



ANNUAL INFORMATION FORM

For the Year Ended December 31, 2008

March 17, 2009

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual information form and the documents incorporated by reference herein contain forward-looking statements. Forward-looking statements contain words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Gamehost Income Fund (“**Gamehost**” or the “**Fund**”) and Gamehost Management Inc. (“**GMI**”) believe the expectations reflected in the forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The forward-looking statements are made as of the date of this annual information form. Gamehost and GMI undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events, except as may be required by applicable Canadian securities laws.

In particular, this annual information form contains forward-looking statements pertaining, among other things, to the following:

- anticipated financial performance;
- business prospects;
- results of operations;
- capital expenditure programs;
- industry performance and trends;
- competition;
- the ability of Gamehost to raise capital;
- growth through acquisitions and development;
- treatment under governmental regulatory regimes; and
- the impact of laws relating to the taxation of income trusts.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties. Readers should carefully consider the information contained under the heading “*Risk Factors*” in this annual information form which could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed.

GLOSSARY OF TERMS

Unless the context indicates otherwise, the terms set forth below shall have the meanings set forth below when used in this Annual Information Form.

“**ABCA**” means the *Business Corporations Act* (Alberta).

“**AGLC**” means the Alberta Gaming and Liquor Commission.

“**Boomtown**” means Boomtown Casino Ltd., a corporation incorporated under the ABCA.

“**Boomtown Casino**” means the Boomtown Casino facility located in Fort McMurray, Alberta.

“**Business Day**” means, with respect to any action to be taken, any day, other than Saturday, Sunday or statutory holiday in the place where such action is to be taken.

“**Business Trust**” means Gamehost Trust, a trust settled pursuant to the laws of the Province of Alberta.

“**Business Trust Agreement**” means the trust agreement dated April 10, 2003, as amended from time to time, creating the Business Trust.

“**Business Trust Unit**” means a unit in the Business Trust.

“**Casino Assets**” means collectively the Boomtown Casino, the Great Northern Casino and Gamehost’s interest in the Deerfoot Inn and Casino and New Stampede Casino.

“**Casino and Real Estate Assets**” means collectively the Casino Assets and Grande Prairie Real Estate Assets.

“**Class A Unit**” means a class A unit of the Limited Partnership.

“**Class B Unit**” means a class B unit of the Limited Partnership.

“**Commercial Building**” the means the multi-tenant lease facility in Grand Prairie, Alberta.

“**DarcyCo**” means Darcy Co Holdings Ltd., a corporation incorporated under the ABCA.

“**Deerfoot Inn and Casino**” means the Deerfoot Inn and Casino facility located in Calgary, Alberta.

“**Deerfoot Inn and Casino Joint Venture**” means the joint venture among Gamehost (as to 40%), DJ Will Holdings Limited. (as to 31%), Winners Gaming Inc. (as to 20%) and J.M. Wood Investments Ltd. (as to 9%).

“**Eighth Business Trust Note**” means Series 1 Notes issued by the Business Trust, to Gamehost as a result of the conversion of 150,000 Class B Units to fund units, with an aggregate face value of \$4,712,400.

“**ElstonCo**” means 106882 Alberta Ltd., a corporation incorporated under the ABCA.

“**First Business Trust Note**” means a Series 1 Note with a face value of \$10 which was issued by the Business Trust to Gamehost in exchange for \$10 to enable the Business Trust to form the Limited Partnership with GMI.

“**Fund Unit**” means a unit in Gamehost.

“**Gamehost**”, the “**Fund**”, “**us**”, “**we**” or “**our**” means Gamehost Income Fund, a trust settled pursuant to the laws of the Province of Alberta.

“**Gamehost Special Voting Unit**” means a special voting unit in Gamehost affording holders of securities exchangeable into Fund Units voting rights in Gamehost equivalent to those attaching to Fund Units pursuant to the Voting and Exchange Agreement.

“**Gamehost Trust Agreement**” means the trust agreement dated April 9, 2003, as amended from time to time, creating Gamehost.

“**GwenCo**” means Vergouwin Investments Ltd., a corporation incorporated under the ABCA.

“**GMI**” means Gamehost Management Inc., a corporation incorporated under the ABCA.

“**Grand Prairie Real Estate**” the means the 123 room hotel and multi-tenant lease facility in Grand Prairie, Alberta.

“**Great Northern**” means Great Northern Casino Ltd., a corporation incorporated under the ABCA.

“**Great Northern Casino**” means the Great Northern Casino facility located in Grand Prairie, Alberta.

“**Hotel**” means the Service Plus Inns & Suites facility located in Grand Prairie, Alberta.

“**Limited Partnership**” means Gamehost Limited Partnership, a limited partnership formed under the Partnership Act (Alberta) on May 23, 2003.

“**Management Services Agreement**” means the agreement entered into between the Limited Partnership and GMI engaging GMI to provide management services to the Limited Partnership.

“**New Stampede Casino**” means the new casino which opened on June 19, 2008 on the Calgary Stampede and Exhibition grounds in Calgary, Alberta.

“**Ninth Business Trust Note**” means Section 1 Notes issued by the Business Trust, to Gamehost as a result of the conversion of 34,600 Class B Units to Fund Units, with an aggregate face value of \$1,029,530.

“**Non-Resident**” means: (i) a person who is not resident in Canada; or (ii) a partnership that is not a Canadian partnership, within the meaning of the Tax Act.

“**Old Stampede Casino**” means the casino located on the Calgary Stampede and Exhibition grounds in Calgary, Alberta, which casino began operations at its present location in 1988.

“**Plans**” mean, collectively, trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans, each as defined in the Tax Act.

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

“**RevPAR**” means the average daily revenue per available room.

“**Second Business Trust Note**” means Series 1 Notes issued by the Business Trust to Gamehost with an aggregate face value of \$28,819,140.

“**Series 1 Note**” means a series 1 note of the Business Trust.

“**Series 2 Note**” means a series 2 note of the Business Trust.

“**Series 3 Note**” means a series 3 note of the Business Trust.

“**Service Plus**” means Service Plus Hospitality Ltd., a corporation incorporated under the ABCA.

“**Service Plus Shares**” means common shares in the capital of Service Plus.

“**Service Plus Shareholders**” mean holders of Service Plus shares.

“**Seventh Business Trust Note**” means Series 1 Notes issued by the Business Trust, to Gamehost as a result of the conversion of 150,000 Class B Units to Fund Units, with an aggregate face value of \$4,462,500.

“**SIFTs**” means “specified investment flow-through” trusts and partnerships as defined in the Tax Act.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

“**Third Business Trust Note**” means Series 1 Notes issued by the Business Trust to Gamehost with an aggregate face value of \$3,662,300.

“**TSXV**” means the TSX Venture Exchange.

“**Trustees**” mean the trustees of Gamehost under the Gamehost Trust Agreement from time to time.

“**Unitholders**” mean holders of Fund Units.

“**Voting and Exchange Agreement**” means the agreement to be entered into among Gamehost, the Business Trust, the Limited Partnership and holders of Class B Units to provide voting and exchange rights to holders of Class B Units, as described under the heading “*Exchange Right*”.

“**Will Inns**” means Will Inns Inc., a corporation incorporated under the ABCA.

STRUCTURE OF THE FUND

Name and Jurisdiction of Formation

Gamehost Income Fund

Gamehost is an unincorporated open-ended trust formed pursuant to the laws of the Province of Alberta under the Gamehost Trust Agreement dated April 9, 2003. The head office of Gamehost is located at 400, 4406-50th Avenue, Red Deer, Alberta, T4N 3Z5. The registered office of Gamehost is Floors 3 & 4, Royal Bank Building, 4943 – 50th Street, Red Deer, Alberta, T4N 1Y1.

Gamehost Trust

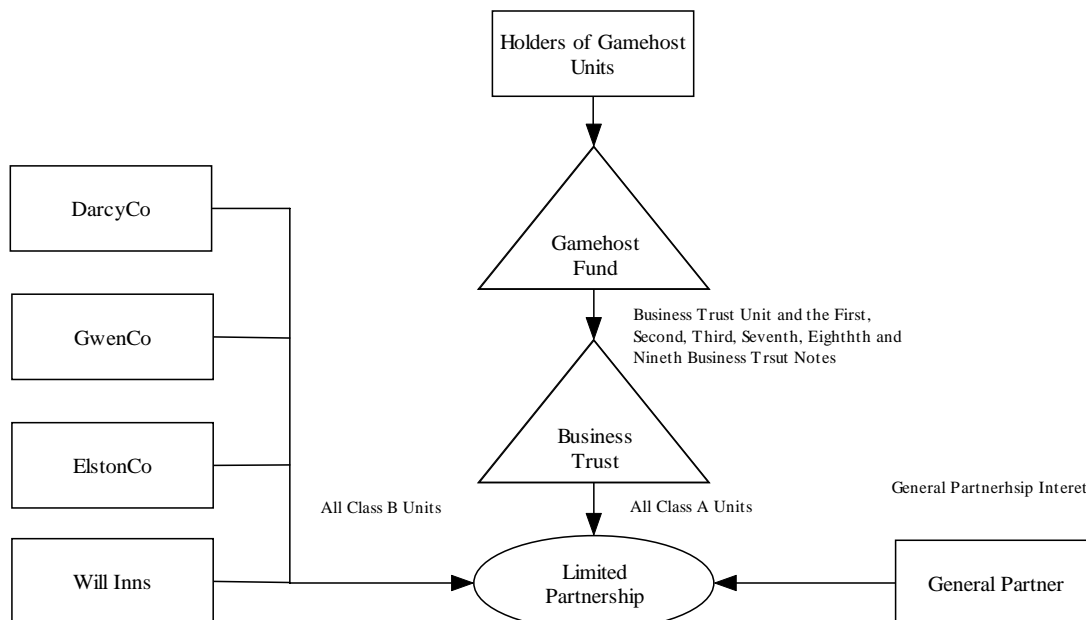
Gamehost Trust (referred to herein as the “**Business Trust**”) is an unincorporated open-ended trust governed by the laws of the Province of Alberta and formed pursuant to the Business Trust Agreement dated April 10, 2003. The head office of the Business Trust is located at 400, 4406 - 50th Avenue, Red Deer, Alberta, T4N 3Z5. The registered office of the Business Trust is Floors 3 & 4, Royal Bank Building, 4943 – 50th Street, Red Deer, Alberta, T4N 1Y1.

Gamehost Limited Partnership

The Limited Partnership is a limited partnership formed under the laws of Alberta on May 23, 2003 pursuant to a limited partnership agreement among the Business Trust as the initial limited partner, GMI as general partner and other limited partners, from time to time. The head office of the Limited Partnership is located at 400, 4406 - 50th Avenue, Red Deer, Alberta, T4N 3Z5. The registered office of the Limited Partnership is Floors 3 & 4, Royal Bank Building, 4943 – 50th Street, Red Deer, Alberta, T4N 1Y1.

Inter-corporate Relationships

The relationship between Gamehost, the Business Trust and the Limited Partnership, as at February 26, 2009, is set out below.



There are outstanding as of the date hereof a total of 10,773,153 Fund Units and 10,334,400 Class B Units of the Limited Partnership which are exchangeable into Fund Units on a one for one basis. Gamehost holds the only outstanding Business Trust Unit, the First Business Trust Note, the Second Business Trust Note and the Third Business Trust Note. The Business Trust, in turn, holds all of the outstanding Class A Units of the Limited Partnership. The Limited Partnership owns the Casino and Real Estate Assets.

GENERAL DEVELOPMENT OF THE BUSINESS OF GAMEHOST

History

On June 1, 2003, specific hotel and gaming assets owned by Service Plus, then a Canadian public company, Will Inns and Boomtown were purchased, through a series of reorganization transactions, by the Fund, operating through the Limited Partnership. Also, Service Plus transferred its 40% interest in the Deerfoot Inn and Casino Joint Venture to the Fund. These transactions were completed through a plan of arrangement under the ABCA pursuant to which Service Plus Shareholders (excluding certain insiders of Service Plus and the Fund) indirectly exchanged their Service Plus Shares for Fund Units on a 0.328 of a Fund Unit for each Service Plus Share. The insiders, directors and officers of ServicePlus, Will Inns and Boomtown exchanged specific assets, being the Boomtown Casino in Fort McMurray, Alberta, the Great Northern Casino in Grande Prairie, Alberta, the Grande Prairie Real Estate, in Grande Prairie, Alberta, and the 40% interest in the Deerfoot Inn and Casino Joint Venture in Calgary, Alberta, a joint venture for the then proposed new casino and hotel facility in Calgary, Alberta in return for Class B Units of the Limited Partnership

On June 4, 2003, the Fund Units began trading on the TSXV under the Symbol “GH.UN”.

