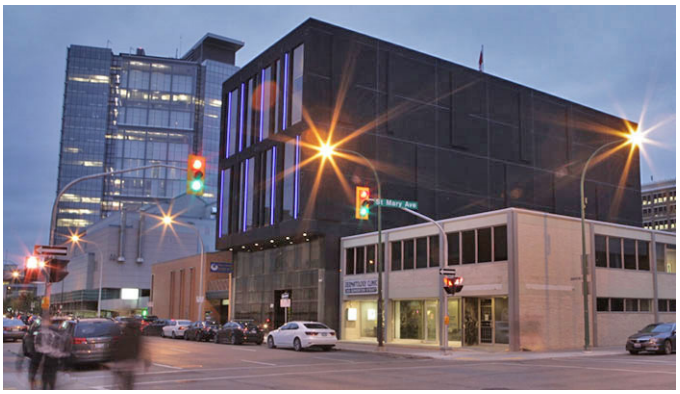


2015 ANNUAL REPORT

centreventure
development corporation



Supporting and encouraging more people to live downtown is the cornerstone revitalization objective for downtown Winnipeg. CentreVenture's Urban Development Bank and provincial/city Tax Increment Financing (TIF) incentive programs continued to provide the necessary market gap support to produce price competitive, new housing stock in the downtown.

In 2015 new heights were reached, with Glass House and 300 Assiniboine's high-rise superstructures towering into the sky, nearly complete. These are the first high-rise residential towers built in the downtown in over 25 years. As well, a new high watermark was set with 2,629 new housing units now completed or under construction since 2000. An estimated 16,317 people live downtown.

housing reaches new heights





60%

of new downtown housing units have been financed by CentreVenture's Urban Development Bank

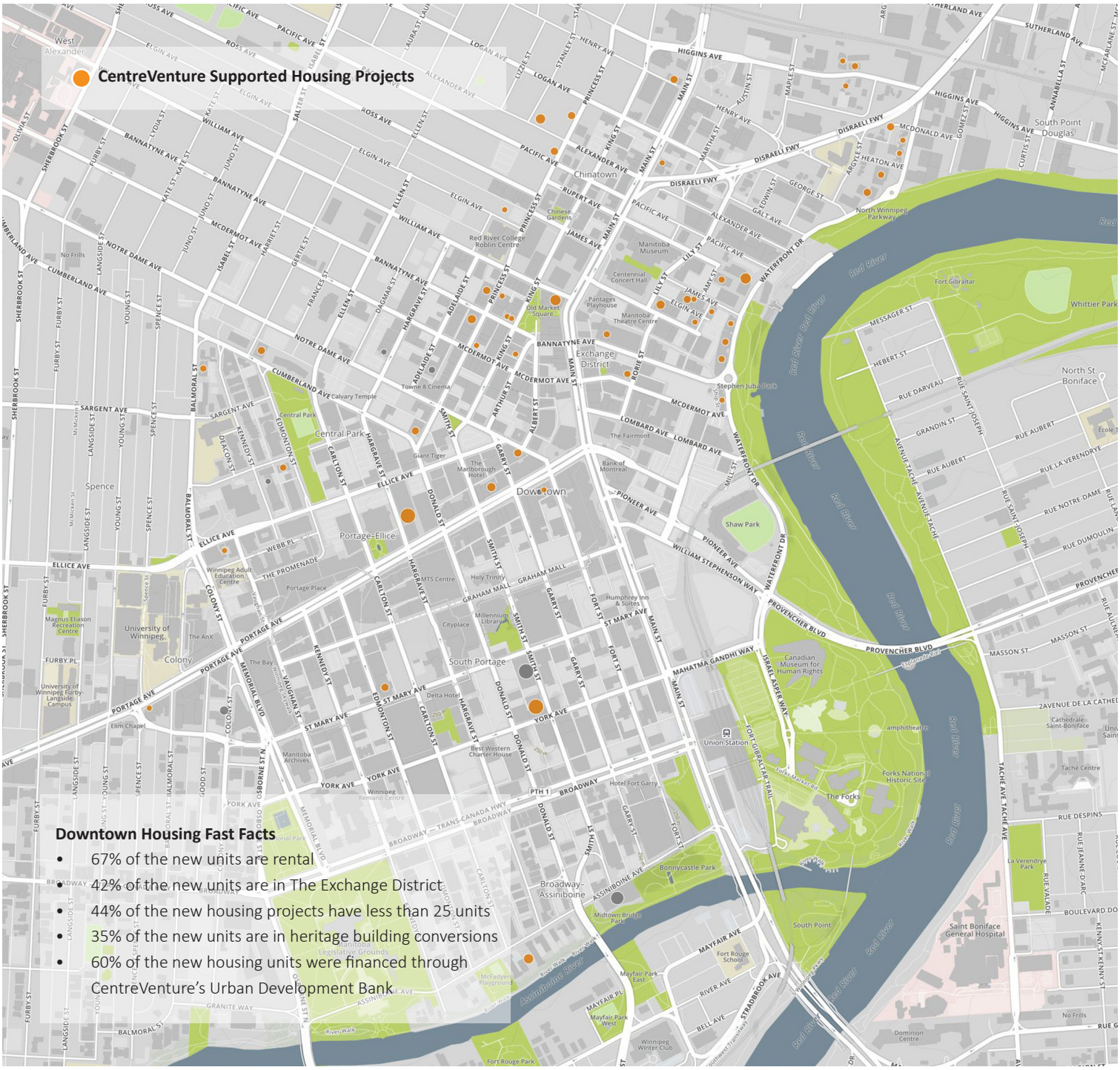
In 2015, Marie Rose Place at 207 Edmonton Street opened its doors, providing 40 units of affordable rental housing for refugee and immigrant women. The six-story, $10.4 million development was supported with an estimated $767,000 in tax increment financing through the Downtown Residential Development Grant (DRDG) Program administered by CentreVenture.

