

To Our Shareholders

As I reflect on 2004, it is clear to me that it was one of the most satisfying and pivotal years in this company's 28-year history. We saw the culmination of several years of

significant effort, and the completion of a strong foundation from which we can drive our business to new levels.

Today we have both the organizational and the financial structure needed to pursue our objective of capitalizing on our management expertise, systems and sizeable customer base. We have taken steps that will enable us to operate and grow the company more on the basis of selling our management expertise and business systems than through the use of our capital. We will operate along these lines into the future.

We are very pleased with our overall financial results in 2004. Total revenue and Total Company EBITDA (earnings before interest, income taxes, non-controlling interest, depreciation and amortization) of \$1.6 billion and \$268 million, respectively, were both records for us, by a wide margin. Earnings per share increased to \$1.25 from \$0.73 last year. These results, and the reorganization of our real estate business with the Leisura partnerships, enabled us to generate \$293 million in free cash flow, also a record, which we used to pay down debt (free cash flow is cash flow from continuing operating activities less cash for resort capital expenditures). At the end of 2003 we had net debt of \$1.1 billion, which we significantly reduced to \$849 million in 2004. With earnings momentum and a more conservative balance sheet, Intrawest has never been in a stronger position than today.

Many significant achievements mark our progress to this point: in the late 1970s we established our reputation as an innovative and successful real estate development company; in 1986 we acquired Blackcomb Mountain, our first resort; in 1990 we took the company public; and in 1994 we sold our urban real estate portfolio and became a purely leisure-based company intent on building a network of resorts.

In the 1990s our mission was clear: We set out to build on our operational and village-development achievements at Blackcomb and Tremblant and to transfer that expertise to other North American locations. In doing so, we would create a network of resorts. By the end of the decade, this goal was essentially complete – about five years sooner than I initially expected.

4 In the first three years of the current decade, we set out to take advantage of our network of resorts and our growing customer base by linking them in an intelligent and systematic manner. We will strive for continuous improvement in this area, but the framework required to pursue this objective is now in place and operating well. This includes common accounting and information platforms, powerful reservation and contact-center capabilities, as well as an understanding of who our customers are and how we communicate with them and market to them. Of greatest importance, however, was the organization of our most valuable asset – our human resources.

Intrawest's people are entrepreneurial and hard-charging individuals, each with strong ideas as to how to move forward. In 2004 we succeeded in both harnessing and directing this energy. We made a momentous change by creating, from among our many operating entities, two distinct groups – the Leisure and Travel Group, led by Dan Jarvis and Hugh Smythe, and our Real Estate Development Group, recently branded "Intrawest Placemaking," led by Gary Raymond. Reports providing detail on the objectives and activities of these groups follow this message.

Prior to reorganizing, we were many different divisions with many different leaders. Having now brought our leadership together under two entities, we are significantly better equipped to take advantage of scale from both a cost and marketing perspective, thus paving the way to growth.

Another challenge we tackled during the past three years was to strengthen our balance sheet. In the prior decade we invested a substantial amount of money in expanding our network of resorts and then improving the resorts' amenities. We built ski lifts and golf courses and started the process of building villages at each of our resorts. With respect to the operational assets the bulk of the investments are now behind us. The story is quite different with respect to our real estate development activities.

In the pre-construction phases of the real estate development process, we spend money on the planning and design of buildings. We then put a marketing plan together and sell our product prior to construction, thereby mitigating the risk of unsold inventory. This has proven to be a great formula because we commit financial resources only after we have a sale. However, the dilemma we created was that the more we sold, the more we built. On the one hand this was tremendous news and very profitable. On the other hand it was a big user of our working capital. So we asked ourselves, how do we grow our real estate business while at the same time make it a cash generator, not a cash user?

We answered this question with the creation of the Leisura partnerships in conjunction with two large North American financial institutions. These partnerships now provide the capital required to fund our larger real estate development projects, thus allowing us to conserve cash and strengthen our balance sheet, while still growing.

The bottom line is that with the Leisura partnerships in place and with the “heavy financial lifting” at our resorts virtually complete, we have accomplished a dramatic shift from a capital-based model to an expertise- or management-based one.