In July 2003, an 11,000 square foot expansion of the Great Northern Casino was completed. The expansion included the addition of 59 new slot machines bringing the total slot machines at the casino to 299, the maximum allowable for a minor casino in Alberta at that time.

In June 2004, construction was commenced on the Deerfoot Inn and Casino project in Calgary and was completed in November 2005.

In October 2004, 6 new slot machines were installed in the Boomtown Casino bringing the total number of slot machines to 256. Between September 2004 and April 2005, 63 new slot machines were installed in the Great Northern Casino bringing the total number of slot machines to 387.

In June 2005, the Limited Partnership received all necessary municipal and regulatory approval for the expansion of the Boomtown Casino in Fort McMurray. The expansion called for doubling the available floor space and increasing the slot machines to 399, being the maximum allowable at that time. Construction on the Boomtown Casino began in August 2005 and was completed in March 2006.

In July 2005, the Boomtown Casino and Great Northern Casino each received three-year Casino and Racing Entertainment Centre (“CREC”) licenses from the AGLC. The CREC licenses are scheduled for renewal on June 30, 2008. On November 18, 2005, the AGLC granted the Deerfoot Inn and Casino’s new CREC license for 3 years and the casino opened for business on November 21, 2005.

Between March 2006 and December 2006, 11 new slot machines were installed in the Great Northern Casino bringing the total slot machines to 399.

On December 21, 2006, the Minister of Finance (Federal) released draft legislation to implement proposed amendments to the Tax Act originally announced on October 31, 2006 (the “**October 31**”).

Proposals”) relating to the taxation of certain distributions from SIFTs. The October 31 Proposals proposed to apply a tax at a trust level on distributions of business income from SIFTs, including the Fund, at rates of tax approximately comparable to combined federal and provincial corporate tax rates and to treat such distributions as dividends to the Unitholders. Also, under the October 31 Proposals subject to staying within certain prescribed “normal growth” parameters established by Minister of Finance (Canada) as guidance for the SIFT Tax Legislation, existing SIFTs will have a four year transition period during which time they will not be subject to the October 31 Proposals. Legislation (hereinafter referred to as the “**SIFT Tax Legislation**”) enacting the October 31 Proposals received Royal Assent on June 22, 2007. As an existing trust, the units of which were publicly traded on October 31, 2006, the Fund qualifies for the transitional period relief and will not be subject to the new tax treatment of distributions until 2011 provided the Fund only experiences “normal growth” and no “undue expansion” before such time. In December 2007, the Minister of Finance (Canada) announced technical amendments to the SIFT Tax Legislation which are intended to clarify the existing SIFT rules, are relieving in nature and address a number of technical issues that had been identified, in particular with respect to non-applicability of the SIFT rules to subsidiary trusts and partnerships of the parent SIFT trust or partnership. Legislation to implement the proposed amendments will be introduced in 2008, effective at the same time as the existing SIFT rules. See “Risk Factors–Income Tax Matters”

In September 2007, the Smoke-Free Bylaw 07/042 became effective in the Regional Municipality of Wood Buffalo banning smoking in the Boomtown Casino.

Between December 2006 and September 2007, 71 new slot machines were installed in the Deerfoot Inn and Casino bringing the total slots to 671.

In October 2007, renovations began on the Deerfoot Inn and Casino to create a private high limit gaming room and convert an auxiliary cash cage to a sushi/martini bar with counter seating.

In November 2007, Alberta’s new *Tobacco Reduction Act* (Alberta) was passed providing for a province-wide smoking ban in all public places and workplaces to take effect on January 1, 2008. Both Great Northern Casino and Deerfoot Inn and Casino are affected by the prohibition of smoking within a specified distance of the windows, doorways and air intakes of public places for the protection of indoor air quality.

On December 6, 2007, the Fund announced that it had been invited to participate in the purchase of the New Stampede Casino being constructed on the Calgary Stampede and Exhibition grounds in Calgary, Alberta. Participation remained subject to all applicable regulatory approval including the approval of the AGLC to transfer the gaming license of the Old Stampede Casino to the New Stampede Casino.

Between September 2007 and December 2007, 8 new slot machines were installed in the Deerfoot Inn and Casino bringing the total slots to 679.

On April 10, 2008, the Fund announced that it had received conditional approval from the TSX to list trust units of the Fund, such listing being subject to the Fund meeting all requirements for listing on the TSX. The Fund also announced its intention to split the issued and outstanding Fund Units on a 3 for 1 basis, subject to meeting the necessary requirements of the TSXV. The Fund also announced a 10 percent increase to the regular monthly cash distributions of the Fund from \$0.2000 per Fund Unit to \$0.2199 per Fund Unit.

On April 18, 2008, the Fund announced that the record date for its previously announced 3 for 1 Fund Unit split would be April 23, 2008 and the TSXV issued a bulletin confirming the same. On April 23, 2008, the split was given effect.

On May 16, 2008, the Fund graduated from the TSXV and began trading on the TSX.

On January 28, 2008, Calgary West Hospitality Inc. (“**HospitalityCo**”) in which the Fund is a 20% partner, received approval from the AGLC for the transfer of the Stampede Casino gaming license to HospitalityCo upon completion of the New Stampede Casino.

On March 3, 2008, HospitalityCo finalized the purchase of the Stampede Casino.

On May 16, 2008, 40 new slot machines were installed in at the Deerfoot Inn and Casino bringing the total slots to 719.

On August 22, 2008, 8 new slot machines were installed in at the Deerfoot Inn and Casino bringing the total slots to 727.

On June 19, 2008, the New Stampede Casino opened for business.

On January 27, 2009, 2 new slot machines were installed in at the Deerfoot Inn and Casino bringing the total slots to 729.

DESCRIPTION OF THE BUSINESS

Business of the Limited Partnership

Through the Limited Partnership, the Fund owns and operates the Great Northern Casino in Grande Prairie, Alberta, the Boomtown Casino in Fort McMurray Alberta, owns a 40% interest in the Deerfoot Inn and Casino Joint Venture (which owns and operates the Deerfoot Inn and Casino in Calgary, Alberta) and owns and operates Grande Prairie Real Estate in Grande Prairie, Alberta. The Great Northern Casino, the Boomtown Casino and the Fund’s interest in the Deerfoot Inn and Casino are collectively referred to herein as the “**Gamehost Casinos**”. The Casino and Real Estate Assets are managed by GMI pursuant to a Management Services Agreement entered into between the Limited Partnership and GMI. Effective March 3, 2008, the Funds proportionate interest in the assets, liabilities, capital requirements, revenues, expenses and net profit of the New Stampede Casino are included in the business of the Limited Partnership.

Great Northern Casino, Grande Prairie, Alberta

The Great Northern Casino is a 30,864 square foot casino and entertainment facility business located in Grande Prairie, Alberta. It is situated on 7.8 acres of land in the Gateway Power Centre in northwest Grande Prairie and is adjacent to Highway 2, a major north-south corridor. The building and land where the Great Northern Casino is situated is owned by the Fund. See “*Grand Prairie Real Estate Assets*” described below.

The gaming area of the facility, is comprised of approximately 21,604 square feet, accommodating 15 table games, 399 slot machines and a 3 table poker room. The table games offered in the gaming area consist of 1 high limit Blackjack, 1 Multi-action Blackjack, 10 Blackjack tables, 1 three card poker table, 1 Ultimate Texas Hold’em table and 1 Roulette table. The non-gaming area of the facility contains a 35 seat restaurant, 145 seat showroom/lounge, a 45 seat piano bar, meeting and banquet areas with the capacity to accommodate a total of 100 people, and enhanced office and administrative areas.

Boomtown Casino, Fort McMurray, Alberta

The Boomtown Casino is a 23,512 square foot casino and entertainment facility and business located in Fort McMurray, Alberta. It is situated in the Peter Pond Shopping Mall in downtown Fort McMurray. The premises on which the Boomtown Casino operates is leased from a third party. The lease has 12 years remaining with an option to renew for an additional 5 year period.

The gaming area of the facility, which was expanded in 2006, accommodates 10 table games, 399 slot machines and a 3 table poker room. The table games offered in the gaming area consist of 2 high limit Blackjack, 4 Blackjack tables, 1 Caribbean Stud Poker table, 2 three card poker tables, 1 Roulette table and a 3 table poker room. The non-gaming area of the facility contains a 35 seat restaurant and a 45 seat lounge featuring a dance floor and capacity for live entertainment.

Deerfoot Inn and Casino, Calgary Alberta

The Deerfoot Inn and Casino Joint Venture (the “**Deerfoot JV**”) is a joint venture which was formed for the purposes of constructing, developing and operating the Deerfoot Inn and Casino and entertainment facility in south east Calgary, Alberta, which opened on November 21, 2005. The complex contains the casino, a hotel, a water park, convention facilities, dining and beverage venues and a live entertainment venue.

The Deerfoot Inn and Casino is a full convention, entertainment and casino facility. The gaming area of the facility is comprised of approximately 65,000 square feet, accommodating 26 table games, 727 slots and an 8 table poker room. A separate high limit gaming areas offers 3 Blackjack tables, 3 Bacarrat Tables and 1 Tile Pai Gow table. The main gaming area consists of 13 Black Jack tables, 1 craps table, 2 Roulette tables, 1 Ultimate Texas Hold'em table and 1 Three Card Poker table and 1 Four Card Poker table. The 4,700 square foot Chrome Room is a live entertainment facility located within the casino which offers live entertainment and sporting events. There is an island pub located in centre of the gaming floor, a sushi and martini bar, a pub style restaurant and a café all located adjacent to the gaming floor.

The Deerfoot Inn offers 188 guest rooms including 28 suites. The hotel facility also includes 1 restaurant, 1 lounge, 14 conference/banquet rooms, a health and fitness center and a full water park.

The Deerfoot Inn JV was formed pursuant to a joint venture agreement dated April 26, 2001 among Service Plus, Will Inns, Winners Gaming Inc. (“**Winners Gaming**”) and JM Wood Investments Ltd. (“**JM Wood**”). Will Inns, a corporation controlled by David Will, then a director of Service Plus, currently a Trustee of the Fund, and the President and CEO of GMI has a 31% interest in the joint venture. Winners Gaming, a corporation controlled by Darcy Will, then a director of Service Plus and currently a Trustee of the Fund has a 20% interest in the joint venture. JM Wood Ltd., a corporation controlled by Jed Wood, then a director of Service Plus and a former Trustee of the Fund, has a 9% interest in the joint venture. The remaining 40% interest of the joint venture originally held by Service Plus was transferred to the Limited Partnership under the Plan of Arrangement. The Deerfoot Inn JV owns and operates the Deerfoot Inn and Casino.

Grande Prairie Real Estate Assets

The Grande Prairie Real Estate assets are located in Grande Prairie, Alberta.

The Grande Prairie Real Estate assets are comprised of the Great Northern Casino, a 123 room, 4 story limited service hotel operating under the name “Service Plus Inns & Suites” (the “**Service Plus Inn**”) and a 10,530 square foot commercial multi-tenant lease facility (the “**Commercial Building**”).

The Service Plus Inn was originally constructed in 1999 with 99 guest rooms. It was expanded in 2000/2001 with the addition of an additional 24 guest rooms, and with the addition of an indoor waterslide, pool, hot tub, fitness facility and a meeting room capable of accommodating up to 50 people. The Service Plus Inn offers clean and modern appointed rooms, complimentary continental breakfast, in-room coffee and on demand pay-to-view movies and video games. The Service Plus Inn does not have any restaurant facilities, but catering is available through the restaurant facilities in the Great Northern Casino.

The Commercial Building was constructed in 1999. The building currently has one tenant operating a family restaurant and separate pub. This lease was renewed in early 2009 for a 5 year term with one additional renewal term of 5 years. Approximately 12% of the available space was vacated by a liquor store operator in early 2009. Efforts are ongoing to secure a new tenant.

Stampede Casino, Calgary Alberta

The Fund is a 20% shareholder in HospitalityCo, the owner of the New Stampede Casino.

The New Stampede Casino, currently under construction, is located on grounds owned by Calgary Exhibition & Stampede Limited. The purchase and sale agreement for the New Stampede Casino includes a long term lease with Calgary Exhibition of Stampede Limited. The new facility encompasses approximately 100,000 square feet, accommodating 40 table games including private high limit areas, 600 Vegas style slots and a private 10 table poker room. Table games offered in the high limit area include 3 Blackjack tables, 5 Bacarrat tables and 1 Tile Pai Gow table. Two additional pits offer 1 Craps table, 2 Roulette tables, 1 Pai Gow Poker table, 15 Blackjack tables, 1 Three Card Poker table and 1 Ultimate Texas Hold'em table. A 4,500 square foot live entertainment showroom with seating for 450 is located within the building as are 3 food and beverage outlets and a centre bar. The casino sits atop a 300 stall heated underground parkade. The property opened June 19, 2008.

