward into our three-year Business Plan, these guiding principles will represent our most important values:

- To 'make downtown a better place'
- To maintain the current momentum of downtown development – including residential and commercial
- Stay the course on current initiatives by continuing to promote revitalization of Main Street, building on the foundation set from 2008 – 2010

- Deliver the Downtown Residential Grant Program
- Prepare and implement a retail recruitment and retention strategy
- Continue advancement of the Exchange District residential neighborhoods and the Cultural District, and
- To manage our affairs in a prudent, responsible and professional manner with the resources available to the Corporation.

CULTURAL DISTRICT

The Cultural District is an essential ingredient of a healthy, prosperous and exciting downtown. CentreVenture has played an important role in facilitating discussion amongst the various stakeholders in the District, including the Manitoba Centennial Centre Corporation, the Royal Manitoba Theatre Centre, Pantages Playhouse Theatre, the Manitoba Museum, the Winnipeg Symphony Orchestra and the MTC Warehouse Theatre

to establish a long-term vision for the area that complements other initiatives in the Downtown.

Specific targets going forward will be to complete, in collaboration with stakeholders, a master plan for the District that reinforces the character and identity for the area including such elements as signage and wayfinding, development guidelines and streetscape improvements. In the context of the master development plan other properties will be strategically targeted to enhance the overall Cultural District.

CHINATOWN

CentreVenture will continue to promote redevelopment within the Chinatown district through support for compatible residential and commercial development, reinforcing the significance and importance of this downtown enclave to the ethnic diversity of Winnipeg.

EXCHANGE DISTRICT

Continued support will be provided to the Exchange District as it continues to emerge as a principal destination for young entrepreneurs, students and artists as an attractive residential option. The recently announced Downtown Residential Development Grant Program is expected to have a major impact on achieving the necessary critical mass, or "tipping point" for the Exchange to emerge as a full service, self-sufficient, urban neighbourhood.

Pictured below (left to right)

1. Avenue Building and Hample Building residential conversion
2. Rendering of the proposed Cultural District parkade
3. Peace Tower Housing Corporation
4. The Penthouse on Princess

PARKING STRATEGY

Working closely with the City of Winnipeg and the Winnipeg Parking Authority, CentreVenture will actively participate in decisions about downtown parking as an economic development tool.

RESIDENTIAL

Downtown Winnipeg offers a diverse range of housing options ranging from new construction, conversions to warehouses and market lofts and affordable apartments. CentreVenture supports both rehabilitation and new construction with flexible acquisitions, construction and mortgage financing. Increasing the quality and quantity of permanent residences is of critical importance to the long-term economic and social vitality of downtown.

RETAIL RECRUITMENT

A healthy and vibrant retail market is as essential to a sustainable downtown as the need for a stable and expanding population. Historically, retail recruitment and retention has not been part of CentreVenture's business focus, but it is emerging as a critical element in attracting appropriate mixed-use developments to the downtown. CentreVenture, in collaboration with the Downtown Winnipeg BIZ and other downtown partners, will participate in developing appropriate retail strategies that complement the emerging residential neighborhoods and the comprehensive redevelopment of Portage Avenue.

With Main Street revitalization and momentum well underway, CentreVenture's main focus through 2013 will be directed and concentrated on Winnipeg's premier artery, Portage Avenue.



The Future of The Avenue

The Portage Avenue Development Strategy

Reflecting the shared vision of the Downtown Council, the Portage Avenue Development Strategy represents an opportunity to bring renewed life and activity to Downtown Winnipeg's most prominent avenue.

Establishing priorities that can be undertaken concurrently with CentreVenture's three-year Business Plan, the Strategy is based on bricks and mortar initiatives that increase pedestrian activity and programming initiatives that enhance street desirability. It provides context and certainty that can help direct resources and focus for both public and private sector investment.

The objectives of the strategy are to:

- Focus development inward towards Portage Avenue thereby increasing density and pedestrian traffic that in turn support existing attractions such as the retail district on Portage and Graham Avenues, the MTS Centre, Portage Place, The Bay, the University of Winnipeg and the Winnipeg Convention Centre
- Identify and support an Entertainment District as a major downtown attraction
- Develop a viable financial/business plan that reduces the impact on public funding by establishing a framework for private sector confidence and investment
- Develop and commit to a comprehensive Investment Protection Strategy in support of further private and public development and
- Encourage participation by the private sector and all levels of government in support of the plan.



Portage Avenue, for the purposes of the development strategy, has been segmented into four distinct districts, each contributing in its own way to the character of the Avenue. Working together, these districts will strengthen the downtown in a lasting and meaningful way.

The Four Districts include:

THE UNIVERSITY DISTRICT

The University of Winnipeg, situated as the western anchor at Portage Avenue, could become the most significant contributor to future downtown growth and should be better connected to downtown. The Strategy suggests extending the weather protected walkway system from the University of Winnipeg across Balmoral Street to Portage Place. Providing this access to Portage Place would provide new opportunities for 16,000 people to support the retail, entertainment and residential development in downtown.