Our recent investment in Abercrombie & Kent is an example of our revised operating model. Over the past 40 years, Geoffrey and Jorie Kent have built Abercrombie & Kent into the number-one luxury adventure-travel company in the world, operating in more than 70 countries. It was clear to them and to us that linking their product with our customer base and distribution system would deliver immediate benefits to both companies. This relationship is not about Intrawest’s capital but rather our capabilities.

As we assess our capabilities and strengths we see opportunities to create shareholder value. Within our Leisure and Travel Group, our resort network has great potential as we make the transition to common management, systems and marketing. We expect that as we further diversify our income sources and emerge as the clear leader in the destination-resort/specialty-travel field, we will see a significant repositioning of Intrawest within the capital markets.

6 Intrawest Placemaking also holds tremendous potential. Our decision in 1994 to focus solely on the resort segment is proving prophetic. We have been able to capitalize on the business opportunity we identified at that time. Demand for resort real estate has increased steadily as the Baby Boomers seek sanctuary in resorts. Demand has also increased as the condominium hotel has become accepted by the major hotel brands, and resort property ownership has risen even higher on the wants-and-needs list of our clientele. Couple this with our move into warm-weather resorts and the completion of villages at Sandestin Golf and Beach Resort in Florida and MonteLago Village, Lake Las Vegas and we are just hitting our stride. Based on the performance of these villages, our branded systems are gaining considerable strength within the industry and this is providing a steady stream of development opportunities. We are sifting through these opportunities to find sites that provide both the economics and deal structure necessary to keep our capital investment to a minimum and profit at a maximum.

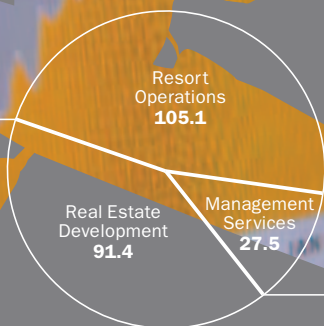
We have clearly established the leading resort development franchise in the industry with formidable barriers to entry. We are seeing more competition, but our competitors cannot match our 10-year head start in intellectual capital creation. Additionally, the market has many years of increasing growth ahead with the demographic wave bringing more people into their peak spending years.

We all experience events in life that we describe as defining moments – graduation, marriage, a new job, or the birth of a child. In the life of our company, 2004 will be remembered as just such a time of redefinition. I am immensely proud of the contributions that our people – at all levels – have made to our achievements of the past year. We have worked hard to create alignment within the company, creating opportunity for our people and delivering the very best leisure experiences for our customers. These efforts will create the platform from which Intrawest will move upward and this will translate into shareholder value.



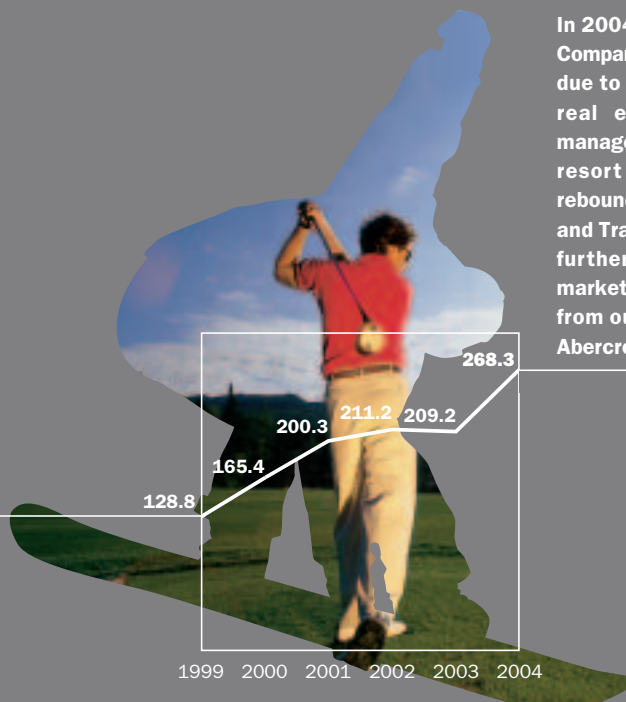
Joe S. Houssian
Chairman, President and Chief Executive Officer

**2004 Contribution
Segments (US\$ MILLIONS)**



In 2004 Intrawest began reporting separately the results of three distinct business segments: resort operations, management services and real estate development. This segmentation was initiated to identify the contribution made by our management services. This segment's relative contribution will grow rapidly as a result of our shift from a capital-intensive business model to an expertise-intensive one.