Marketing

The Limited Partnership markets the Gamehost Casinos according to an entertainment driven model. This model emphasizes the non-gaming aspects of the casinos, such as live entertainment, meeting and banquet facilities and quality food and beverage services. By doing so, the Limited Partnership targets the segment of the market population that would not normally attend a casino solely for gaming purposes. This marketing format is intended to increase the customer base of the casinos, enhance the profile and acceptance of the casinos in the relevant communities and position the casinos as prime competitors for entertainment spending. All external advertising and promotions that the Limited Partnership undertakes for the casinos focuses on the non-gaming forms of entertainment offered.

Human Resources

The gaming industry is labour intensive. The Great Northern Casino currently employs 100 part-time and full-time employees, the Boomtown Casino currently employs 101 part-time and full-time employees and the Deerfoot Inn and Casino currently employs 457 part-time and full-time employees. The New Stampede Casino currently employs 328 part-time and full-time employees. There are currently no unionized employees at any of the Gamehost Casinos.

Due to the employee intensive nature of the gaming industry, the Limited Partnership anticipates that it will have to continue to expend considerable resources to recruit and train casino employees. The Limited Partnership continually evaluates its existing benefit plan offerings to ensure it retains its competitiveness within the industry. The Limited Partnership has, to date, been successful in creating a motivated, service orientated and efficient work force for its casinos.

In addition to casino employees, the Limited Partnership has approximately 37 employees which operate the 123 room hotel that forms part of the Grande Prairie Real Estate.

Services and Sources of Revenue of the Limited Partnership

Gaming

The primary source of revenue for the Limited Partnership is the gaming operations carried on at the Gamehost Casinos. Revenue from gaming operations at those casinos is derived from the operation of slot machines and table games.

Slot Machines

Slot machines are free standing, electronic gaming devices that interact directly with the player. Players insert bills or coins directly into the machine to play and the machine pays out prizes if the player wins. Slot machines pay out a percentage of all wagers in accordance with a scale established by the AGLC. The denominations of the various slot machines are 5¢, 25¢ and \$1. Slot machines are linked electronically to a centralized system controlled and monitored by the AGLC. The slot machines are owned and serviced by the AGLC.

Table Games

Table games are played on tables with a dealer. Poker, Blackjack, Caribbean Stud Poker, Let it Ride Poker and Roulette are currently offered at each of the Gamehost Casinos. The Great Northern Casino and Deerfoot Inn and Casino also feature Craps. In each of these games, the customer purchases gaming chips from the dealer for cash and wagers an amount. Depending on the outcome of the event, either a card hand, a spin of a wheel or a roll of the dice, the customer either retains the amount wagered, receives a payment in the form of additional chips or loses the amount wagered. Outcomes of various games are based on standard industry accepted pay out scales established by the AGLC. The odds are designed to provide an advantage to the casino, other than traditional poker where the casino operator receives fees for providing dealer services.

The Limited Partnership is responsible for all labour, facilities, marketing, administration, security services, furniture and fixtures and certain equipment necessary for table gaming in Gamehost Casinos.

The Limited Partnership, Deerfoot JV and HospitalityCo have each entered into separate Casino Gaming Retailer Agreements (the “**CGT Agreement**”) with the AGLC. A CGT Agreement governs the operation of slot machines and contains covenants of the Limited Partnership in that regard, such as to provide services in accordance with instructions, directives and operating manuals from time to time provided by the AGLC, to maintain current and accurate records of monies paid, credits paid and withdrawals of monies and, if required by the AGLC, to obtain financial security on such terms and in such amount as may be required by the AGLC. The CGT Agreement has an indefinite term and may be terminated upon seven days notice by either party without cause, or immediately by AGLC with cause.

In exchange for providing gaming services, the Limited Partnership receives a commission from the AGLC based on 15% of the net revenue after payout to customers generated from the slot machines and up to 65% of the net revenue generated from the table games Gamehost casinos.

Food, Beverage and Entertainment

In addition to gaming, the Gamehost Casinos each offer a full-service menu and beverage service, including liquor, complemented by a variety of live entertainment acts including dance, bands, comedians, impersonators, sporting events and theatre groups.

Cash Machine Services

The Limited Partnership also derives revenue from cash machines located on the premises of the Gamehost Casinos. These cash machines are owned and operated by the Limited Partnership. The Limited Partnership receives revenue from the cash machines from use-based surcharges and fees. Credit card advances are also offered at the Gamehost Casinos.

Hotel

The Limited Partnership owns and operates the Service Plus Inn that makes up part of the Grande Prairie Real Estate and owns a 40% interest in the Deerfoot Inn. The principal source of revenue from hotel operations is room sales. Additional revenues are also generated by live entertainment, pay-to-view movies and video games, telephone charges and confectionary sales.

Commercial Leasing

The Limited Partnership also owns and operates the Commercial Building of the Grande Prairie Real Estate. The Limited Partnership derives revenue from the facility through long term leases to commercial tenants.

Industry Conditions

Hotel Industry

According to a study (the “**HAC Study**”) completed for the Hotel Association of Canada, in 2005, the Canadian lodging industry generated revenues of \$17.9 billion and directly or indirectly employed approximately 378,000 people from 8,287 lodging properties nationwide. Alberta figures showed revenues of \$3.1 billion from 1,113 lodging properties that employed 58,633 people. Also, according to the HAC Study, domestic business travel grew by an annual rate of 5.9% in 2006 and projections are for an average 3.1% growth in 2007 and 2008. Results and projections for domestic pleasure travel are only slightly below business travel expectations. National meeting and conference bookings are expected to grow by 1% and 3% respectively for 2007 and 2008. In all cases the outlook for growth favours the western regions of the country.

The HAC Study reports that nationally, room supply grew by an average of 1.5% annually from 2003 to 2006. This is compared to demand growth averaging 4.8% annually from 2003 to 2006. The study reports that occupancy increased from 59% to 65% between 2003 to 2006 with corresponding increases in average daily rate (“**ADR**”) from \$114 to \$124 and RevPAR increasing from \$67 to \$80. The market outlook for 2007 and 2008 shows continued growth in all three statistical categories, most notably in ADR with annual growth rates of close to 2%. The western regions of the county are expected to post growth rates twice that of the national average.

Regulatory Environment

Regulation of Casinos in Alberta

Gaming in Alberta is regulated and controlled by the AGLC. CREC operational service managers, such as the Limited Partnership, provide their services to casino operators under a casino facility license with the AGLC. CREC's are generally issued for period of 3 years and reviewed annually following a due diligence process conducted by the board of the AGLC. In connection with the adoption of the *Gaming and Liquor Amendment Act* (Alberta), Gamehost Casinos received facility licenses with terms of three years. Applicants for facility licenses are subject to background checks and due diligence investigations by the AGLC.

The standards and requirements to which casinos are to be operated are set out in detail in the AGLC "Casino Terms & Conditions and Operating Guidelines". With respect to oversight of operations in Alberta, slot machines are centrally controlled and monitored by the AGLC and revenue determined by the system is reconciled to actual cash counts. With respect to cash from table games, charity volunteers participate in all aspects of cash handling, cash counts and deposits under the purview of the AGLC. In addition, charities hire the services of independent professionals who assist the volunteers in their duties.

The AGLC is also responsible for enforcement, compliance and the screening of operators, employees and suppliers within the gaming industry. In particular, AGLC registration and/or determination of suitability may be required for any entity engaged in the gaming industry, any director, officer or key employee of any such company, any person holding a 5% or greater interest in any such entity and all casino personnel. The AGLC investigates all applicants for registration and has the discretion to grant or refuse registration.

Obtaining Licenses for New Casinos

The AGLC is responsible for approving and licensing new casino facilities, casino expansions or major casino relocations.

The process to consider proposals or interest in developing new casinos, major casino expansions or relocations is initiated by interested third parties and managed by the AGLC. The approval process for new casino facilities consists of the following eight steps:

1. An interested group or individual expresses formal interest to develop a casino in a community.
2. The AGLC issues a notice of expressed interest for a traditional casino facility or First Nation casino facility, as the case may be, determined by the location of the community where a formal interest has been expressed. The AGLC will place an advertisement in a local newspaper advising interested parties that the AGLC will accept expressions of interest from other groups or individuals for this casino facility licence. This process allows all interested parties in a specified market area an opportunity to make an application for a casino facility licence in that particular area and be considered at the same time as the original applicant. The AGLC will advise all municipal and band councils in the surrounding community of the interest in the proposed casino facility.
3. The AGLC will conduct an initial assessment to determine if the expression of interest have merit and meet basic criteria related to market demand and benefit to charitable groups. At this stage in the process, the AGLC does not require municipal land use, zoning and development approval for an expression of interest to be deemed valid. Applicants are expected to defer seeking appropriate municipal approvals until advised in writing by the AGLC.

4. The board of the AGLC will consider community support, or the lack thereof, as expressed through the municipal or band council and may conclude the process if in the board's view the council does not support the concept of a new casino facility in the community. If the council is silent and there is no demonstrated opposition to the concept of a new casino in the community, the board has the discretion to decide whether to continue the application process.
5. The AGLC will accept detailed proposals from applicants who have expressed interest in the development of a new casino facility in the community under consideration. The proposals must include a business plan and must demonstrate that factors that may impact the community and adjacent communities have been taken into consideration. The applicants are also required to issue a public notice of their application for a casino facility licence. The AGLC will advise all councils in the surrounding community of any proposals received from applicants.
6. Proposals will be evaluated by a selection committee of the AGLC using stringent criteria and the best proposal will be selected.
7. A thorough due diligence investigation is conducted by the AGLC into the proponents and other key persons associated with the selected proposal.
8. If all requirements for a gaming facility are met (federal and provincial legislation, regulation, and policies, and municipal requirements, permits, licences or authorizations) the AGLC will make a recommendation to the board the AGLC respecting the issuance of a casino facility licence to the successful applicant.

The approval process for a casino facility expansion or relocation consists of the following three steps:

1. The AGLC will conduct an initial assessment to determine whether a proposed expansion or relocation meets basic criteria related to market demand, benefits to charitable groups and impact on other charitable gaming activities in the community. A casino facility licensee initiates this step by providing the AGLC with a written proposal for the expansion or relocation of an existing licensed casino facility.
2. The AGLC notifies the applicable municipal or band council that it has received a request for expansion or relocation. The applicant is required to issue a public notice of the proposal in local newspapers. The board of the AGLC will consider community support, or the lack thereof, as expressed by the municipal or band council. If the municipal or band council is silent and there is no demonstrated opposition to the proposal, the board at its discretion may decide to continue the application process.
3. If all requirements for a gaming facility are met (federal and provincial legislation, regulation and policies and municipal requirements, permits, licenses and authorizations) the AGLC will approve a license for the expansion or major relocation.

First Nations Casinos

On January 19, 2001, the Alberta government announced its First Nations Gaming Policy. Under the First Nations Gaming Policy, any First Nations casino will be located on reserve land, will be regulated by the AGLC and will operate under the same terms and conditions as off-reserve casinos.

Competition

There are currently 19 traditional casinos and five First Nation casinos operating in Alberta. There are a further two First Nations casino applications proceeding through AGLC's eight Step licensing process. In addition there are three Racing Entertainment Centres ("REC's") operating in the province of Alberta. REC's may also offer slot machines, but usually on a limited scale. The province also licenses bingo operations and VLT's throughout the province. Both of these gaming options typically attract a distinct and separate market segment which has little impact on the market for table games and slot machines.

Great Northern Casino

Direct competition to the Great Northern Casino in Grande Prairie includes Evergreen Park, a REC on the outskirts of Grande Prairie that offers 99 slot machines. Also, Great Northern Casino is marginally impacted by casinos operating in Northeastern British Columbia since Grande Prairie is the nearest 'big box' retail centre to this area of British Columbia. British Columbia residents regularly travel to Grande Prairie for shopping and other services.

Boomtown Casino

There is currently no other gaming competition in the Regional Municipality of Wood Buffalo and no casino license applications are being processed by the AGLC. As a result of a municipal plebiscite held in the Regional Municipality of Wood Buffalo, VLT's are not permitted in the municipality, leaving slot machines at the Boomtown Casino the only electronic gaming option, other than bingo, in the community.

Deerfoot Inn & Casino

Deerfoot Inn & Casino is one of six casinos operating within the City of Calgary, each of which compete directly with the others. The AGLC generally tries not to license casino operations that will erode another casino's activity. The Deerfoot Inn & Casino is located in the deep south east quadrant of the City of Calgary at significant distance from all other casinos. Competition between the Deerfoot Inn & Casino and other currently operating casinos in Calgary has stiffened with the current global recession. A seventh casino, located on the Western edge of the City on the Tsu Tina' First Nation reserve opened in December 2007. This new casino is approximately 11 kilometres east of the nearest existing casino (Cash Casino) and 19 kilometres north west of the Deerfoot Inn & Casino. The new casino is on First Nations land and is not subject to non-smoking bylaws or provincial non-smoking regulations in effect as of January 1, 2008.