The Bag Factory Apartments at 311 Alexander Avenue was completed in 2015. The redevelopment project converted this 1906 manufacturing building into 83 'industrial-style' rental units. As part of Manitoba's response to the Syrian refugee crisis, this project welcomed a number of refugee families when they arrived in Canada. The cost of redevelopment was $12 million, supported with an estimated $1.1 million in tax increment financing through the Downtown Residential Development Grant (DRDG) Program.

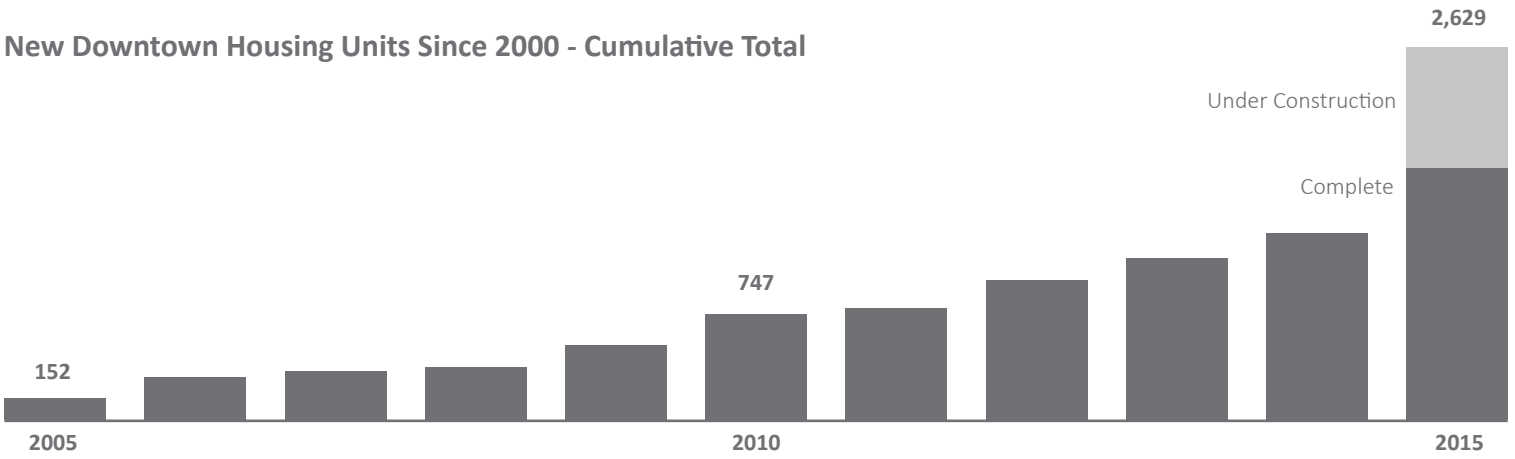
Bag Factory Apartments also represented the 26th housing project financed by CentreVenture. Since 2000, 60% of all new housing units in the downtown have been financed through CentreVenture's Urban Development Bank lending stream, a critical tool for growing downtown Winnipeg's residential population.

'Live Downtown', the newest provincial/city TIF incentive program was launched at the end of 2014. CentreVenture aggressively marketed the program and helped numerous development consortiums through the application process. Review and due diligence on 8 applications took place in 2015.

In 2015, CentreVenture was asked by the United Way to participate in the 'Plan to End Homelessness' project as a member of their Housing Supply Working Group. The 'Plan' has established a target of creating 300 new housing units to address Winnipeg's homelessness challenge.



