

Message from the Chair

2006

With 2006 drawing to a close, we are pleased to provide you our annual report which gives a summary of our activities this year.

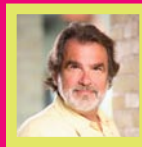
Progress continues in our two focus areas. At The Forks, the new skateboard plaza opened to considerable public and critical acclaim, while the successful completion of two small housing projects north of Portage shows that optimism for a residential rebirth in the heart of our city is well placed. We are committed to strengthen and consolidate these gains in the coming year.

On behalf of the Board of Directors, I would like to express our sincere thanks to the persons and organizations that worked with us to make this year, as so many in the past, such a success. Special mention must be extended to the CentreVenture organization. Without their resolve and support, the skateboard plaza would not be. We look forward to continuing our relationship with this sister organization in the future.

The support of our shareholders is crucial to our achieving the objectives set out in our mandate: to the Honourable Vic Toews, Minister of Justice, the Honourable Steve Ashton and His Worship, Mayor Sam Katz – thank you.

The success of any organization depends on the commitment, effort and diligence of its staff. To the senior management team lead by Jim August and all the support staff: it is you who continue to make The Forks the premiere attraction it is in our province and it is you who will make our goal of revitalization of the core of our city a reality. To all of you, a sincere thank you.

Finally, again on behalf of the entire Board of Directors, I want to note two individuals whose contributions deserve special mention. To William Norrie, QC, outgoing Chairman of the FNP Board for his long untiring commitment to the City of Winnipeg, and to Jim Burns of Great West Life whose generous donation made the Skateboard Plaza possible, a very very special thank you. We will build on your example.



Rick Bel
CHAIR

Message from the CEO

We have had a dynamic year at The Forks North Portage Partnership as our downtown continues to grow and change. Just outside our Carlton Avenue office windows, we marvel at the construction of the Manitoba Hydro Building and the potential it will bring. The success of The MTS Centre has brought new life and energy to the street, with sporting events and a wide variety of outstanding concerts. We have seen continued revitalization, from the Millennium Library to the condominiums along Waterfront Drive. At the same time there are challenges to be addressed, with some key buildings along Portage Avenue awaiting redevelopment.

In our North Portage neighbourhood we completed an award-winning loft-style residential project with all units sold prior to project completion. This reinforces our belief that we need additional mid-priced well-designed housing units downtown. Next door, at the Raleigh Apartments, we have a new owner who is carrying out a million dollar renovation to this 30-unit apartment building. The sense of community in this tiny block is encouraging and includes neighbours such as Booth College and the renovated and expanded Isbister School (Winnipeg Adult Education Centre).

IMAX® Theatre underwent a major transformation in December 2005 with the introduction of an IMAX® 3D projection system. This entertainment venue is now enjoying a resurgence in popularity evidenced by walk in traffic and hundreds of school groups.

At The Forks we continue to be the number one tourist destination in Winnipeg. We are proud of that and work to ensure that we maintain high standards in The Forks Market and throughout the site. Survey results collected in summer 2006 show public satisfaction ratings in the 90% range.



Jim August
CHIEF EXECUTIVE OFFICER

MISSION

North Portage - Shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, commercial and institutional, recreational, educational, and entertainment facilities.

In the North Portage neighbourhood we strive to fulfill our mission of a mixed-use community, one where people live, work, shop and are entertained. This year, several significant projects and events have laid the groundwork for the future of this important community, one that impacts the overall growth of a healthy, vibrant city.

Affordable, interesting housing projects in our downtown continue to be a priority for The Forks North Portage Partnership. This year we completed a pilot project known as Website. The seven funky loft units situated on a tiny piece of land just off Webb Place are completely sold out. The project's success and the model used for development will be utilized in our future housing plans.

Adjacent to Website are The Raleigh Apartments, part of the downtown landscape since the 1930s. This year we applied for and were granted a RRAP program to upgrade the property. In 2006 the project was sold, allowing us to free up funds to further invest in other projects.

Within Portage Place, IMAX® Theatre underwent a major transformation in December 2005 with the introduction of IMAX® 3D. The conversion to the “eye-popping and immersive” format cost just over \$1.4 million. The venue, which has struggled in the past to meet revenue forecasts is experiencing

success with the new format, with first-run IMAX® films and Hollywood conversions. Additional plans for the future include new seating and a renovated lobby. IMAX® continues to perform extremely well in the



area of educational programming, with over 40,000 students attending in the last school year.

In the last year, we have been working with the Institute of Urban Studies (IUS) and Downtown BIZ along with other interested parties to create a Downtown Report Card. This report will provide an annual update with data on the status of downtown Winnipeg and comments on attitudes and



opinions of those living and working in the downtown. The first annual Downtown Report Card will be released in late fall 2006.

Over the previous year we have worked closely with the University of Winnipeg Community Renewal Corporation, chaired by Dr. Lloyd Axworthy. We have provided financial management and bookkeeping services, as well as undertaken project feasibility and real estate advisory advice on housing and other development projects being considered by the board.