In March of 2009 a new limited service hotel will open one block to the north of the Deerfoot Inn & Casino that will service a more budget conscious customer. The additional room capacity is needed in the underserved high growth area. Deerfoot Inn & Casino will likely benefit in the form of higher foot traffic through the casino and eating establishments. Furthermore, additional rooming capacity could benefit the convention business at Deerfoot Inn & Casino by providing the extra rooming capacity to attract larger conventions. Occupancy at Deerfoot Inn & Casino may suffer in the short term.

New Stampede Casino

The New Stampede Casino is one of six casinos operating within the City of Calgary, each of which compete directly with the others. The AGLC generally tries not to license casino operations that will erode another casino's activity. The New Stampede Casino is located in the cities beltline to the downtown core and on grounds owned by the Calgary Exhibition & Stampede. Competition is strongest between the New Stampede Casino and Elbow River Casino located just blocks away. The Gaming

market in Calgary has reached saturation with the current economic recession. Growth at any casino within the City of Calgary, in the short term, will come at the expense of another.

Hotel

During 2008 approximately 600 additional guest rooms were added in the Grande Prairie hotel market. Additional capacity came on line just as the market began to experience a steady decline in overall demand. Superior location and management continue to be the Hotel's strength in retaining more than their share of a diluted market.

Growth Strategy

On an industry wide basis, the entertainment driven casino gaming model is still in its infancy stages in Canada and Alberta, leaving considerable opportunity for growth. It is anticipated that increasing public acceptance of casino gaming and the need of provincial governments and non-profit organizations for revenues will lead to continued growth of the industry's customer base and per capita expenditures. It is intended that the Limited Partnership participate in that growth through a combined strategy of internal growth and targeted expansion.

In terms of internal growth, it is believed that significant internal growth opportunities will exist with respect to each of the Gamehost Casinos. However, short term growth will be impacted by the current global recession. A provincial smoking ban came into effect on January 1, 2008. First Nations casinos are not subject to the smoking ban and this will be detrimental to the growth of traditional casinos like the Gamehost casinos.

Near term growth opportunities are expected to primarily take the form of additional expansions to the gaming areas and non-gaming amenities offered at the casinos and superior marketing programs.

Internal Growth

Great Northern Casino

The Great Northern Casino has expanded twice since the inception of the Fund. The Grande Prairie area where Great Northern Casino resides has experienced higher than average population growth.

Population in the City of Grande Prairie grew by 12% from 36,353 to 44,631 from 2001 to 2005. The immediate surrounding market area grew by 13.5% from 21,480 to 24,390 over the same period. A municipal census in 2007 now pegs the city population at 50,277. The Grande Prairie market draws on a much wider area including into Northeastern British Columbia. The wider market area includes a 200 km radius or 200,000 people. Grande Prairie is the largest community north of Edmonton offering a full range of shopping and services. The demographic profile of the city indicates a younger population compared to the national average with an even male/female distribution, with more 20 – 40 year olds than the national average. The casino facility is well suited to support the current and foreseeable growth.

Management expects growth at Great Northern Casino in Grande Prairie will be less robust than other Gamehost Casinos given the more mature nature of this market.

Boomtown Casino

The Boomtown Casino has undergone two major renovations and expansions since inception of Gamehost. The current and expected population growth in Ft. McMurray area is expected to exceed national and provincial averages for the foreseeable future given heavy investment in the oil sands rich area. The latest casino expansion completed in 2005 doubled the facilities size which we believe should be sufficient to handle projected growth for the near term.

Ft. McMurray is situated in the Regional Municipality of Wood Buffalo. A census completed in 2007 reports the population of the city of Ft. McMurray to be 65,400. Average annual growth in the last three census years has been 5.5% ranking it among the fastest growing communities in Canada. The entire Wood Buffalo region has a population of 89,167. The overall male/female ratio, as measured in 2006, is 55%/45%.

Deerfoot Casino

The Deerfoot Inn and Casino was opened in November, 2005 and has experienced steady growth since that time. The surrounding area in Calgary is experiencing rapid growth which, the facility has so far been able to absorb. A renovation was commenced in November 2007 to reallocate space to accommodate additional gaming demands that should meet requirements for the foreseeable future.

New Stampede Casino

The New Stampede Casino is the first phase in a total area restructure plan initiated by the Calgary Exhibition & Stampede to redevelop the exhibition grounds into a year round streetscape attraction. Subsequent phases include plans for an office tower, two hotels (one attached to the casino), a free standing parkade and a retail promenade with shops and restaurants. The restructure plan also includes expansions to the Roundup Centre which will make it the largest convention space available in the province. A heated +15 walkway will connect the New Stampede Casino to existing venues at Stampede Park, Calgary's light rail transit system, and future phases of the redevelopment plan.

The New Stampede Casino was opened in June 2008 and has experienced slow growth since that time. The surrounding area is entering a period of intense revitalization for condo and light business development. Located on the grounds of the Calgary Exhibition & Stampede, the facility is ideally positioned to benefit from high traffic volumes to the exhibition grounds. The speed of redevelopment of the area is less certain now given the current economic downturn.

External Growth

In addition to pursuing internal growth opportunities, the Limited Partnership continually assesses external growth opportunities. The Limited Partnership's ability to pursue such prospects will be determined, however, by the need to obtain the necessary new casino licenses from the AGLC and by the structure of the Limited Partnership and Gamehost, which is designed to distribute most of the ongoing cash flow from the Limited Partnership's operations to the holders of the Fund Units and the Class B Units.

Strategic acquisitions are more probable now than the previous year given stress factors on heavily levered operators and more reasonable multiples on the valuations of all casino properties. Potential opportunities exist within and outside of the province.

Trends

As discussed above, it is anticipated that continued growth will be the trend in the casino gaming industry in Canada and Alberta for the foreseeable future. As public acceptance of casino gaming increases and provincial governments expand and refine their gaming models, the growth of the industry experienced over the past 10 to 15 years should continue in the short to medium term.

Ticket In/Ticket Out (“TITO”)

TITO technology is now fully implemented across the province of Alberta. This technology eliminates the coin handling inherent with slot machines. The conversion to this proven technology eases the cash out process for slot players and casino cashiers alike. The Fund’s experience to date has shown that TITO increases overall slot play.

Non-smoking

Public pressure has successfully reduced the opportunities for smoking in public places over the past number of years. Management expects this to continue and in Alberta this trend has been codified with the passing of Alberta’s *Tobacco Reduction Act*. This provincial wide workplace smoking ban effectively eliminated smoking from the workplace and hence, in all the Gamehost Casinos. First Nations lands and specifically First Nations casinos are not subject to the smoking ban. This has resulted in an unlevel playing field where First Nation casinos enjoy a competitive advantage over traditional casinos with in close proximity.

Enhancement Based Casinos

Entertainment based casinos in Alberta, while on a scale much smaller than Las Vegas, is a trend that is evolving. Live theatre entertainment, fine dining, connection to convention space and full service hotels with spa amenities are beginning to play a combined role with casinos. Management expects this trend to continue.

CASH DISTRIBUTIONS

The Fund’s mandate is to make consistent monthly cash payments to Unitholders based on management’s projections of the year’s distributable cash. The following chart summarizes 2008 and subsequent distributions.

2008 Distribution Summary					
Month	Date Declared	Record Date	Payment Date	Distribution per Unit	
January	17-Jan-08	31-Jan-08	15-Feb-08	\$0.0667	
February	12-Feb-08	29-Feb-08	14-Mar-08	\$0.0667	
March	24-Mar-08	2-Apr-08	15-Apr-08	\$0.0667	
April	17-Apr-08	30-Apr-08	15-May-08	\$0.0733	
May	16-May-08	31-May-08	13-Jun-08	\$0.0733	
June	13-Jun-08	30-Jun-08	15-Jul-08	\$0.0733	
July	7-Jul-08	31-Jul-08	15-Aug-08	\$0.0733	
August	11-Aug-08	31-Aug-08	15-Sep-08	\$0.0733	
September	10-Sep-08	30-Sep-08	15-Oct-08	\$0.0733	
October	15-Oct-08	31-Oct-08	14-Nov-08	\$0.0733	
November	13-Nov-08	30-Nov-08	15-Dec-08	\$0.0733	
December	17-Dec-08	31-Dec-08	15-Jan-09	\$0.2407	
Total				\$1.0271	

2009 Distribution Summary

Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	15-Jan-08	31-Jan-09	13-Feb-09	\$0.0733
February	10-Feb-08	28-Feb-09	13-Mar-09	\$0.0733

DESCRIPTION OF CAPITAL STRUCTURE

Fund Units and Gamehost Special Voting Units

An unlimited number of Fund Units and special voting units (“**Gamehost Special Voting Units**”) may be created and issued pursuant to the Gamehost Trust Agreement.

The rights attaching to the Fund Units under the Gamehost Trust Agreement are as follows:

- (a) each Fund Unit represents an equal undivided beneficial interest in Gamehost, in any distributions from Gamehost and in the net assets of Gamehost in the event of the termination or winding-up of Gamehost;
- (b) all Fund Units rank among themselves equally and rateably without discrimination, preference or priority;
- (c) each Fund Unit shall entitle the holder of record thereof to one vote at all meetings of holders of Fund Units and Gamehost Special Voting Units;
- (d) all Fund Units are redeemable at the option of the holder in the manner described below under the heading “*Redemption of Fund Units*”; and
- (e) all Fund Units are freely transferable, subject to compliance with the transfer provisions of the Gamehost Trust Agreement.

The rights, conditions and restrictions attaching to Gamehost Special Voting Units under the Gamehost Trust Agreement are as follows:

- (a) Gamehost Special Voting Units shall only be issued in connection with units, shares, promissory notes or other securities or evidences of indebtedness convertible into or exchangeable for Fund Units without payment of additional consideration therefor, whether or not issued by Gamehost (the “**Exchangeable Securities**”);
- (b) each Gamehost Special Voting Unit shall entitle the holder of record thereof to a number of votes at all meetings of holders of Fund Units and Gamehost Special Voting Units, or in respect of any written resolution of holders of Fund Units and Gamehost Special Voting Units, equal to the number of Fund Units into which the Exchangeable Securities to which such Gamehost Special Voting Unit relates are exchangeable or convertible;
- (c) Gamehost Special Voting Units are not freely transferable and may only be transferred (i) concurrently with the Exchangeable Securities in connection with which they are issued, and (ii) subject always to the terms and conditions attaching to the Exchangeable Securities in connection with which they are issued and the terms and conditions of the agreements entered into in connection with the Exchangeable Securities;

- (d) holders of Gamehost Special Voting Units shall be entitled to participate in any rights offering of Gamehost in which the holders of Fund Units are entitled to participate, on the same basis as the holders of Fund Units and to the extent of the number of Fund Units into which the Exchangeable Securities to which such Gamehost Special Voting Units relate are exchangeable or convertible;
- (e) at such time as the Exchangeable Securities to which any Gamehost Special Voting Unit relates are exchanged, exercised or converted, the Gamehost Special Voting Units issued in connection with such Exchangeable Securities shall cease to carry any rights and shall be concurrently deemed to have been redeemed at the option of the unitholder for consideration of \$0.00001 per Special Voting Units; and
- (f) the Gamehost Special Voting Units do not confer or entitle the holder to any interest or right to share in any manner in any distribution from Gamehost or in any assets of Gamehost at any time, whether in the event of termination or winding-up of Gamehost or otherwise.

Redemption of Fund Units

Under the Gamehost Trust Agreement, each holder of Fund Units shall be entitled to require Gamehost to redeem all or any part of the Fund Units registered in the name of such holder. To exercise this right, the holder of the Fund Units must send a duly completed and properly executed notice requiring Gamehost to redeem the Fund Units, in a form approved by the Trustees, to Gamehost at its head office. Upon receipt by Gamehost of the notice to redeem Fund Units (the “**Redemption Date**”), the holder shall thereafter cease to have any rights with respect to the Fund Units tendered for redemption, including the right to receive any distributions thereon.

The holder of Fund Units tendered for redemption shall be entitled to receive a price per Fund Unit (the “**Redemption Price**”) equal to the lesser of:

- (a) 90% of the market price, (as defined under the Gamehost Trust Agreement) of the Fund Units, on the principal market on which the Fund Units are listed or quoted for trading during the 10 trading day period ending immediately prior to the Redemption Date; and
- (b) 100% of the closing market price, (as defined under the Gamehost Trust Agreement) of the Fund Units, , on the principal market on which the Fund Units are listed or quoted for trading on the Redemption Date.