New Downtown Housing Units Since 2000 - Cumulative Total







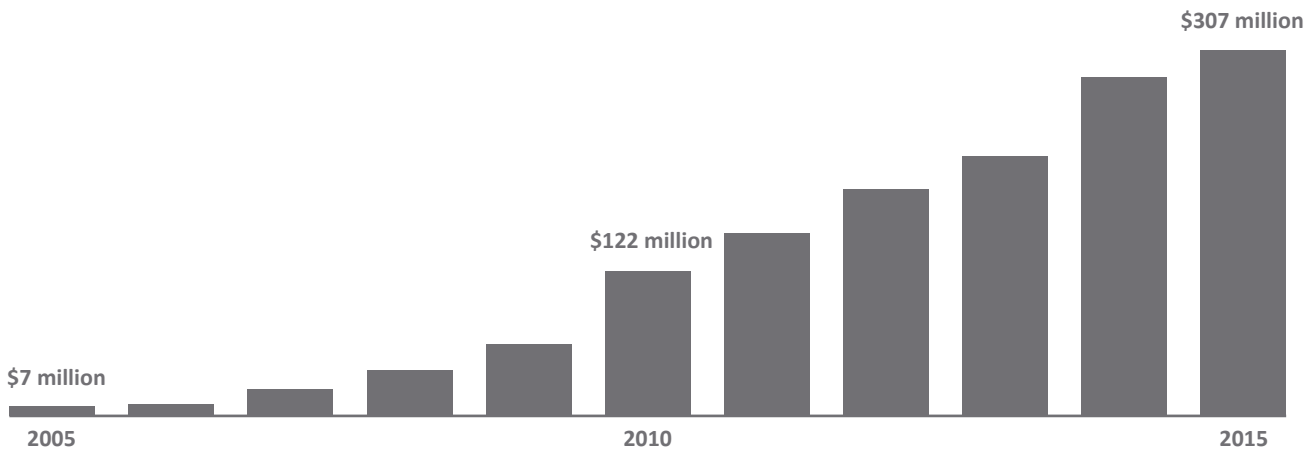
generating positive returns

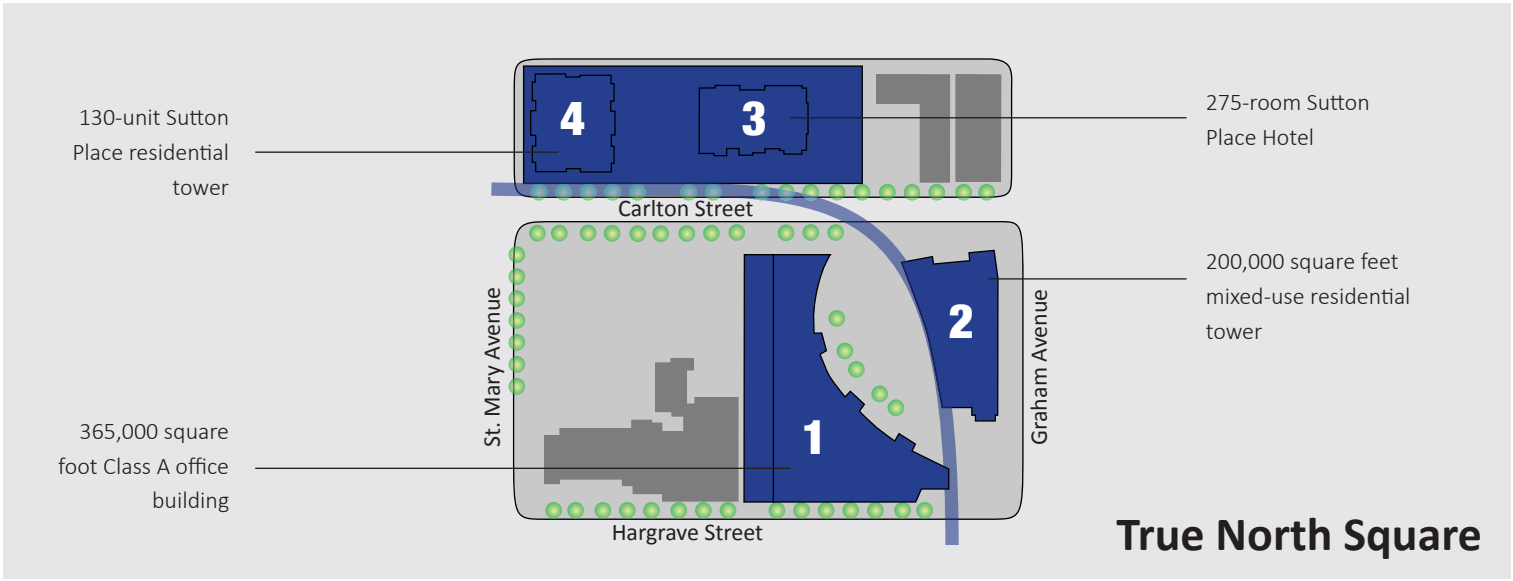
CentreVenture's activities continued to create positive economic and social impacts for the downtown, and increasing financial returns for the City of Winnipeg. Revitalization projects supported and leveraged by CentreVenture now have an incremental property assessment value of over $300 million. By 2015, $4.7 million a year in incremental property taxes (municipal and provincial) are being generated from completed projects, with more projects announced and under construction. Projects developed in the downtown take advantage of existing infrastructure and services, representing an even greater return when all municipal costs are taken into account.