**Total Company
EBITDA**
(US\$MILLIONS)



In 2004 we achieved record Total Company EBITDA of \$268.3 million due to strong performances from real estate development and management services. We expect resort operation's EBITDA to rebound, supported by the Leisure and Travel Group's initiatives and further enhanced by the cross-marketing opportunities resulting from our strategic investment in Abercrombie & Kent.

Leisure and Travel Group

The formation of the Leisure and Travel Group has positioned Intrawest to become the clear leader in the destination-resort and specialty-travel industry. Having already built a unique network of village-centered mountain resorts, Intrawest has now demonstrated – with the success of Sandestin in Florida and MonteLago Village at Lake Las Vegas – the broad applicability of the village-centered concept to warm-weather locations. We also have a growing portfolio of golf course management contracts, a large resort lodging business, a high-end vacation ownership company and now, with the addition of Abercrombie & Kent (A&K), a network that includes the strongest brand in the luxury adventure-travel business. No one has a greater range of, or more expertise in, creating and delivering active, authentic, and above all, fun travel and leisure experiences.

Our Opportunity

We offer our guests an escape from their busy and sometimes stressful lives by providing enriching experiences that connect them to their friends, their families and themselves. In a single year we have millions of engagements with our customers and our opportunity in the role of guide changes with each experience. We have guides for the most challenging experiences – such as CMH Heliskiing – and the most exotic experiences – such as A&K safaris. We also have guides who can change a life forever by, for example, providing a teenager’s first day of snowboarding instruction. This is a unique position that we intend to build on by creating more ways in which we can help our guests get the most from their experiences; we intend to become the most trusted guide in the world of play.

The experiences we offer fall within the destination-resort industry, which includes both mountain and warm-weather resorts, and the specialty-travel industry, which comprises both adventure and active travel. These industries are large and growing but also highly fragmented. Most participants have weak sales distribution channels, limited offerings and lack the scale to be truly competitive. Unification of our operating businesses under the Leisure and Travel Group has given us a business platform that is competitively superior in our industry. We have the ability to offer innovative products and compelling loyalty programs with the support of superior distribution channels and technology. To lead this new group, we have assembled a remarkably talented team of executives from across our businesses.

The key elements of our strategy are set out below:

INCREASE THE BREADTH AND DIVERSITY OF OUR ASSETS AND BUSINESSES

The Intrawest of the future will have a broader range of businesses in order to diversify our sources of income and distribute it more evenly through the year. In addition, a greater diversity of experiences will give us more opportunities to interact with our customers throughout the year, and then to migrate them through our experiences as their interests change. These new businesses will fall squarely within the destination-resort/specialty-travel world where our competitive strengths lie, and they will share the characteristics that we describe in the following section. Where these businesses are capital intensive, we will bring in financial partners.

LEVERAGE THE COMMON CHARACTERISTICS AMONG OUR EXPERIENCES

The experiences we offer share a number of characteristics: They are active, authentic and engaging, whether physically, mentally or socially. The experiences are shaped by both the guests and Intrawest as well as by the experience level of the participants and the social interaction that occurs. The commonality among these experiences forms a platform that can be leveraged by marketing across our customer base, and it forms the basis for a distinctive customer positioning.

CAPTURE, MIGRATE, RETAIN

The types of experiences we offer provide the potential for exceptional lifetime value. Because our offerings are dynamic and have elements such as social interaction and learning, there is the potential for repeated engagement. We are also able to extend the duration of the relationships we have with our guests by first capturing them in one experience and then migrating them to many more. This is an economic equation that offers great rewards as we generate more first-time guests, retain them with exceptional delivery, and then successfully facilitate their migration from experience to experience.

Many of our customers already demonstrate a strong loyalty to many Intrawest businesses due to the strong passions and social/family traditions associated with them. With a broader range of experiences for the customer, the opportunity to build long-term relationships increases significantly. These connections are reinforced in a number of ways, particularly by real estate ownership and Club Intrawest membership. The new business platform gives us a significantly enhanced capability to extend the length and value of these customer relationships.

The new rallying cry and engine of growth for the Leisure and Travel Group is Capture, Migrate, Retain.