Subject to certain restrictions and conditions set out in the Gamehost Trust Agreement, the Redemption Price payable in respect of the Fund Units surrendered for redemption during any calendar month shall be satisfied by way of cash payment no later than the last day of the calendar month following the Redemption Date. The Trustees may deduct or withhold from the Redemption Price payable to any former holder of Fund Units all amounts required by law to be withheld from such distribution.

In certain circumstances, including where the total amount payable by Gamehost pursuant to the redemption of Fund Units in the same calendar month exceeds a limit of \$50,000 and the limit is not waived by the Trustees, the Redemption Price will be paid and satisfied by way of an in specie distribution of securities or assets held by Gamehost as follows:

- (a) Series 1 Notes held by Gamehost having a fair market value equal to the Redemption Price will be converted into Series 3 Notes; and

- (b) Gamehost will distribute the Series 3 Notes issued to it as described above to the redeeming Unitholder.

Gamehost shall be entitled to all interest paid on the Series 3 Notes so distributed up to and including the date of distribution thereof. Payments by Gamehost of the Redemption Price will be conclusively deemed to have been made upon the mailing of the Series 3 Notes so distributed to the former Unitholder within 5 Business Days of the Redemption Date. The Trustees may, in their sole discretion, designate to the redeeming Unitholder any capital gain or income realized by Gamehost reasonably allocable to the redemption of Fund Units.

Liability of Unitholders

The Gamehost Trust Agreement provides that no Unitholder, in his capacity as such, shall incur or will be subject to any liability of any other kind in connection with Gamehost or its obligations and affairs. In the event that a court determines that Unitholders are subject to any such liabilities, the Gamehost Trust Agreement provides that the liabilities will be enforceable only against, and will be satisfied only out of, the holders' share of Gamehost's assets, except with respect to distributions made or declared contrary to any subordination agreement or subordination provision concerning the Business Trust.

All active business operations are carried on in the Limited Partnership, not directly in Gamehost, to reduce the possibility of any liability to Unitholders and the Gamehost Trust Agreement provides that all reasonable efforts shall be made to ensure that contracts signed by or on behalf of Gamehost contain a provision to the effect that such obligation will not be binding upon Unitholders personally. Notwithstanding this, Unitholders may not be protected from liabilities of Gamehost to the same extent as a shareholder is protected from the liabilities of a corporation.

Limitations on Non-Resident Ownership

In order for Gamehost to maintain its status as a mutual fund trust under the Tax Act, it must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, the Gamehost Trust Agreement provides that at no time may Non-Residents be the beneficial owners of more than 49% of the Fund Units.

The Trustees may require declarations as to the jurisdictions in which beneficial owners of Fund Units are resident. If the Trustees become aware that the beneficial owners of 49% of the Fund Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the transfer agent or registrar for the Fund Units shall make a public announcement thereof and shall not accept a subscription for Fund Units from or issue or register a transfer of Fund Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident.

If, notwithstanding the foregoing, the Trustees determine that a majority of the Fund Units are held by Non-Residents, the Trustees may send a notice to Unitholders who are Non-Residents, chosen in reverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Fund Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Fund Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such holders sell such Fund Units and, in the interim, shall suspend the voting and distribution rights attached to such Fund Units. Upon such sale, the affected holders shall cease to be Unitholders and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Fund Units.

Limitations on Ownership Imposed by the AGLC

No person, or group of persons acting jointly or in concert, shall acquire, agree to acquire, hold, beneficially own or control, either directly or indirectly, Fund Units or Gamehost Special Voting Units to which are attached, in the aggregate, more than 5% of the votes that may be ordinarily cast to appoint Trustees at a meeting of the holders of Fund Units and Gamehost Special Voting Units (a “**Significant Interest**”), unless such parties obtain the prior written consent of, and if required, registration with, the AGLC.

Until such time as the prior written consent of the AGLC has been obtained, no person, or group of persons acting jointly or in concert, holding, acquiring or agreeing to acquire, beneficially own or control, a Significant Interest, either directly or indirectly shall:

- (a) acquire, in any manner whatsoever, any Fund Units or Gamehost Special Voting Units or otherwise increase the holder’s Significant Interest; or
- (b) dispose, in any manner whatsoever, any portion of the Significant Interest, except where such disposition is by way of a redemption in accordance with the terms of the Gamehost Trust Agreement;

if such disposition or acquisition would result in a change of control of Gamehost.

In addition, any holder of Fund Units or Gamehost Special Voting Units, regardless of the number of units held by such holder, may be required to file an application, be investigated and have suitability as a holder determined if the AGLC has reason to believe such ownership would be inconsistent with its declared policies. The holder of Fund Units or Gamehost Special Voting Units must pay all of the costs of the investigation incurred by the AGLC.

If in the opinion of the Trustees, a Person, or group of Persons acting in concert, fails to comply with the foregoing constraints, the Trustees shall be entitled to take any of the following actions (each, a “**Constraint Action**”):

- (a) place a stop transfer on all or any of the Fund Units or Gamehost Special Voting Units of the Person or group of Persons;
- (b) suspend all voting and distribution rights on all or any of the Fund Units or Gamehost Special Voting Units held by the Person or group of Persons;
- (c) apply to the Alberta Court of Queen’s Bench or such other court of competent jurisdiction seeking an injunction to prevent a breach or continuing breach of such constraints; or
- (d) make application to the relevant securities commission, its successors or assigns or such other governmental regulatory agency having jurisdiction over the affairs of Gamehost, to effect a cease trading order or such similar restriction against such Person or group of Persons until such time as the Person or group of Persons complies with such constraints.

In addition, if the AGLC has determined that a holder’s ownership of Fund Units or Gamehost Special Voting Units is inconsistent with its declared policies, the Trustees shall also be entitled to take one or more Constraint Actions against such holder.

Business Trust Units

An unlimited number of Business Trust Units may be created and issued pursuant to the Business Trust Agreement.

The rights attaching to the Business Trust Units under the Business Trust Agreement are as follows:

- (a) each Business Trust Unit represents an equal undivided beneficial interest in the Business Trust, in any distributions from the Business Trust and in the net assets of the Business Trust in the event of the termination or winding-up of the Business Trust;
- (b) all Business Trust Units rank among themselves equally and rateably without discrimination, preference or priority;
- (c) each Business Trust Unit shall entitle the holder of record thereof to one vote at all meetings of holders of Business Trust Units;
- (d) all Business Trust Units are redeemable at the option of the holder for cash or an evidence of indebtedness of the Business Trust in an amount determined according to a formula set out in the Business Trust Agreement; and
- (e) Business Trust Units are not transferable, except pursuant to a redemption or by operation of law.

Business Trust Notes

The Business Trust is authorized to issue Series 1 Notes, Series 2 Notes and Series 3 Notes (collectively, the “**Business Trust Notes**”), each issuable in Canadian currency. The Business Trust Notes are issuable in denominations of \$10 and integral multiples of \$10. No fractional Business Trust Notes may be distributed and where the number of Business Trust Notes to be received by a Unitholder includes a fraction, such number is rounded to the next lowest whole number. Series 2 Notes are reserved by the Business Trust for issuance exclusively to holders of Business Trust Units as full or partial payment of the redemption price of Business Trust Units, as the Trustees may decide or, in certain circumstances, be obliged to issue. Series 3 Notes will be reserved by the Business Trust for issuance exclusively as full or partial payment of the redemption price of Series 1 Notes and for conversion of Series 1 Notes.

Interest and Maturity

The Series 1 Notes issued on the completion of the Plan of Arrangement will mature on the 25th anniversary of the date of issuance and will not bear interest. The Series 1 Notes issued on June 7, 2005 when 343,000 Class B Partnership Units were converted to Fund Units will mature on the 25th anniversary of the date of issuance and will not bear interest. Each Series 2 Note issued matures on a date which is no later than the first anniversary of the date of issuance thereof and bears interest at a market rate to be determined by the Business Trust trustees at the time of issuance thereof, payable in each calendar month that such Series 2 Note is outstanding. Each Series 3 Note issued will mature on the same date as the Series 1 Notes and bears interest at a market rate to be determined by the Business Trust trustees at the time of issuance thereof, payable in each calendar month that such Series 3 Note is outstanding.

Payment upon Maturity

On maturity, the Business Trust will repay the Business Trust Notes by paying to Computershare Trust Company of Canada (“**Computershare**”), the trustee under the Business Trust note indenture (the “**Business Trust Note Indenture**”) entered into between Computershare and the Business Trust in cash an amount equal to the principal amount of the outstanding Business Trust Notes which have then matured, together with accrued and unpaid interest thereon.

Redemption/Conversion

The Business Trust Notes are redeemable at the option of the Business Trust prior to maturity. The Series 1 Notes are convertible at any time into Series 3 Notes at the option of the holder.

Subordination/Security

Payment of the principal amount and interest on the Business Trust Notes will be subordinated in right of payment to the prior payment in full of the principal of and accrued and unpaid interest on, and all other amounts owing in respect of, all senior indebtedness which will be defined as all indebtedness, liabilities and obligations of the Business Trust which, by the terms of the instrument creating or evidencing the same, will be expressed to rank in right of payment in priority to the indebtedness evidenced by the Business Trust Note Indenture. The Business Trust Note Indenture provides that upon any distribution of the assets of the Business Trust in the event of any dissolution, liquidation, reorganization or other similar proceedings relative to the Business Trust, the holders of all such senior indebtedness will be entitled to receive payment in full before the holders of the Business Trust Notes are entitled to receive any payment. The Business Trust Notes will be unsecured debt obligations of the Business Trust.

Default

The Business Trust Note Indenture provides that any of the following, among others, shall constitute an event of default:

1. default in payment of the principal of the Business Trust Notes when the same becomes due and the continuation of such default for a period of 10 Business Days;
2. default in payment of any interest due on any Business Trust Notes and continuation of such default for a period of 30 days;
3. default in the observance or performance of any other covenant or condition of the Business Trust;
4. Note Indenture and continuance of such default for a period of 30 days after notice in writing has been given to the Business Trust by the trustee under the Business Trust Note Indenture specifying such default and requiring the Business Trust to rectify the same; and
5. certain events of dissolution, liquidation, reorganization or other similar proceedings relative to the Business Trust.

Limited Partnership

The Limited Partnership is authorized to issue an unlimited number of Class A Units and an unlimited number of Class B Units. Holders of Class A Units and Class B Units will be limited partners in the Limited Partnership. The Limited Partnership has one outstanding Class “A” Unit, held by the Business Trust.

Class A Units

Class A Units may only be issued to and held by the Business Trust or an affiliate of the Business Trust. Each Class A Unit is entitled the holder:

- (a) to share rateably with the holders of outstanding Class A Units and Class B Units in distributions by the Limited Partnership in accordance with the terms of the Limited Partnership Agreement;
- (b) to share rateably with the holders of outstanding Class A Units and Class B Units in any distribution of accrued capital, accrued income or other assets of the Limited Partnership in the event of a liquidation, dissolution or winding-up of the Limited Partnership, after payment of all of the debts, liabilities and liquidation expenses of the Limited Partnership; and
- (c) to one vote at any meeting of holders of Class A Units.

Class B Units

Each Class B Unit entitles the holder:

- (a) to share rateably with the holders of outstanding Class A Units and Class B Units in distributions by the Limited Partnership in accordance with the terms of the Limited Partnership Agreement;
- (b) to share rateably with the holders of outstanding Class A Units and Class B Units in any distribution of accrued capital, accrued income or other assets of the Limited Partnership in the event of a liquidation, dissolution or winding-up of the Limited Partnership, after payment of or other proper division of all of the debts, liabilities and liquidation expenses of the Limited Partnership; and
- (c) to one vote at any meeting of holders of Class B Units, such meetings to be held only in the limited circumstances described below.

The Class B Units are exchangeable for Fund Units as described below under the heading “Exchange Right Attaching to Class B Units”. The Class B Units are also be subject to certain call rights in favour of the Limited Partnership as described below under the heading “Call Rights Attaching to Class B Units”.

Exchange Right Attaching to Class B Units

Holders of Class B Units may, subject to certain restrictions, require the Limited Partnership to indirectly exchange any of the Class B Units at any time for an equivalent number of Fund Units. The Limited Partnership will indirectly effect such exchange by causing to be issued under the Voting and Exchange Agreement and delivered to the holder one Fund Unit for every Class B Unit exchanged.

Call Rights Attaching to Class B Units

The Limited Partnership has the right to repurchase all, but not less than all, of the then outstanding Class B Units from the holders thereof:

- (a) in the event that fewer than 10% of the Class B Units that were outstanding immediately following completion of the Plan of Arrangement remain outstanding; or
- (b) in connection with a merger, take-over bid or certain other designated transactions concerning Gamehost.