On June 30, 2015 Centre Point officially opened it doors. Developed on the site of the former A&B Sound Building which was purchased by CentreVenture in 2010, this project joins the adjacent Credit Union Central Building and MEC, two previous CentreVenture land assembly projects. Further down Donald Street, the Masonic Temple is also undergoing a full interior renovation for hospitality use.

Centre Point, a mixed-use development covering one city block, includes 80,000 square feet of Class 'A' office space, a 160-room boutique hotel, two restaurants with patios, a 450-stall parkade, and a 195-unit condominimum tower. The project is home to Stantec's Manitoba headquarters, formally located on Waverly Street. Group Germain Hotels from Quebec opened their first ALT hotel in western Canada as part of this signature development. The total private sector investment in CentrePoint was $130 million, with a $357,000 net community investment from CentreVenture's Urban Development Bank.

Incremental Assessed Value of CentreVenture Supported Projects





True North Square, the largest commercial development in downtown Winnipeg history was unveiled in 2015. The project is comprised of four towers: a 17-storey, 365,000 square foot Class A office building; a 24-storey, 200,000 square feet mixed-use residential tower; a 27-storey, 275-room Sutton Place Hotel, including indoor swimming pool, fitness centre, spa and conference facilities; and a 17-storey, 130 unit Sutton Place residential tower.

The entire development will be centred on a new public space, designed with year round programming such as concerts, ice-skating, food markets and other events. The total private sector investment in True North Square is over $400 million, with a net $4.2 million community investment from CentreVenture's Urban Development Bank for the acquisition of the former Carlton Inn site.

In 2015, CentreVenture transferred title of the St. Regis Hotel to Fortress Real Developments under a Development Agreement. The development proposal includes a 625-stall parkade with 61,700 square feet of commercial office. The project is to commence development in 2017, providing much needed parking in the burgeoning Sports, Hospitality, and Entertainment Distrcit (SHED). CentreVenture's net community investment from the Urban Development Bank in this project is $396,000.

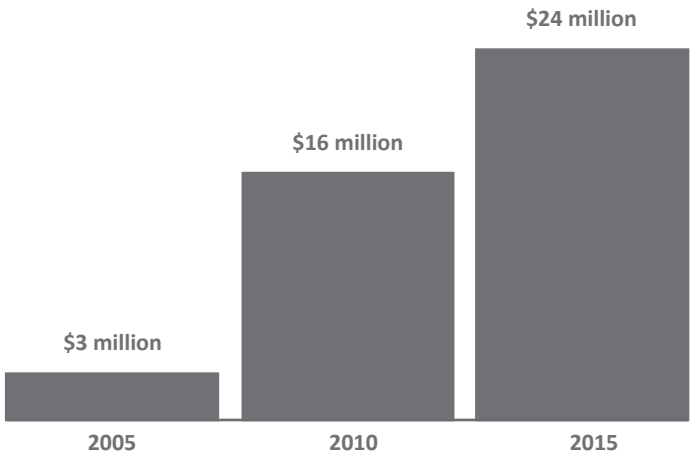
As well, in 2015 the Corporation sold the Centre Village housing complex to The Manitoba Housing and Renewal Corporation (MHRC). Developed by the CentreVenture in 2010, Centre Village is a 25-unit project providing affordable housing for immigrant and refugee families. Under MHRC ownership, the project will continue to provide much needed housing in downtown's Central Park neighbourhood. CentreVenture's net community investment from the Urban Development Bank in this project is $232,000.

What is the Urban Development Bank?

The Urban Development Bank is CentreVenture's most unique tool, and unique in Canada. Originally capitalized with $10 million by the City of Winnipeg, the Urban Development Bank makes community investments in downtown revitalization projects through grants, planning studies, and the assembly and marketing of strategic downtown properties for redevelopment, in partnership with the private sector.

CentreVenture's Urban Development Bank also provides loans for downtown development projects in the form of first and second mortgages. CentreVenture administered 14 active loans in 2015, with a $10.6 million total end-of-year balance. No new loans were approved in 2015. Due diligence was conducted on 2 loans in 2015. Since 2000, the Corporation has provided $24.0 million in loans for 49 downtown development projects, with a current total loan-loss of only $60,500.