In summer 2006, TFNPP completed the sale of its land under the Investors building to Investors Group. The \$6 million sale of the land creates a fund to be invested back into future development.

Parking revenues at Portage Place, a major source of income for TFNPP, fell slightly over the previous year, perhaps in response to warmer conditions but most likely as a result of ever-increasing gas prices.

We continue to monitor the rates and the competitiveness of the facilities in order to respond quickly to market changes.

As we look to the future we are excited by challenges and opportunities along Portage Avenue and the energy coming from organizations like the Downtown BIZ, CentreVenture and The University of Winnipeg.

MISSION

The Forks - Shall be developed as a 'Meeting Place,' a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential, and institutional and supportive commercial uses.

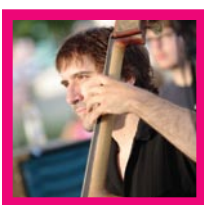
The Forks continues to be the meeting place for Winnipeggers and tourists alike. Topping four million visits a year, with over 200 events, the site is open 365 days a year, 24 hours a day. In fact, 97% of those surveyed this summer are satisfied with the experience they have at The Forks.

Those survey results, collected from 600 individual interviews in July, show exactly

how much The Forks means to those who visit us: 90% of visitors are satisfied with the services and products offered by The Forks Market, 32% visit us nine times or more in a six month period; nearly 70% visit us in the winter as well as the summer, with skating and walking being the most popular activities in those months; and 95% of respondents continue to feel that The Forks is well run

and well managed. While the results are extremely positive, we continue to work to improve the site.

Also, within the survey, 73% of respondents told us they think our newest addition to the site, The Plaza, is a good one. The Plaza at The Forks opened with great fanfare and media attention on June 30, 2006. Already dubbed one of the best



skateboard parks in North America by professional skaters and designers. The Plaza has welcomed over 100,000 skateboarders and spectators in just a few short months. The 44,000 square foot park integrates seamlessly into the site and provides a new level of entertainment to the site. The entire project was made possible through a \$1.9 million donation by the James Burns Family Foundation and \$400,000 from CentreVenture.

The inaugural Skate Camps at The Forks were a great success, made possible through the generous support of Investors Group.

The Forks Market certainly benefited from the nearly 10% increase in foot traffic. The Forks Market celebrated its 16th anniversary in 2005 with an increased emphasis on fresh food. A study conducted in December 2005 indicated that fresh food was among the top five reasons visitors came to The Forks Market. With residential developments along Waterfront Drive and in Saint Boniface, the availability of fresh meats, produce and baked goods are an important offering.

Restaurants at The Forks continue to be major attractions and our fast food tenants have received rave reviews. Tenants of The Forks Market continue to provide a unique shopping experience providing one-of-a-kind items.

The Inn at The Forks underwent a renovation this summer in their fine dining restaurant, The Current. Voted last year as one of the top 10 in Winnipeg, the project was completed in late spring 2006.

The Manitoba Children's Museum (MCM) and Manitoba Theatre For Young People (MTYP) both continue to report strong attendance at their venues, with MTYP's season being one of the best attended yet. MCM continues to fundraise to update their building with new attractions.

The Canadian Museum for Human Rights (CMHR) continues its fundraising efforts

with over \$200 million committed to date. We will work closely with CMHR to ensure all of the site's needs are met during and after construction including transportation and parking options.

The Forks is known not only as a place to meet, but a place where you can always find something interesting to see and do. This year there was much to see and lots to do.

Arctic Glacier Winter Park continues to build on our commitment to celebrate winter in Winnipeg. With Arctic Glacier as our title sponsor, and generous support from Scotiabank, Investors Group, Great West Life and many others, we now offer a three month long celebration of winter.

This year, we began to partner more closely with Festival du Voyageur to add the joie de vivre to all of our celebrations. The Park featured 1.2 kilometres of skating trails, an Olympic-sized skating rink, 10,000 lights, snow sculpting clinics, Aboriginal storytelling, a toboggan run, a custom designed



snowboarding hill and our traditional Scotiabank Family New Year's Eve event. Assiniboine Credit Union River Trail included an additional seven kilometres of trails on the river and six full weeks of programming.

Our Summer Concert Series Live on the Scotiabank Stage was again a huge success, highlighted by our Signature Event, Canada Day at The Forks, presented by Rogers. Drawing nearly 100,000 people to The Forks, the day was a huge success with family

activities throughout the site and a tribute to local bands from five decades on the stage. The Plaza at The Forks, opened just a day before, introduced many to the art of skateboarding.

We continue to partner with third party events to bring innovative programming to the Scotiabank Stage with events such as Kidstock, the official opening of The Plaza, the kickoff of Folklorama and the finale for the Indigenous Tribal Village.

Summer at The Forks isn't complete without dancing and music. We introduced two new series this summer, Move and Groove with the Winnipeg Jazz Orchestra and Salsa Sundays. While we continue to search for a title sponsor for Salsa Sundays, Move and Groove is supported by The Winnipeg Foundation. Both series proved to be very popular and we plan to bring them both back next year.