Under the Limited Partnership Agreement, the Limited Partnership will automatically repurchase the Class B Units held by a holder who becomes a Non-Resident.

The Limited Partnership will pay and satisfy the purchase price for any Class B Units repurchased pursuant to such call right by causing to be issued under the Voting and Exchange Agreement and delivering to the holder one Fund Unit for each Class B Unit repurchased.

Adjustment to Class B Units and Issuance of Additional Class B Units

As long as any Class B Units are outstanding, upon the occurrence of certain events, including where Gamehost:

- (a) subdivides, redivides or changes the then outstanding Fund Units into a greater number of Fund Units;
- (b) issues or distributes Fund Units to the holders of all or substantially all of the then outstanding Fund Units;
- (c) reduces, combines, consolidates or changes the then outstanding Fund Units into a lesser number of Fund Units; or
- (d) reclassifies or otherwise changes Fund Units or effects an amalgamation, merger, reorganization or other transaction affecting Fund Units,

the general partner will ensure that the same or an economically equivalent change shall simultaneously be made to, or to the rights attached to, the Class B Units.

Additionally, as long as any Class B Units are outstanding, in the event that Gamehost:

- (a) issues or distributes rights, options or warrants to the holders of all or substantially all of the then outstanding Fund Units entitling them to subscribe for or to purchase Fund Units; or
- (b) securities exchangeable for or convertible into or carrying rights to acquire additional Fund Units; or
- (c) issues or distributes to the holders of all or substantially all of the then outstanding Fund Units (i) securities of Gamehost of any class of indebtedness of Gamehost, or (ii) assets of Gamehost,

the general partner will ensure that the economic equivalent on a per unit basis of such rights, options, securities, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Class B Units.

MARKET FOR SECURITIES

Trading Price and Volume

Fund Units trade on the TSXV under the symbol GH.UN. The following chart provides the price ranges and trading volume of Fund Units on a monthly basis for the most recently completed financial year and completed subsequent months:

Month	High⁽¹⁾	Low⁽¹⁾	Volume⁽¹⁾
January 2008 ¹	13.67	12.53	69,315
February 2008 ¹	13.17	11.67	299,841

March 2008 ¹	12.77	11.67	46,815
April 2008 ¹	15.80	12.33	606,531
May 1-15, 2008 ¹	16.00	14.30	102,270
May 16-31, 2008	15.25	13.75	32,043
June 2008	13.75	12.70	172,372
July 2008	13.00	11.45	69,024
August 2008	11.50	10.61	191,949
September 2008	11.25	10.40	100,454
October 2008	10.26	6.60	133,328
November 2008	8.95	6.90	65,515
December 2008	8.39	6.80	37,400
January 2009	8.00	6.66	69,500

Note:

(1) The Fund traded on the TSX Venture exchange until May 16, 2008 when it graduated to the larger TSX.

TRUSTEES, DIRECTORS AND OFFICERS

The name, municipality of residence and principal occupation of each of the Trustees of Gamehost and the Gamehost Trust and the directors and executive offices of GMI as at February 19, 2009 are as follows:

Name and Municipality of Residence	Office with the Fund	Present Occupation and Positions Held during last 5 Years	Number of Units owned Beneficially or Subject to Direction or Control
David J. Will Red Deer, Alberta	Trustee since April 9, 2003 President and Chief Executive Officer of the Manager since June 1, 2003	President and Chief Executive Officer of the Manager and President of Will Inns Ltd., a service and hospitality company operating hotels and retail leasing space.	6,562,800 ⁽¹⁾
Darcy J. Will Red Deer, Alberta	Trustee since April 9, 2003 Vice President and Secretary of the Manager since June 1, 2003	Vice President and Secretary of the Manager and President of Winner's Gaming Corporation, a private gaming and entertainment company and President of Boomtown Casino Ltd.	2,727,150 ⁽²⁾
James McPherson ⁽³⁾⁽⁴⁾ Red Deer, Alberta	Trustee since April 9, 2003	Senior partner in McPherson L'Hirondelle Associates, an estate and financial planning business.	344,880
Timothy J. Sebastian ⁽³⁾⁽⁴⁾ Calgary, Alberta	Trustee since June 17, 2004	Vice President of Corporate Development, General Counsel for IROC Energy Services Corp., since January 2008; prior thereto counsel with McCarthy Tétrault LLP since March 2006; prior thereto partner with Bryan & Company LLP, since May 1, 2002.	2,000
Jerry Van Someren ⁽³⁾⁽⁴⁾ Red Deer, Alberta	Trustee since August 4, 2005	Chartered Accountants and retired partner of the firm Collins Barrow Chartered Accountant	600
Peter L. Miles, ⁽³⁾ Vancouver, BC	Trustee since May 17, 2006	Executive Vice President and director of Sanatana Diamonds Inc. Through the 1990's, Registered Representative of CIBC	3,000

Name and Municipality of Residence	Office with the Fund	Present Occupation and Positions Held during last 5 Years	Number of Units owned Beneficially or Subject to Direction or Control
		Wood Gundy.	

Notes:

- (1) Includes 6,503,400 Class "B" units of the Limited Partnership, which, pursuant to the terms of the Voting and Exchange Agreement, each are entitled to one vote at a meeting of Unitholders. 4,733,400 of these Class "B" Units are held by D.J. Will Holdings Limited, a corporation controlled by David Will. 2,220,000 of these Class "B" Units are held by Will Inns Inc., a corporation controlled by David Will.
- (2) Includes 2,700,000 Class "B" units of the Limited Partnership, which, pursuant to the terms of the Voting and Exchange Agreement, each are entitled to one vote at a meeting of Unitholders. These Class "B" Units are held by Darcy Co Holdings Ltd.
- (3) Member of the Audit Committee.
- (4) Member of Joint Compensation and Governance Committee.

CONFLICTS OF INTEREST

Unitholders will be dependent upon the Trustees for the administration of Gamehost. The Trustees own a large number of Fund Units and Class B Limited Partnership Units. Certain of the Trustees have an interest in the Deerfoot Inn and Casino Joint Venture. Certain of the Trustees have interests in and are engaged, and will continue to be engaged, in other entities operating in the gaming and hospitality industry and may make additional investments or dispose of investments and situations may arise where such Trustees will be in competition with Gamehost. Provisions in the Gamehost Trust Agreement provide certain procedures to be followed in the event of conflicts of interest and certain remedies may be available to Gamehost when such procedures are not followed. Certain of the Trustees have interests in and are engaged, and will continue to be engaged, in other entities providing services to Gamehost. These services are not, however, considered to be materially significant.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Gamehost paid total compensation of \$509,048 during the financial period ending December 31, 2008 to GMI pursuant to the terms of the Management Services Agreement. GMI is a related party in that it is the general partner of the Limited Partnership and 100% of the voting securities of GMI are owned by David J. Will and Darcy J. Will, both of whom are Trustees.

Gamehost, as part of its 40% participating interest responsibility in the Deerfoot JV, paid total compensation of \$392,754 during the financial period ending December 31, 2008 to 1016312 Alberta Ltd. (the "Joint Venture Manager") pursuant to the terms of a joint venture management services agreement. The Joint Venture Manager is a related party in that 100% of the voting securities of the Joint Venture Manager are owned by David J. Will and Darcy J. Will, both of whom are Trustees.

Gamehost, as part of its 20% participating interest responsibility in the Hospitality Inc., accrued total compensation of \$20,779 during the financial period ending December 31, 2008 to 1016312 Alberta Ltd. (the "Joint Venture Manager"). The Hospitality Inc. intends to enter into a management services agreement with the Joint Venture Manager under terms similar to those for the Deerfoot JV. The Joint Venture Manager is a related party in that 100% of the voting securities of the Joint Venture Manager are owned by David J. Will and Darcy J. Will, both of whom are Trustees.

The operational management of the Fund through a management agreement (the “**Operational Management Agreement**”) has been delegated to 1016312 Alberta Ltd. (the “**Operations Manager**”).

Elston J. Noren is an "Informed Persons" in relation to the Operations Manager by virtue of being the sole director and officer of the Operations Manager, as well as owning all of the issued and outstanding shares of the Operations Manager. For the financial year ended December 31, 2008, \$230,000, was paid to the Operations Manager for management services rendered.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of Gamehost is Computershare Trust Company of Canada at their office in Calgary, Alberta at 530, 8th Avenue S.W. T2P 3S8.

MATERIAL CONTRACTS

The following material contracts have been entered into by the Fund during the most recently completed financial year or previously and are still in effect:

1. Gamehost Trust Agreement

Trust Units

For a detailed discussion please see the disclosure in the section called Description of Share Capital under the heading “Fund Units and Gamehost Special Voting Units”.

Unitholder Limited Liability

For a detailed discussion please see the disclosure in the section called Description of Share Capital under the heading “Liability of Unitholders”.

Issuance Of Fund Units

The Gamehost Trust Agreement provides for the issuance of an unlimited number of Fund Units and Gamehost Special Voting Units. Also, it provides that Fund Units and other securities, including rights, warrants (including so called “special warrants” which may be exercisable for no additional consideration) and options may be issued at the times, to the persons, for the consideration and on the terms and conditions the Trustees determine, including, without limitation, payment by instalment or at a discount in consideration for subscribing or producing subscribers. The Gamehost Trust Agreement provides that the Trustees may authorize the creation and issuance of debt securities of the Fund which debt securities may be created and issued from time to time on such terms and conditions to such persons and for such consideration as the Trustees may determine.

Cash Distributions

For a detailed discussion please see the disclosure in the section called “Cash Distributions”.

Redemption Right

For a detailed discussion please see the disclosure in the section called Description of Share Capital under the heading “Redemption of Fund Units”.

Non Resident Unitholders

For a detailed discussion please see the disclosure in the section called Description of Share Capital under the heading “Limitations on Non-Resident Ownership”.

Meetings of Unitholders

Annual meetings of the Unitholders are called and held annually, and business transacted at such meetings includes the presentation of the audited financial statements of the Fund for the immediately preceding fiscal year, the nomination of persons to serve as directors of GMI, the appointment of the Trustees for the ensuing year and the appointment of Auditors. Special meetings must be called by the Trustees upon a written request of Unitholders holding in the aggregate not less than 10% of the outstanding Fund Units. Such requests must specify in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxy holder need not be a Unitholder. All Unitholders of record are entitled to vote and each Fund Unit entitles the holder or holders of that Fund Unit to one vote on a poll vote at any meeting of Unitholders. Two persons present in person, or represented by proxy, and representing in the aggregate at least 10% of the votes attaching to all outstanding Fund Units shall constitute a quorum for the transaction of business at all such meetings.

Trustees

The Trustees are responsible for, among other things, accepting subscriptions for Fund Units and issuing Fund Units pursuant thereto, supervising the activities and managing the investments and affairs of the Fund, maintaining the books and records of the Fund and providing reports to Unitholders. The Gamehost Trust Agreement provides that the Trustees shall exercise their powers and carry out their functions as Trustees honestly, in good faith and in the best interests of the Fund and the Unitholders and shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

Delegation of Authority

The Trustee’s may appoint from their number a committee of Trustees and may delegate to the committee of Trustees such authority as the Trustees deem necessary or desirable to effect the administration duties of the Trustees.

Liability of the Trustees

The Trustees are not liable in carrying out their duties under the Gamehost Trust Agreement except in cases where the Trustees fail to act honestly and in good faith with a view to the best interests of the Fund or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Amendments to the Gamehost Trust Agreement

The Gamehost Trust Agreement may be amended or altered from time to time by extraordinary resolution of the Unitholders. In addition, the Trustees may, without the approval the Unitholders, amend the Gamehost Trust Agreement for the purpose of:

- (a) ensuring the Trust’s continuing compliance with applicable laws, regulations, policies or requirements of any governmental agency having jurisdiction over the Trustees or the Fund, including the AGLC;

- (b) ensuring that such additional protection is provided for the interests of Unitholders as counsel to the Trustees may consider expedient;
- (c) removing any conflicts or inconsistencies in the Gamehost Trust Agreement or any supplemental indenture; and
- (d) making amendments which are necessary or desirable as a result of changes in Canadian taxation laws.

Takeover Bid

The Trust Indenture contains provisions to the effect that, if a takeover bid is made for the Trust Units and not less than 90% of the Fund Units are taken up and paid for by the offeror, the offeror will be entitled to acquire the Fund Units held by Unitholders who did not accept the take over bid on the terms offered by the offeror. In the event of a take over bid for Fund Units, any holder of a security exchangeable directly indirectly into Fund Units may, unless prohibited by the terms and conditions of such exchangeable security, convert, exercise or exchange such exchangeable security for the purpose of tendering Fund Units to the take over bid, unless an identical offer is made by the offeror to purchase such exchangeable security.