CentreVenture Cumulative Total Loans









CentreVenture's PUSH pilot program, supported by the Province of Manitoba, was established as part of a broader effort to activate ground floor storefronts in downtown Winnipeg. The program matches building owners with up-and-coming creative entrepreneurs to establish new destination and shopping experiences. Once a match is made CentreVenture assists the entrepreneur to establish their space, including minor tenant improvements, navigating regulatory processes such as occupancy permits, and signage and marketing support. Rent for the first three months is partially subsidized through the PUSH program.

Three PUSH locations were established in 2015, for a total program investment of $35,000. Lennard Taylor opened at 223 McDermot Avenue. This fashion designer and retailer found success at this location and signed a long-term lease. Verde Terrariums opened in the Crocus Building at the corner of Main and Bannatyne and extended their lease in the space. Specializing in plant and flower design, this retailer also hosts maker workshops attracting people downtown in the evenings. OAK and OAR, clothing manufacturer and retailer, opened their shop at 255 Vaughan Street. They were successful and CentreVenture is assisting them to find a permanent shop in the downtown.

ground floors getting greater

CentreVenture's SHED and Exchange District façade and storefront improvement pilot programs provide modest matching capital grants for professionally designed exterior building upgrades. The goal is to animate the ground floor level of downtown buildings to increase pedestrian traffic and sense of place. By 2015, 23 buildings received approval for grants through the programs, supported by the City of Winnipeg and Province of Manitoba. Thus far, $453,832 has been committed to projects, leveraging over $3.8 million in private sector investment.

The most notable storefront unveiled in 2015 was complete redevelopment of 274 Garry Street into the extremely successful 'The PINT Public House'. CentreVenture worked closely with Venexo Corporation and Urban SPRG Hospitality, from Vancouver, to move this hospitality concept to Winnipeg in the heart of the SHED.

In 2015 The Exchange Business Improvement Zone honoured CentreVenture with an Award of Distinction for the façade improvements made in the Exchange District.





Through 2015, the northwest corner of Graham Avenue and Kennedy Street underwent a major transformation. This formerly vacant shop was renovated inside and out, including new exterior cladding. Larger, inviting storefront windows now invite patrons into the new, hip Thom Bargen coffee shop. The $270,000 exterior renovation of this building was supported with a storefront improvement grant of $35,000.





In 2015, the Metropolitan Entertainment Centre raised a new heritage marquee sign on Donald Street. This addition further animates this signature street in the Sports, Hospitality, and Entertainment District (SHED), which has also undergone an entire streetscaping facelift. CentreVenture's storefront improvement program contributed $20,000 to this $83,000 sign.



$3.8 M

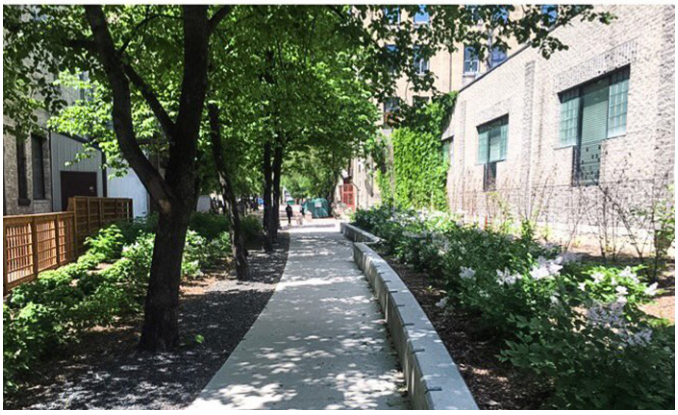
in private sector investment leveraged through storefront improvment programs

In 2015, Garry Street, between Portage and Graham saw a number of heritage facade improvements. 289 Garry Street was the most substantial, with the complete rehabilitation of this building, currently home to NADI Design. The front face of the building underwent a total makeover with new paint, windows and an inviting street-level entrance.

In addition to the significant renovation of The Pint, four neighbouring heritage building owners on Garry Street got together to install a coordinated architectural lighting plan, improving the evening appearance and safety on this emerging street. The private sector invested $3.2 million in redevelopment projects on Garry Street, with CentreVenture contributing $71,000 toward storefront improvement components.