ACHIEVE OPERATIONAL EXCELLENCE AS A TOTAL BUSINESS

The expectations of our guests and the competitive world we serve demand that we constantly improve. To meet this challenge we have assembled teams across the company to drive the reengineering process and achieve operational excellence. Our goal is to deliver products to our customers with greater ease and speed, thus improving convenience and adding value. This means identifying which process is the best and establishing this discipline across our businesses. Our new operating model also allows us to reduce the overall cost structure and manage costs relative to revenues. Finally, it is designed to be scalable and quickly transferable to new resorts and businesses.

EXECUTE WITH DISCIPLINE

Successful companies formulate a clear strategic direction and execute in a disciplined manner. Over the past 10 years, Intrawest formulated and executed a village-centered strategy in a number of geographically diverse locations. To achieve this we attracted and developed operational experts who continually challenge our service delivery and demand discipline in how we execute. As we broaden our strategy, we will continue to place a high priority on combining entrepreneurial attitudes and enthusiasm with a focus on disciplined execution.

DEVELOP OUR PEOPLE

Our employees don't simply present our offerings – they live them. When interacting with our staff, whether in the course of skiing, golfing, making a reservation through an Intrawest contact center or simply exploring a resort, our guests discover that Intrawest employees have found an outlet for their passions in the role of guide; it's a natural fit and they are truly engaged. Among them are world-class athletes, experts in snow science and the environment – leaders in their fields. They know first-hand that unique memories are created when a guest skis their first black diamond run, breaks 90 on the golf course for the first time, or experiences a destination they had previously only dreamed about. We encourage our people to find opportunities to enhance the guest experience, to develop their careers and to participate in shaping their company.

PARTNER WITH PLACEMAKING

Our real estate development business, Intrawest Placemaking, is closely linked to the Leisure and Travel Group's new strategy. The most important link is the emphasis on building customer loyalty. Generally, our most loyal customers are our best prospects for real estate purchases and our real estate owners are some of the Leisure and Travel Group's best customers. Furthermore, we intend to use the new structure to offer real estate owners a broader set of privileges across our resorts and businesses. In addition, one of the biggest opportunities we share with Intrawest Placemaking is the expansion of our lodging management business.

DRIVE GROWTH IN EARNINGS

The enormous amount of creative energy that has been unleashed through the formation of the Leisure and Travel Group is bringing our talented people together and generating new and exciting opportunities. There will be a number of visible changes in the 2005 fiscal year, particularly with regard to new marketing initiatives. There will also be transactions designed to increase our management income and reinforce the new strategic direction. We are well on our way to establishing our new business model and with it will come sustained growth in earnings for our shareholders and new opportunities for our employees and our guests.