Termination of the Trust

The Unitholders may vote by extraordinary Resolution to terminate the Fund at any meeting of Unitholders duly called by the Trustees for the purpose of considering termination of the Fund, following which the Trustees shall commence to wind up the affairs of the Fund. Such extraordinary resolution may contain such directions to the Fund Trustees as the Unitholders determine, including a direction on how to distribute the Fund Units and the Business Trust Notes.

Unless the Fund is earlier terminated or extended by any vote of the Unitholders, the Fund shall continue for a term ending on the day which is the day immediately prior to the day which is 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on April 9, 2003. In the event that the Fund is wound up, the Fund will sell and convert into money the property of the Fund in one transaction or in a series of transactions in a public or private sale and do all other acts appropriate to liquidate the property of the Fund, and shall in all respects act in accordance with the directions, if any, of the Unitholders. After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Fund shall distribute the remaining part of the proceeds of the sale of the assets together with any cash forming part of the property of the Fund among the Unitholders in accordance with their pro rata share.

2. Business Trust Agreement

The Business Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003. All of the securities of the Trust, which are the Business Trust Units and the Business Trust Notes, are held by the Fund. The trustees of the Business Trust are the Trustees of the Fund. For a detailed discussion of the Business Trust Units and the Business Trust Notes please see the disclosure in the section called Description of Share Capital under the headings “Business Trust Units” and “Business Trust Notes”.

3. Limited Partnership Agreement

The Limited Partnership is a limited partnership governed by the laws of the Province of Alberta. The general partner of the Limited Partnership is GMI. The Limited Partnership owns the assets and business operations of the Fund. The Limited Partnership is authorized to issue an unlimited number of Class “A” units and an unlimited number of Class “B” units. For a detailed discussion of the Class “A” and Class “B” units of the Limited Partnership, please see the disclosure in the section called Description of Share Capital under the heading “Limited Partnership”.

4. Voting and Exchange Trust Agreement

Gamehost, the Business Trust, the Limited Partnership and holders of Class B Units entered into the voting and exchange agreement (the “**Voting and Exchange Agreement**”), dated June 1, 2003. The Voting and Exchange Agreement confirms that each Class B Unit entitles the holder thereof to a corresponding Gamehost Special Voting Unit, providing a holder of Class B Units one vote at all meetings of Unitholders. The Gamehost Special Voting Units are intended to be, to the greatest extent possible, the voting equivalent of Fund Units. Holders of Class B Units will also be entitled to received distributions from the Limited Partnership which will be, to the greatest extent possible, economically equivalent to the cash distributions made to holders of Fund Units.

The Voting and Exchange Agreement grants holders of Class B Units the right to require Gamehost and the Business Trust to indirectly exchange Class B Units held by such holders into Fund Units. Further, the Voting and Exchange Agreement will provide Gamehost with a call right to acquire Class B Units for the indirect exchange of Fund Units if certain events occur, including but not limited to the following events: Unitholders having tendered 90% or more of outstanding Fund Units to a take-over bid; less than 10% Class B Units issued on the Completion Date remain outstanding at any time; and a holder of Class B Units becoming a non-resident of Canada.

INTERESTS OF EXPERTS

Gamehost’s auditor, Heywood Holmes and Partners LLP, is independent in accordance with the Rules of Professional Conduct of the Institute of Accountants of Alberta as of January 7, 2009.

AUDIT COMMITTEE

General

Gamehost has established an Audit Committee (the “**Audit Committee**”) comprised of three members: Jerry Van Someren, James MacPherson and Peter Miles, each of whom is considered “independent” and “financially literate” within the meaning of Multilateral Instrument 52-110 – Audit Committees.

Mandate of the Audit Committee

The mandate of the Audit Committee is to assist the board or trustee of Gamehost in its oversight of the integrity of the financial and related information of the Fund, GMI and their subsidiaries and related entities, including the financial statements, internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements. In doing so, the Audit Committee oversees the audit efforts of our external auditors and, in that regard, is empowered to take such actions as it may deem necessary to satisfy itself that our external auditors are independent of us. It is the objective of the Audit Committee to have direct, open and frank communications throughout the

year with management, other Committee chairmen, the external auditors, and other key committee advisors or Gamehost staff members as applicable.

The Audit Committee's function is oversight. Management of GMI is responsible for the preparation, presentation and integrity of the financial statements of the Fund and GMI. Management is responsible for maintaining appropriate accounting and financial reporting principles and policy and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations.

While the Audit Committee has the responsibilities and powers set forth above, it is not the duty of the Audit Committee to plan or conduct audits or to determine whether the financial statements of the Fund are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditors, on whom the members of the Committee are entitled to rely upon in good faith.

The Audit Committee Terms of Reference are attached hereto as Appendix A.

Relevant Education and Experience of Audit Committee Members

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by us to prepare our annual and interim financial statements.

Name of Audit Committee Member	Relevant Education and Experience
Jerry Van Someren	CA. Former Partner with Collins Barrow Chartered Accountants.
James MacPherson	CFP, CLU, CHFC. Partner in McPherson L.'Hirondelle and Associates. 30+ years experience in Business Succession Planning and Estate & Financial Consulting.
Peter Miles	B.Comm from the University of British Columbia . 20 years' experience in investment banking and retail stock brokerage, and was formerly a Vice President of Midland Doherty Inc., Dean Witter Reynolds and CIBC World Markets. Founder and Chief Executive Officer of Sanatana Diamonds. Director of the Vancouver Aquarium and Marine Science Centre.

The Fund has not adopted formal policies or procedures for the engagement of non-audit services. In practise, the Fund has not engaged it's auditors for non-audit services of a material nature. The Audit Committee of the Fund will be developing formal policies and procedures for implementation in the calendar year 2008.

External Auditor Services Fees

The following chart sets out the fees billed by the Fund's auditors, Heywood Holmes and Partners LLP, for the years ended December 31, 2008, 2007 and 2006:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
31-Dec-08	n/a	n/a	\$nil	\$15,750
31-Dec-07	\$57,300	\$8,730	\$nil	\$nil
31-Dec-06	\$43,000	\$11,250	\$nil	\$ nil

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services. Member of the Compensation, Governance and Nomination Committee.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns. These include, but are not limited to review engagement fees for the Fund's interim reporting periods.

RISK FACTORS

There are risks and uncertainties associated with the Fund's businesses and operations. These risks and uncertainties are outlined below.

Distributions and Results

The Fund's mandate is to make consistent monthly cash payments to Unitholders based on management's projections of the year's distributable cash. However, there can be no assurance regarding the amounts of income that will be generated by the Limited Partnership each month and available for distribution to Unitholders. The actual amount distributed in respect of the Fund Units depends upon numerous factors, including the performance of the Gamehost Casinos. In addition, the Trustees when considering the longer term objectives of the Fund and nearer term strategies have a great deal of latitude in determining the amounts and timing of any distributions. The Fund Units are not a source of guaranteed income and Unitholders should be aware that they bear the risk that the frequency and amounts of distributions may fluctuate or be interrupted.

Casino Licenses for the Current Casinos

Each of the Gamehost Casinos can only be operated under licenses granted by the AGLC.

Currently, all the casino licenses issued to Gamehost Casinos by the AGLC are for a period of three years and are generally reissued on expiry following approval by the AGLC Board. There can be no guarantee that the licenses under which the Great Northern Casino, the Boomtown Casino and the Deerfoot Inn and Casino operate will be reissued by AGLC in the future or, if reissued, will be on the same or as favourable terms as the existing licenses.

In casinos operating slot machines, such as the Gamehost Casinos, the operator must enter into a CGT Agreement with the AGLC. The CGT Agreement relates to the operation of slot machines and contains covenants of each licensee. The CGT Agreement has an indefinite term and may be terminated upon seven days notice by either party without cause or immediately by AGLC with cause.

If the Limited Partnership has any problem with obtaining and keeping licenses to operate any of the Gamehost Casinos, or with keeping the CGT Agreement in good standing, such event or events would have a material adverse effect on Gamehost.

Casino Licenses for any New Casinos

Any new casino to be developed by the Limited Partnership will require a license from the AGLC or from the applicable regulatory body in provinces outside of Alberta. The process for obtaining a new license is complex and there is intense competition for new licenses. There can be no guarantee that the AGLC or any other applicable regulatory body will grant a new license for any new casino that the Limited Partnership might propose in the future. Failure to get these licenses would potentially limit the growth of the Limited Partnership, thereby adversely affecting the growth potential of Gamehost.

Government Regulation

The casino gaming industry in Alberta is highly regulated by the AGLC. Such regulation can restrict the manner in which the Limited Partnership may carry on its business or add to the cost of doing business. The Limited Partnership has no control over the slot machines it offers in its casinos or over the percentage of payment it will receive out of the net revenue generated from the gaming activities conducted within its casinos. A failure by the Limited Partnership to comply with applicable gaming regulations could jeopardize its ability to obtain the necessary casino licenses and future gaming licenses. Also, there is no assurance that current regulations concerning the gaming industry will not adversely change in the future.

Laws

There can be no assurance that governments will not pass legislation which will have a material adverse effect on gaming operations. While the cities of Grande Prairie, Fort McMurray and Calgary currently allow the operations at the Great Northern Casino, the Boomtown Casino and the Deerfoot Inn and Casino, there can be no assurance that the municipal governments will not enact bylaws restricting the operations at these facilities in the future. Also, the Province of Alberta or the Government of Canada could make new laws or change existing laws concerning gaming in a way that would not be favourable to the gaming operations to be carried on by the Limited Partnership. Such new laws or changes to existing laws could materially adversely affect the results and financial condition of Gamehost.

Competition

The Great Northern Casino and the Boomtown Casino are currently the only casinos in, respectively, Grande Prairie and Fort McMurray, Alberta. However, there are a number of other casinos in Calgary, Alberta with whom the Deerfoot Inn and Casino is in direct competition and more licenses to operate casinos there may be granted in the future. Competitors may also be granted licenses to operate casinos in Grande Prairie and Fort McMurray in direct competition with the Great Northern Casino and or the Boomtown Casino. An increased level of competition could adversely affect Gamehost's results and financial condition.

Online Gambling

The Fund faces competition from gambling conducted over the internet. Online casinos offer a variety of games including slot machines, roulette, poker and blackjack. Online gaming websites offer a host of gaming opportunities similar to product offering at land based casinos. Online gaming websites allow players to pay using online payment services and credit cards which are often not available or have limits in land based casinos. Online gaming websites are easily accessible and are unregulated in Canada.

Pursuant to Canadian Criminal Code, only the Provinces have the authority to regulate gambling over the internet in Canada. To date, Canadian and provincial regulatory bodies have not indicated any intention to prevent access by Canadians to online gambling websites. Ontario has proposed legislation which if enacted would restrict the advertisement in Ontario of online gambling. The United States recently passed the Unlawful Internet Gambling Enforcement Act of 2006 which prohibits U.S.A. banks, credit card companies and other financial intermediaries from facilitating the electronic transmission of money from the United States to internet gambling businesses. Additionally, in the USA, the Department of Justice has attempted to prosecute parties who accept advertising from online gambling services. We cannot, with any degree of certainty, determine the impact, if any, of internet gambling on the Funds operation.

Non-smoking

Alberta's new Tobacco Reduction Act (the "**Tobacco Act**") was passed November 14, 2007. A province-wide smoking ban in all public places and workplaces took effect January 1, 2008. The Tobacco Act also prohibits smoking within a specified distance from the windows, doorways and air intakes of public places to protect indoor air quality. The ban had an immediate adverse impact on gaming revenues at the Gamehost Casinos. It is proven that the impact of non-smoking of gaming activity diminishes over time. Under normal circumstances, we would no longer consider non-smoking to be a risk except that First Nations casino operators are not subject to the non-smoking mandate and enjoy an unfair competitive advantage over traditional casino operators.

General Economy

The current global recession is the most significant risk to short term profitability. Expectations of the recessions reach and duration vary but a general consensus is that it will be more severe than initial estimates of two quarters. Gamehost depends on highly discretionary consumer spending which is currently under pressure.

Oil and Gas Industry risk

The Service Plus Inn in Grande Prairie currently generates approximately 80% of its business from the energy sector. The Fund is, therefore, subject to a degree of risk as a result of this connection to the oil and gas industry.

Management of Capital Projects

Returns on investment, distributions and profitability are dependant on the effective management of the Fund's various capital projects. Our program of capital expenditures faces risk that our financial and managerial resources may be insufficient to properly manage capital projects. In the event that we are unable to effectively manage our direct costs of construction and 3rd party procurement for construction returns on investment, distributions and profitability will suffer.