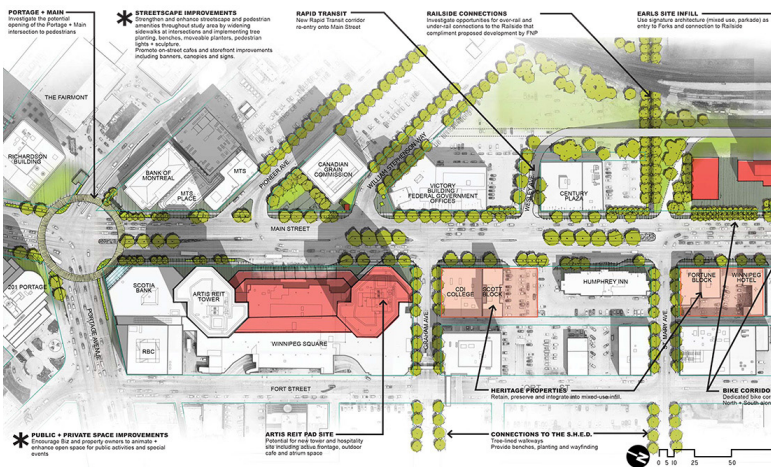
Creating great neighbourhoods, one-by-one, creates a great downtown. Over the last several years, in close collaboration with The City and Province, CentreVenture has led the creation of number of district strategies. These strategies aim to provide a cohesive vision for marketing the potential of emerging districts and targeting TIF investments in neighbourhood and public realm improvements, in order to influence and drive private sector investment.

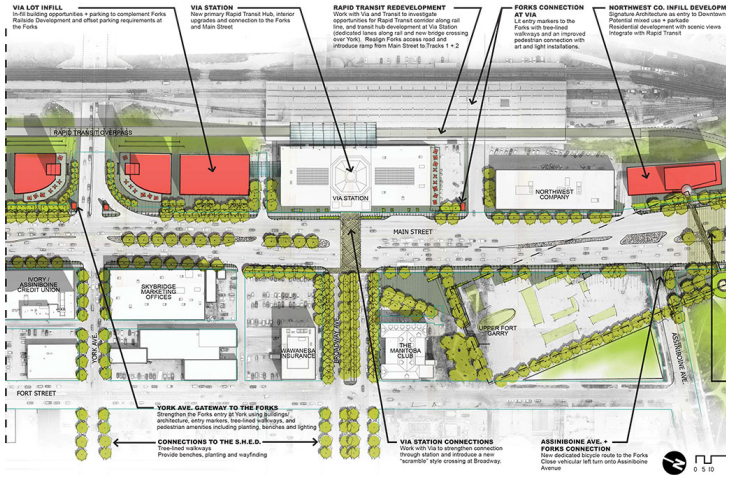
The Exchange Waterfront Neighbourhood Development Plan (EWNDP) builds on the successful plan developed and executed by CentreVenture and The City for the creation of the Waterfront Drive. Through EWNDP, $7.8 million in TIF will be invested in public realm improvements in the Exchange Waterfront Neighbourhood. At the end of 2015, Phase Two of the EWNDP was completed, with a total cumulative investment of $1.6 million.

Bertha Street, a former loading alley, has been upgraded to a safe north-south pedestrian connection, including new paving and sculptural lighting that will be replicated in other parts of the neighbourhood. John Hirsch was significantly improved, providing a new fully landscaped pedestrian connection between Waterfront Drive and Bertha Street.

Neighbourhood improvements are having a big impact. Since the development of Waterfront Drive in 2004, 561 housing new units have been created or are under construction in the East Exchange.