THE RETAIL DISTRICT

The climate of downtown shopping has shifted dramatically from the heyday of the 1950s and 60s. The emerging retail district is reduced in size, bounded by Graham Avenue to the south, Portage Place to the north, The Bay on the west and Hargrave Street to the east. Although compact in size, the retail district could benefit significantly by increasing density and pedestrian traffic. Pedestrian comfort and safety is a priority, through an enhanced streetscape and lighting program.

Pictured right
 (top) Buhler Centre – University of Winnipeg
 (bottom) Retail District – Graham Avenue

THE SPORTS, HOSPITALITY AND ENTERTAINMENT DISTRICT

Building on the success of the MTS Centre and in keeping with downtown revitalization efforts of other major North American cities, it is proposed that a concentrated effort be made to establish a Sports, Hospitality and Entertainment District (SHED) as the focal point of the new Portage Avenue. While the boundaries may evolve, the essence is to create an area that capitalizes on the increased density of users and activities and forges a plan that makes use of the extraordinary and underutilized resources of the area.

To the south, synergies between the MTS Centre and the Winnipeg Convention Centre would be established by the proposed Convention Centre expansion oriented towards the “centre” of the district. The redevelopment of the cityplace parking lot would be considered for complementary hospitality, parking, meeting and perhaps commercial development in support of both the MTS Centre and Convention Centre. The pedestrian level, connected to the Retail District could well be the epicenter of the SHED with bars, restaurants, and shops. A revitalized Metropolitan Theatre, currently being planned as a mixed-use entertainment venue, would be a major draw to the area and a catalyst for further private investment in this pinnacle district.

The next steps for CentreVenture will be to prepare a detailed master plan and associated business plan for this District that clearly illustrates the elements of the development and the costs/benefits of further public and private investments in this area.

THE COMMERCIAL DISTRICT

As the principal anchor to the east, efforts to include this important revenue source are not lost in the planning of Portage Avenue. With the recent announcement of the Avenue and Hamble Building redevelopment, a renewed sense of confidence has emerged and private landowners are encouraged to play a role in fostering a sense of commitment to Portage Avenue. Further private sector investment can be expected from this district.



It Takes a Good Team

LEADERSHIP & PLANNING

To ensure the continued success of our economic development and business, retail and residential recruitment efforts, CentreVenture provides leadership in downtown development. By both working with and advocating on behalf of all downtown partners and stakeholders, CentreVenture contributes to a strong and vital urban community.

ADVOCACY

CentreVenture works with investors and developers to find solutions customized to their specific needs. From identifying suitable development opportunities to securing financing, from expediting procedural processes to hands-on brokering of business deals, we encourage downtown revitalization initiatives and appropriate public/private partnerships.

COMMITTEES

CentreVenture works side-by-side with residents, businesses, institutions, property owners, public agencies and other civic organizations. These committees are intended to formulate a long-term vision that will strengthen downtown Winnipeg's position and enhance its economic prosperity and competitive advance.

These committees include:

- Tax Increment Financing consultations
- Main Street Advisory Group
- Winnipeg Parking Authority Advisory Committee
- Downtown Housing Strategy
- Downtown Retail Strategy
- Downtown Lighting Strategy
- Downtown Living Committee
- Residents of the Exchange District
- Urban Design Advisory Committee
- Downtown Biz Marketing & Events Committee

Back row (left to right)

Patty Nero – Office Manager and Communications
 Ross McGowan – President & CEO
 Jeff Palmer – Senior Development Officer

Front row (left to right)

Brittany Shewchuk – Planner
 Loretta Martin – Director of Development
 Sandra Henry – Director of Finance



LETTER FROM THE CHAIRMAN OF THE BOARD

I'm pleased to have the opportunity to represent the volunteer Board of CentreVenture and to bring this message to you on their behalf. The Board and staff of CentreVenture are committed to working hand in hand to provide leadership in Winnipeg's downtown redevelopment.

At the end of 2010, we can reflect positively on the progress we have made. With CentreVenture's resilient attitude, combined with the Board's wisdom and guidance, great strides have been made. No longer do we look at architectural renderings and visualize the potential; we now see

the fabric of downtown Winnipeg changing dramatically as we drive down Main Street, visit Central Park or take a walk along Waterfront Drive.

We welcomed two new Board members in 2010, Dr. David Barnard, President and Vice-Chancellor of the University of Manitoba and Mr. Scott Stirton, CEO of Smith Carter Architects and Engineers Inc. They bring important strategic insight as we continue to drive forward our vision.

Looking ahead, the Board of Directors endorse CentreVenture's three-year business plan. The

complexity of downtown revitalization is acknowledged as we embark on the 2011 – 2013 Business Plan; there will be challenges and hurdles that we will need to overcome. However, I am confident that under the guidance of the CentreVenture Board, we will accomplish the goals that have been established.