The weather in summer 2006 cooperated more so than it has in the past few years. The Splash Dash Water Buses were in the water for the entire season with over 25,000 riders. The exhibit which featured the often forgotten history of Women in the Railway attracted the interest of hundreds of visitors.

The Forks Foundation, whose mission is “to raise funds to support and enhance historical, cultural and public amenities at The Forks”, completed its first full year of operation. In the past year, The Foundation provided financial support for the new Skateboard Plaza as a result of the very generous donation received from the James Burns Family Foundation. The Foundation was also able to support the new Move and Groove Jazz series with a grant from The Winnipeg Foundation. For the future, the Foundation's fund development plan will fundraise for lead projects in several thematic areas: heritage interpretive projects depicting the history of the forts in The Forks area, supporting educational archaeology programs, enhancing the natural environment and supporting Aboriginal programs.

THE FORKS NORTH PORTAGE PARTNERSHIP BOARD OF DIRECTORS



Left to Right:
Rick Bel – Chair, Sandy Chahal,
Michael Nozick, Wayne Onchulenko,
Rosemary Chambers, Charlene Shatsky,
Jeff Rabb, Leonard Harapiak,
Daniel Boucher, Marv Tiller

THE FORKS NORTH PORTAGE PARTNERSHIP SUMMARY OF FINANCIAL INFORMATION

Balance Sheet	March 31, 2006		March 31, 2005		
	(in thousands)		(in thousands)		
Assets	Liabilities				
Current	3,193	3,839	Current	5,232	5,252
Other	554	612	Long Term	28,236	27,184
Fixed	22,624	21,148			
Properties & Infrastructure Enhancements	66,323	66,572	Equity	59,226	59,735
	92,694	92,171		92,694	92,171

Statement of Income/Loss	2006		2005	
	(in thousands)		(in thousands)	

	North Portage Site	The Forks	IMAX® Theatre	Total	Comparative
Parking					
Revenue	2,953	818		3,771	3,720
Expense	1,444	279		1,723	1,828
	1,509	539		2,048	1,892
Land Lease	1,461	197		1,658	1,648
Forks Market					
Revenue		1,717		1,717	1,537
Expense		1,614		1,614	1,634
		103		103	(97)
IMAX® Theatre					
Revenue			828	828	839
Expense			1,211	1,211	1,230
			(383)	(383)	(391)
Administration					
Interest	65			65	62
Expense	482	551		1,033	995
	(417)	(551)		(968)	(933)
Rental					
Revenue	487			487	489
Expense	344			344	327
	143			143	162
Sponsorship					
Revenue		204		204	224
Expense		97		97	96
		107		107	128
Events					
Revenue		53		53	33
Expense	25	338		363	391
	(25)	(285)		(310)	(358)
Forks Site					
Recoveries	179			179	158
Expense	910			910	966
	(731)			(731)	(808)
Planning & Development	(190)	(107)		(297)	(362)
Marketing	(192)	(256)		(448)	(409)
Miscellaneous	13	3	30	46	244
Income/Loss	2,302	(981)	(353)	968	716

COMMENTS



This financial information represents the consolidation of the results of three entities, North Portage Development Corporation, The Forks Renewal Corporation and The IMAX® Theatre at Portage Place and reflects positive income from the combined operations.

Revenues

Overall gross revenues have increased over the prior year. Although casual use parking revenues from the Portage Place parkade decreased during the year, revenues from our Place Promenade parkade as well as event parking revenue from the MTS Centre have increased. The Forks Market revenues have increased due to increases in customer traffic in the market, the inclusion of the admission revenues of the King Tut exhibit and rent increases due to lease renewals. Included in the 2005 miscellaneous income category are property tax refunds related to prior years as a result of successful appeals of the property tax assessment of The Forks Market.

Expenses

Overall expenses are down from the prior year. The decrease in overall parking expenses is due to the reduction in electrical consumption as a result of new energy efficient lighting installed in the Portage Place parkade.

Thank You
Our thanks and appreciation to our many community partners who help make all things possible:

Arctic Glacier Inc.
Audioworks
Amazing Cruises and Safaris
CentreVenture
CJOB
CN

Downtown Winnipeg BIZ
Festival du Voyageur
Folklorama
Government of Canada
Guppy Graphic Design

Holt Renfrew
Inn at the Forks
Investors Group
James Burns Family Foundation
Johnston Terminal
Marwest Group of Companies
Muddy Waters
Molson Canada
Nature Conservancy of Canada
92CITI FM
Parks Canada
PMA
Province of Manitoba
Q94 FM/1290CFRW/BOB FM
Rail Travel Tours
Rivers West
Rogers
Salsa in the City Productions
Scotiabank
Starbucks Portage Place
SK8 Skates
The Bra Bar
The City of Winnipeg
The Great West Life
Assurance Company
The Winnipeg Foundation
University of Winnipeg
VIA Rail
Winnipeg Jazz Orchestra
Winnipeg Railway Museum
Western Economic Diversification
White Buffalo Spiritual Society
Winnipeg Symphony Orchestra
Winnipeg Free Press
Winnipeg Sun



THE FORKS NORTH PORTAGE PARTNERSHIP



2006

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