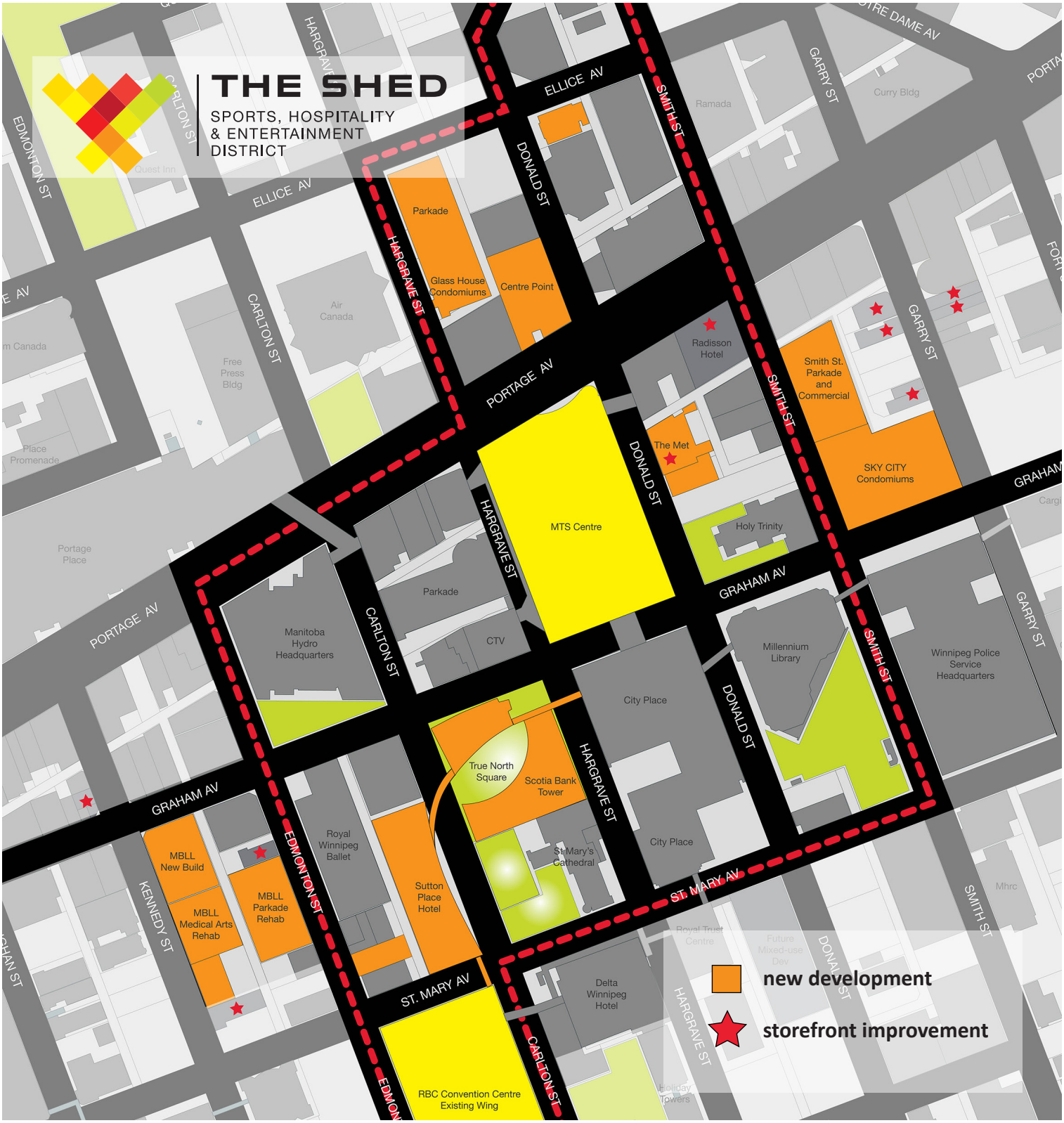
neighbourhoods transforming







In 2015, CentreVenture continued to explore opportunities for further density and intensification along South Main Street. An initial concepts consulting report was completed through CentreVenture's Urban Development Bank and the Corporation formed a collaborative partnership with the University of Manitoba City Planning Department. Through the fall of 2015, first-year Planning Students consulted with CentreVenture and conducted a series of analyses for the redevelopment potential of the area. It was a creative exploration of the possibilities. The Department and the CentreVenture agreed to pursue other potential collaborations in the future.



In 2015, Phase One of public realm investments in the Sports, Hospitality and Entertainment District (SHED) were completed. This included a total cumulative investment of $6.2 million in new streetscaping on Donald, Graham, and Hargrave. Archetypal pedestrian-scale lighting, street furniture, new sidewalks, and plantings were installed throughout these corridors. The Corporation also prepared a SHED Phase Two investment plan for government review and adoption in 2016.

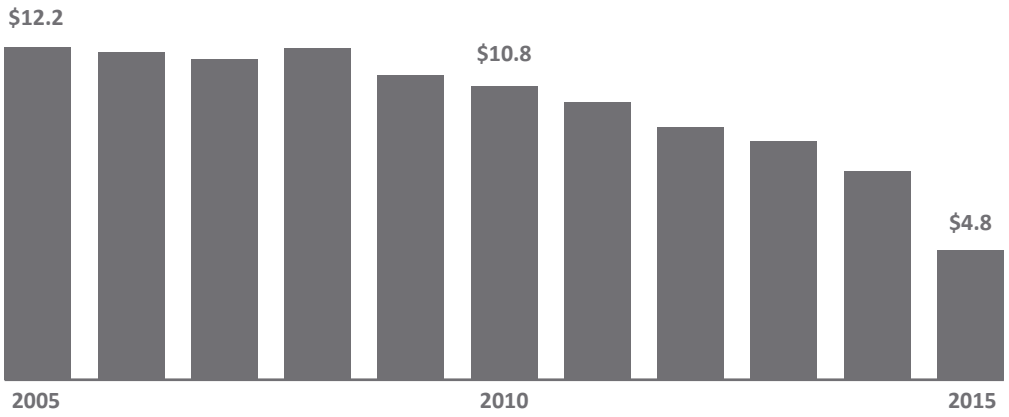
The SHED vision and public realm enhancements have been a powerful tool to draw the attention of the private sector. It shows the commitment on the part of governments and the community to building a better downtown, and investors have taken notice. By the end of 2015, completed private investment in the SHED reached $169 million, with a further $694 million announced and planned for future years in the district and along its Graham Avenue spine.

corporate financials

The change in the Corporation's financial position from 2014 to 2015 reflects the direction established in CentreVenture's 2014-2016 Business Plan presented to City of Winnipeg Council on June 25, 2014. The Corporation's plan contemplates that net equity will be gradually reduced as a result of community investments from the Urban Development Bank that contribute to the revitalization of Winnipeg's downtown.