As Chair, I would like to thank our Board for their devotion, our shareholder, the City of Winnipeg, and the CentreVenture team for their tremendous commitment, day in and day out, to building a better downtown.



Board Members (top row left to right) 1. **Jim Ludlow** – Board Chair, President & Chief Executive Officer, True North Sports & Entertainment Ltd. 2. **Rick Bachalo** – Vice President, Mortgage Investments, Great-West Life Assurance Company 3. **Dr. David Barnard** – President & Vice-Chancellor, The University of Manitoba 4. **Kevin McGarry** – President & CEO, Intelligent Hospital System Ltd. 5. **Richard Olfert** (Secretary/Treasurer) – Partner, Deloitte & Touche LLP **(bottom row left to right)** 6. **Ashleigh Everett** – President & Corporate Secretary, Royal Canadian Securities Limited 7. **Scott Stirton** – CEO, Smith Carter Architects and Engineers Inc. 8. **Sanford Riley** – President & CEO, Richardson Financial Group Ltd. 9. **Curt Vossen** – President, James Richardson International Ltd.

Financials

For the year ended December 31, 2010



CENTREVENTURE'S FINANCIAL REPORTING

Management, in accordance with Canadian Generally Accepted Accounting Principles, has prepared CentreVenture's financial statements for the year ended December 31, 2010. The Corporation's 2010 financial statements have been audited by the firm BDO Dunwoody LLP. The Auditor's Report provided the Corporation with an unqualified audit opinion. These audited financial statements have also been reviewed and approved by the Corporation's Board of Directors. The Statements of Financial Position and Operations included herein are excerpts from the Corporation's audited financial statements. The 2010 audited financial statements are available from CentreVenture upon request.

MANAGEMENT'S COMMENTARY ON CENTREVENTURE'S FINANCIAL POSITION

The change in the Corporation's financial position from 2009 to 2010 reflects the direction established by CentreVenture's strategic plan. The Corporation's plan contemplates that equity will be gradually reduced as a result of community investments that contribute to the revitalization of Winnipeg's downtown. The Corporation's financial statements are consolidated with our wholly owned subsidiary, Centre Village Housing Inc., which operates under common management.

MANAGEMENT'S COMMENTARY ON 2010 OPERATIONS

CentreVenture's surplus of \$38,628 was better than the targeted break-even, while the Urban Development Bank deficit of \$468,428 continued to reflect the commitment to invest assets in the revitalization of downtown Winnipeg.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands)

December 31	2010	2009
Assets		
Current Assets		
Cash in Bank	\$ 38	\$ 223
Accounts receivable and prepaid expenses	4,125	1,407
Property held for resale	2,785	1,357
Current portion of mortgages and loans receivable	1,709	2,740
	<u>8,657</u>	<u>5,727</u>
Mortgages receivable	929	986
Loans receivable	3,070	3,529
Capital assets	4,634	2,452
	<u>17,290</u>	<u>12,694</u>
Liabilities and net assets		
Current liabilities		
Bank indebtedness	482	77
Accounts payable and accrued liabilities	822	965
Deferred grant revenue	746	433
	<u>2,050</u>	<u>1,475</u>
Long term debt	4,450	-
	<u>6,500</u>	<u>1,475</u>
Net Assets		
Invested in capital assets	1,138	1,738
General	97	97
Urban Development Bank	9,555	9,384
	<u>10,790</u>	<u>11,219</u>
	<u>17,290</u>	<u>12,694</u>

CONSOLIDATED STATEMENT OF OPERATIONS (in thousands)

For the year ended December 31

	2010			2009
	General	Urban Development Bank	Total	Total
Revenue				
Grant				
City of Winnipeg	\$ 100	\$ -	\$ 100	\$ 100
Designated grants	-	217	217	881
Interest	520	-	520	467
Commission and development fees	258	-	258	188
Rental	22	190	212	29
Sale of properties	-	1,760	1,760	543
	<u>900</u>	<u>2,167</u>	<u>3,067</u>	<u>2,208</u>
Expenditures				
Administration	654	-	654	611
Amortization	71	58	130	62
Bank charges and interest	25	-	25	1
Interest on Long term debt	-	15	15	
Cost of properties	-	2,073	2,073	1,260
Grants paid out				
Designated revenues	-	218	218	866
General	-	-	-	4
Insurance	10	-	10	11
Office	61	-	61	64
Professional fees				
Contract management	-	21	21	108
IT and other	9	-	9	15
Legal, accounting and transactional costs	18	97	115	115
Marketing	12	17	29	36
Project development	-	80	80	27
Property rental	-	44	44	9
Public destinations	1	-	1	6
Community investment	-	12	12	5
	<u>861</u>	<u>2,635</u>	<u>3,497</u>	<u>3,201</u>
Excess (deficiency) of revenue over expenditures for the year	39	(468)	(430)	(993)

Pictured above left

(top) United Way of Winnipeg

(bottom) Youth for Christ Centre for Youth Excellence

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centventure.com



centventure
development corporation