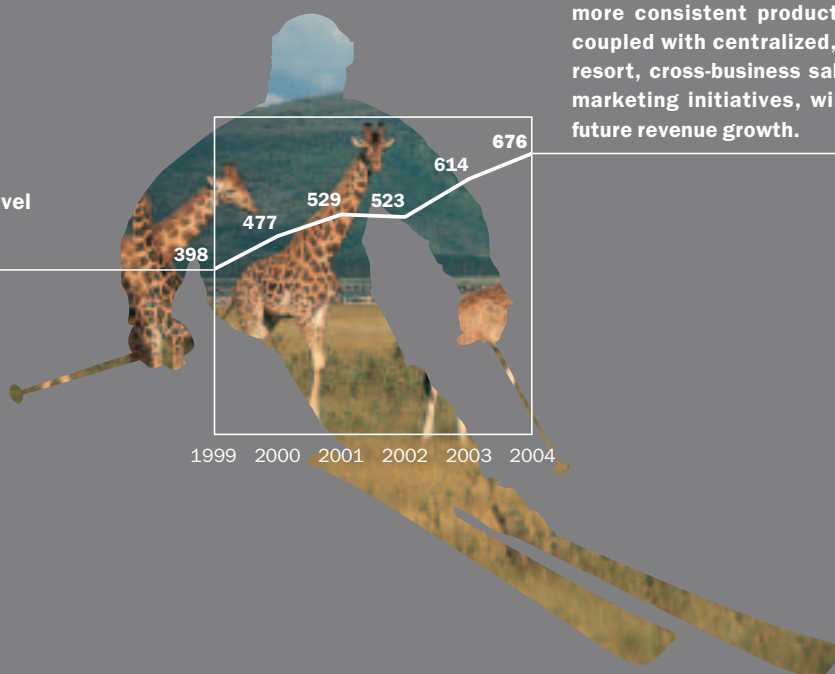


Daniel O. Jarvis
President and CEO, Leisure and Travel Group



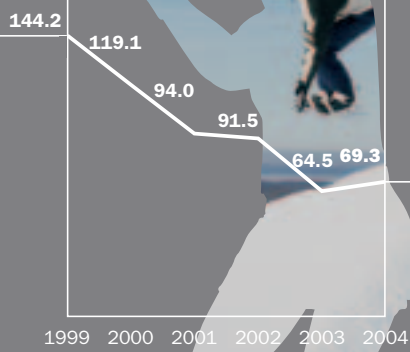
Hugh R. Smythe
President and COO, Leisure and Travel Group

**Leisure and Travel
Group Revenue**
(US\$MILLIONS)



Revenues generated by Intrawest's resort operations have grown steadily over time. A focus on operational excellence within the Leisure and Travel Group will enable us to offer our guests a better, more consistent product. This, coupled with centralized, cross-resort, cross-business sales and marketing initiatives, will drive future revenue growth.

**Lower
Resort Capital
Requirements**
(US\$MILLIONS)



The early stages of village-centered resort development are capital intensive. Facilities must be built or upgraded and residential and commercial real estate must be built to provide the overnight beds and amenities that bring a resort to life. Today, our resort network is well established and highly competitive and the days of heavy capital requirements are behind us.

Intrawest Placemaking

This past year marked the completion of our reorganization, the integration of Leisura and the rebranding of the Resort Development Group as Intrawest

Placemaking. Our team is pleased that amid all this change we were able to exceed our targeted profit contribution for the year.

These changes were part of the necessary retooling of our business model. This new model allows our demonstrated resort-development expertise to be optimized under a more expertise-driven rather than capital-driven model. This enables us to reduce debt and risk while still providing the resort-village beds and attractions that will fuel growth in our Leisure and Travel Group. Fortunately we have developed a reputation for success in resort development that allows us to structure deals with little invested capital while still capturing fee income and significant profit.

Our long-term opportunity has grown as our fundamentals have strengthened. This opportunity is maximized by our key differentiators discussed below and the demographic winds that continue to build behind our backs.

Additionally, our two emerging business units, Playground and Storied Places, are maturing and establishing brand positions of their own. As a result we expect significant financial returns in the near future.

Our Unique Expertise

Our unique expertise in resort development encompasses a number of distinct abilities that separate us from the many traditional developers now trying to follow in our footsteps:

- We have unique expertise in the development of resort villages, which includes master-planning, construction and operating expertise, as well as our commercial expertise embedded in “The Village People,” our commercial real estate business. The complexity of resort-village development, with its multiple moving parts, creates high barriers to entry.
- Our experience with condominium hotels enables us to create resort hotels in a financing environment that might otherwise prevent their development. Our condominium hotels are financed by selling individual units to resort loyalists who use them and take advantage of Intrawest’s lodging-management capabilities. This method allows us to attract major hotel brands to our resorts, which gives greater comfort to unit buyers and increases occupancy in the resort, helping our operating business to prosper. We are adding more than 1,000 condominium-hotel units per year, many of which are added to our lodging business.
- Our ability to sell real estate prior to construction removes substantial risk from the business. This expertise is contained in Playground, our sales and marketing company. Playground has averaged 79 per cent sold at launch over the past three years, and 93 per cent last year alone. “Launch” is Playground’s term for an event where we convert a prospect’s interest from a reservation agreement to a binding contract requiring a 20 per cent deposit. Playground sells all Placemaking product as well as resales and new product for other resort developers.
- Our partnership methodologies are the newest additions to our clear differentiators in the business. The Leisura partnerships, which take on the production phase of our development projects, allow us to sell entire projects prior to construction, reducing risk and the need to accumulate construction debt. Beyond Leisura, the creation of land partnerships drastically reduces our need for capital and further reduces risk. We have completed two land partnerships in the past year for our Kaanapali, Hawaii and Orlando, Florida projects, giving us close to 1,700 developable units.