By the end of 2015, the net equity of CentreVenture stood at $4.8 million after the Corporation's net investment in the acquisition and sale of 220 Carlton Street for the development of a new 4.5-star hotel, an important requirement for municipal and provincial financing of the RBC Convention Centre expansion. If it were not for this extraordinary, but critical community investment, CentreVenture's net assets would stand at approximately $9 million, only $1 million less than its founding balance of $10 million, after 15 years of operations and community investments in over 120 projects.

CentreVenture's community investments have created significant value in the downtown both socially and environmentally, but also economically and financially for the City of Winnipeg and Province of Manitoba. Properties directly funded through CentreVenture's Urban Development Bank have seen dramatic increases in assessed value post redevelopment, providing significant corresponding incremental tax return to governments. This analysis is a critical component of CentreVenture's business case review for all its community investments.



CentreVenture Net Assets (millions)

The Statements of Financial Position and Operations included herein are excerpts from the Corporation's financial statements audited by KPMG. The complete 2015 audited financial statements and accompanying notes are available online at www.centreventure.com.

CENTREVENTURE DEVELOPMENT CORPORATION

Consolidated Statement of Financial Position (in thousands $)
December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Restricted cash	1,513	3,569
Accounts receivable	1,124	1,042
Prepaid expenses	4	34
Property held for resale	797	797
Current portion of mortgages receivable	863	985
Current portion of loans receivable	4,447	3,479
Current portion of SHED project receivable	803	416
	9,551	10,322
Mortgages receivable	4,867	1,897
Loans receivable	1,860	3,295
SHED project receivable	5,536	4,333
Investment in hotel properties	6,558	11,601
Capital assets	5,152	8,383
	33,523	39,830
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Bank indebtedness	9,579	12,894
Accounts payable and accrued liabilities	438	520
Payable to STR Properties Inc.	3,933	-
Current portion of long-term debt	587	2,460
	14,537	15,874
Long-term debt	9,208	9,789
Forgivable loans	3,771	5,253
Deferred contributions		
Expenses of future periods	720	829
Capital assets	535	392
	1,255	1,221
Net assets:		
Invested in capital assets	846	843
General operations	(200)	(20)
Urban Development Bank	4,106	6,872
	4,751	7,694
Commitments		
	33,523	39,830

CENTREVENTURE DEVELOPMENT CORPORATION

Consolidated Statement of Operations (in thousands $)
Year ended December 31, 2015, with comparative information for 2014

	General	Urban Development Bank	2015 Total	2014 Total
Revenue:				
Grants:				
City of Winnipeg:				
Operational grant	100	-	100	300
Downtown residential development grant	-	13	13	13
Homelessness Partnering Project	-	117	117	438
SHED project	-	981	981	829
Province of Manitoba:	-	-	-	-
Winnipeg regeneration strategy grant	-	238	238	208
SHED project	-	981	981	829
Urban development initiatives grant	-	2,590	2,590	-
Designated grants	-	128	128	244
Amortization of deferred contributions	-	302	302	310
Interest	486	-	486	358
Commissions and development fees	160	0	161	309
Rental	41	590	631	652
Loss from investment in hotel properties	-	(5,043)	(5,043)	(391)
Gain on transfer of operations	-	172	172	-
Other	-	4	4	-
	787	1,073	1,861	4,100
Expenditures:				
Administration	25	2	27	51
Amortization	13	473	486	503
Bank charges and interest	2	211	212	252
Interest on long-term debt	-	405	405	415
Cost of properties	-	89	89	80
SHED project expenditures	-	1,624	1,624	1,331
Grants paid out-designated revenues	-	148	148	244
Wages and benefits	733	-	733	841
Insurance	18	20	38	36
Office	127	-	127	124
Professional fees:	-	-	-	-
IT and other	20	-	20	13
Accounting, legal and transaction	36	82	117	117
Marketing	7	-	7	30
Project development	-	291	291	232
Rental properties	-	469	469	905
Community investment	-	10	10	10
	981	3,823	4,803	5,187
Deficiency of revenue over expenditures for the year	(193)	(2,750)	(2,943)	(1,087)
Allocated to:				
General operations	(180)	-	(180)	(117)
Urban Development Bank	-	(2,751)	(2,751)	(777)
Invested in capital assets	(13)	1	(12)	(193)
Deficiency of revenue over expenditures for the year	(193)	(2,750)	(2,943)	(1,087)



centreventure
development corporation
88 - 333 St. Mary Avenue
Winnipeg, MB, Canada R3C 4A5
Telephone: (204) 954-7733
www.centreventure.com