Our Mission

With the introduction this year of Intrawest Placemaking, we redefined our mission: “We create places where amazing experiences happen.” Our vision is to be master placemakers. Our new symbol is a freehand circle and an arrow, part of the visual language that planners and architects use to indicate direction and to draw the viewer’s attention to places on a plan, a drawing, a map or a globe or, in our case, even a destination halfway around the globe.

Placemaking’s mission resonates strongly with our customers whose two prime desires today are more time and more recreation. These desires mean that it is not sufficient to simply provide a place for recreation: there must also be a notional guarantee of great experiences and lasting memories. Our market of potential resort homeowners won’t risk their valuable time on “maybe” experiences. Therefore, creating places where amazing experiences happen is a natural fit with this stated market opportunity and the unique expertise we have developed.

Playground and Storied Places Intrawest Placemaking also includes two emerging business entities: Playground, mentioned above, and Storied Places, our entry into the private residence club business.

Playground achieved more than \$1 billion in sales last year for Intrawest and third-party clients. Intrawest’s Resort to Resort whole-ownership exchange network and lodging- and golf-management capability, coupled with Playground’s pre-sale history and database of resort real estate buyers, make Playground the go-to company in its field.

Beyond Playground’s sales success this past year, its joint venture with Wells Fargo to provide mortgages for its clients is already making a contribution. Playground is now operating in five countries and on two continents and has recently signed five new third-party deals, totaling more than \$1 billion in potential sales over the next few years. Playground will grow to almost 450 people in the year ahead.

Storied Places, our fractional ownership concept, opened its first location in Whistler this year and has achieved a 93 per cent customer satisfaction rating in its first season. Owners' feedback has validated the concept and we are proceeding on new Storied Places' locations at Sandestin, Lake Las Vegas, Mammoth and Tremblant. Much of the company's operational success has come through the introduction of "Storied Places On-Call," an on-line or by-phone concierge service that provides owners with information related to their vacation and other Intrawest-marketed products. Storied Places is achieving margins in excess of those achieved by our traditional real estate products and is accelerating the absorption of our zoned-land portfolio.

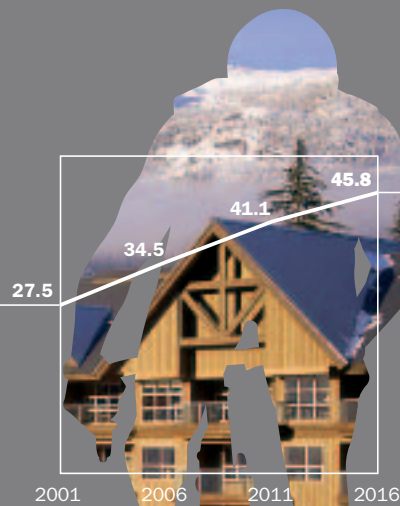
In Conclusion

We have the people, the structure, the market and the business model to perform at the highest level for our shareholders. We will continue to do more with less capital, while providing profits and resort-village beds for our operating partners. Our hard-won status, which puts us among the best resort teams in the world, continues to attract more opportunities than we could hope to absorb. We are moving into 2005 with the utmost confidence that we can contribute continued growth for our Leisure and Travel Group, Intrawest as a whole and our shareholders.



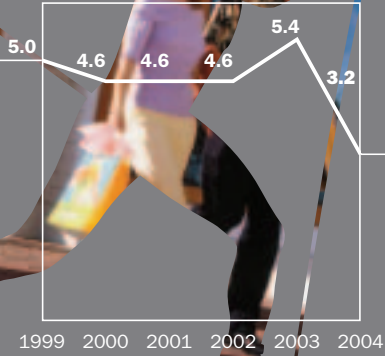
Gary L. Raymond
President and CEO, Intrawest Placemaking

**North Americans
aged 55-64 (MILLIONS)**



North American demographics and an established pattern of growth in consumer spending on recreation have provided strong and lasting demand for our resort real estate and driven the growing popularity of our resorts. This demographic wave will continue to drive demand as more Baby Boomers, aged between 40 and 58 today, enter the prime second-home buying years of 55 to 64.

Net Debt to EBITDA



Net debt reduction of \$285 million in 2004 moved us to the low end of the leverage scale for leisure and travel companies. Our conservative balance sheet provides more financial flexibility as we explore new business opportunities. We are focused on maintaining a conservative debt ratio as we grow our businesses.