The Fund, currently has no significant capital projects planned or underway. Construction of the new Stampeded Casino which opened in June 2008 exceeded budget by approximately 3%.

Future Capital Requirements

The Fund may need to raise funds through public or private financing in order to achieve our objectives or act on opportunities as they present themselves. There can be no assurance that additional financing will be available on favourable terms or at all. If adequate funds are not accessible or not available on favourable terms, we may not be able to achieve objectives or take advantage of opportunities as they

arise. Accordingly, inability of the Fund to obtain required financing could adversely impact potential profitability of the Fund.

Seasonal Cycles

Operations of the Fund are not overtly impacted by seasonal cycles. The most significant influence on the business of the Fund relates to spring breakup in the energy sector. Beginning in March/April each year and for a duration of six to eight weeks ground thaw prohibits the movement of heavy equipment on provincial highways and in and out of lease sites. Spring breakup has its most profound impact in the northern half of the province. This is normally a period of high activity for the Great Northern and Boomtown Casinos while it has the opposite effect on hotel operations in Grande Prairie. The Deerfoot Casino is less affected by spring breakup.

Ability to Utilize or Add Slot Machines

Municipalities currently have the right to prohibit slot machines within their boundaries. As a result, any casino which operates slot machines, or proposes to do so, runs the risk that the host municipality could at some point pass a by-law prohibiting their operation. In such event, the affected casino could face legal challenges from the municipality and could potentially lose revenues. This municipal right could also have a negative impact on our possible expansions or acquisitions.

Indebtedness

There are risks related to indebtedness. All of the Funds debt including debt facilities through its subsidiaries and joint ventures are exposed to fluctuation in variable prime lending rates and the Funds lending institutions. The Fund carries low levels of debt in comparison to its industry peers. Current economic consensus indicates a downward pressure on prime lending rates which favours the Fund. However, these conditions are volatile and could reverse resulting in an unfavourable impact on the Fund's profitability.

Debt Covenants

The Fund has a \$15.0 million demand facility secured by a collateral mortgage first charge on the Funds Grande Prairie Assets. The Fund is making scheduled principal plus interest payments on a \$9.0 million portion of the loan over an amortization of 10 years. The remaining \$6.0 million has been advanced on a demand revolving basis. The loan has no specific financial ratio covenants.

The Fund has a 40% Participating Interest Responsibility in the debt facilities of the Deerfoot Joint Venture. The Deerfoot Joint Venture has a loan secured by its land and building which is structured in two segments. The Deerfoot Joint Venture loan is subject to the Deerfoot Joint Venture meeting certain financial covenants.

The Fund has a 20% Participating Interest Responsibility in the debt facilities of Calgary West Hospitality Inc. ("Hospitality Inc;"). Hospitality Inc. has a loan secured by its building. The Hospitality Inc. loan is subject to Hospitality Inc. meeting certain financial performance covenants.

Hospitality Inc. has not met all of the financial ratio covenants as set out in the lenders term sheet. Hospitality Inc. has met all scheduled principal and interest payment requirements. Discussions with the lender are ongoing while Hospitality Inc. works to resolve the deficiency.

If the Fund or any of its subsidiaries or joint ventures breach standard or stated financial ratio covenants, the Fund could be required to pay back outstanding loans on demand together with interest and any prepayment penalties.

Interest Rate Risk

The Fund's interest rate risk arises primarily from its variable rate debt in the aggregate amount of \$24.3 million. The Stampede Joint Venture has hedged a portion of its interest rate risk (see note 13). A plus or minus 1% change in interest rates would impact annual earnings by \$243,000 on all floating rate debt.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers. The Fund, in the normal course of operations, monitors the financial condition of its customers. The Fund does not have significant exposure to any individual customer or counterparty.

Carrying amounts of accounts receivable are reduced on an account specific basis when appropriate. The Fund does not currently carry an allowance for doubtful accounts. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At December 31, 2008, all aged receivables are current within stated credit terms and customer historical payment practices.

Foreign Exchange Risk

The Fund operates in Canada. The functional and reporting currency of the Fund is in Canadian dollars. The Fund is exposed, in its normal course of operations, to exchange rate risk from foreign exchange rate fluctuations. Foreign exchange risk arises because a Canadian dollar payable transaction denominated in foreign currencies may vary due to changes in exchange rates at the time the transactions are settled. Any differences in the settled amounts are recorded as part of cost of sales or expenses. Transactions in foreign currencies, mostly USA dollars, are not material. The Fund does not actively manage exposure to foreign exchange risk.

Leverage and Restrictive Covenants

The AGLC requires Gamehost Casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). MCNWCP differs from standard working capital calculations. MCNWCP includes cash floats and one months worth of operating expenses less 50% of any accrued distributions to all classes of Unitholders. The Deerfoot JV is also required by the AGLC to maintain a MCNWCP.

The Limited Partnership has a term debt facility secured by the Great Northern Casino, Boomtown Casino and Grand Prairie Real Estate. The Deerfoot JV and Hospitality Inc. also have term debt facilities.

Changes in Tax and Other Laws

Changes in tax and other laws may adversely affect Unitholders. Income tax laws such as the treatment of mutual fund trusts, may in the future be changed or interpreted in a manner that adversely affects the Fund and Unitholders. Tax authorities having jurisdiction over the Fund or the Unitholders may disagree

with the manner in which the Fund calculates its income for tax purposes or could change their administrative practices to the Fund's detriment or the detriment of Unitholders.

Income Tax Matters

Mutual Fund Trust Status

It is intended that the Fund continue to qualify as a mutual fund trust for the purposes of the Tax Act. The Fund may not, however, be able to satisfy future requirements for the maintenance of mutual fund trust status. Should the status of the Fund as a mutual fund trust be lost or successfully challenged by a relevant tax authority, adverse consequences may arise for the Fund and Unitholders. The Fund may take certain measures in the future to the extent the Fund believes them necessary to ensure that it maintains its status as a mutual fund trust. These measures could be adverse to certain Unitholders.

Fund's Liability for Tax

The Gamehost Trust Agreement provides that a sufficient amount of the Fund's net income and net realized capital gains shall be distributed each year to Unitholders in order to eliminate the Fund's liability for income tax under Part I of the Tax Act. Where such amount of net income and net realized gains of the Fund in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Fund Units. Unitholders are generally required to include an amount equal to the fair market value of those Fund Units in their taxable income, in circumstances when they do not directly receive a cash distribution. Upon the Fund becoming subject to the new tax on distributions pursuant to the SIFT Tax Legislation (discussed below), the Fund will no longer be able to eliminate the Fund's liability for tax under Part I of the Tax Act.

SIFT Tax Legislation

The SIFT Tax Legislation received Royal Assent on June 22, 2007. The SIFT Tax Legislation generally applies to trusts and partnerships that are resident in Canada for purposes of the Tax Act (in the case of partnerships, pursuant to new residency rules for this purpose), that hold one or more "non-portfolio properties" and the units of which are listed or traded on a stock exchange or other public market. A trust or partnership that would be considered to have been a SIFT on October 31, 2006 had the SIFT Tax Legislation applied at such time generally would not be subject to tax under the new SIFT Tax Legislation until January 1, 2011, provided that the trust or partnership experiences only "normal growth" and no "undue expansion" before then (discussed below).

The SIFT Tax Legislation is expected to result in adverse tax consequences to the Fund and certain Unitholders (including particularly Unitholders that are tax exempt or Non-Resident) and may impact cash distributions from the Fund. Taxation of the Fund's distributions in 2011 and beyond will depend on the composition of its distributions which will vary depending on levels of profitability, available deductions, capital expenditures and other factors. It is therefore not possible to accurately predict the tax treatment for future years.

The SIFT Tax Legislation may affect the value of the Units in the future. A reduction in the value of the Units may increase the cost to the Fund of raising capital in the public capital markets. There can be no assurance that the Fund will be able to reorganize its legal and tax structure to substantially mitigate the expected impact of the SIFT Tax Legislation. The Fund will continue to evaluate options available to

continue its practice of minimizing taxes payable by the Fund and enhancing value to Unitholders, including the possibility of converting to a corporate structure (discussed below).

The Fund is considered a SIFT trust and, commencing January 1, 2011 (provided the Fund only experiences “normal growth” before that time), the Fund will be subject to tax on the portion of its distributions that are ordinary taxable income and taxable capital gains from dispositions of “non-portfolio properties” at a rate comparable to the combined federal and provincial corporate income tax rate. For Unitholders resident in Canada for the purposes of the Tax Act, the portion of the Fund’s distributions which would otherwise be taxed as ordinary income will be treated as taxable dividends paid by a taxable Canadian corporation that qualifies for the enhanced gross-up and dividend tax credit applicable to “eligible dividends”. There will be no change in the tax treatment of the portion of the Fund’s distributions that are considered to be a return of capital or dividend income. Distributions to Non-Resident Unitholders generally will be subject to Canadian withholding tax. Taxation of the Fund’s distributions in 2011 and beyond will depend upon the composition of its distributions which will vary depending on levels of profitability, capital expenditures and other factors. It is therefore not possible to accurately predict the tax treatment for future years.

The Fund will lose the transitional relief provided in the SIFT Tax Legislation if it exceeds “normal growth” as determined by reference to guidelines (the “**Guidelines**”) issued by the Department of Finance (Canada) on December 15, 2006, as amended from time to time. As a result, the adverse tax consequences resulting from the SIFT Tax Legislation could be realized sooner than 2011. Specifically, the Department of Finance has stated that “normal growth” includes equity growth (i.e. the issuance of new equity) within certain “safe harbour” limits, measured by reference to a trust’s market capitalization as of the end of trading on October 31, 2006 (which would include only the market value of the trust’s issued and outstanding publicly-traded trust units, and not any convertible debt, options or other interests convertible into or exchangeable for trust units). Those safe harbour limits are 40% for the period from November 1, 2006 to December 31, 2007, and 20% each for calendar years 2008, 2009 and 2010. Moreover, these limits are cumulative, so that any unused limit for a period carries over into the subsequent period. Additional details of the Guidelines include the following:

- (e) new equity for these purposes includes units and debt that is convertible into units (and may include other substitutes for equity if attempts are made to develop those);
- (f) replacing debt that was outstanding as of October 31, 2006 with new equity, whether by a conversion of convertible debentures into trust units or otherwise, will not be considered growth for these purposes and will therefore not affect the safe harbour; and
- (g) the exchange, for trust units, of exchangeable partnership units or exchangeable shares that were outstanding on October 31, 2006 will not be considered growth for those purposes and will therefore not affect the safe harbour where the issuance of the trust units is made in satisfaction of the exercise of the exchange right by a person other than the trust.

The Guidelines were amended effective December 4, 2008 to accelerate the safe harbour limit for each of 2009 and 2010. The amendment does not change the maximum available growth but allows the Fund to use remaining growth room in a single year. In the event that the Fund issues additional Units, convertible debentures or other equity substitutes prior to 2011 that exceeds “normal growth” as set out in the guidelines, the Fund may become subject to the SIFT Tax Legislation prior to January 1, 2011. No assurance can be given that the SIFT Tax Legislation will not apply to the Fund prior to 2011.

Nature of Distributions

The after-tax return for any Units owned by Unitholders which are subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be fully or partially taxable or may be tax deferred). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders. The SIFT Tax Legislation will apply a tax on certain income earned by a SIFT trust or partnership, and treat the taxable distributions of such income received by investors in such entities as taxable dividends. The SIFT Tax Legislation does not change the tax treatment of distributions that are in excess of the taxable income of a SIFT trust.

Conversion

On July 14, 2008, the Department of Finance released draft technical amendments to the Tax Act which are designed to permit SIFT trusts to convert into taxable Canadian corporations on a tax-deferred basis (the "SIFT conversion rules"). Changes to the SIFT conversion rules were announced on November 28, 2008 and explanatory notes on the changes were released on December 4, 2008. The final SIFT conversion rules are contained in Bill C-10 - *An Act to implement certain provisions of the budget tabled in Parliament on January 27, 2009 and related fiscal measures* which received second reading in the House of Commons on February 12, 2009. As of February 19, 2009, Bill C-10 has not been enacted.

The SIFT conversion rules allow unitholders of a SIFT trust to either transfer their units to a taxable Canadian corporation on a tax-deferred basis in exchange for shares of that corporation or receive shares of a wholly-owned subsidiary of a SIFT trust on the redemption of all of its units. Further, the SIFT conversion rules allow the SIFT trust itself to be wound up on a tax-deferred basis.

As presently proposed, the SIFT conversion rules are only available to trusts that convert prior to December 31, 2013. The Fund has nearly 4 more years in order to convert pursuant to the SIFT conversion rules and the Fund will continue to have the benefit of its tax structure through December 31, 2010. Commencing in 2011, the Fund will be subject to the SIFT tax.

The Fund will continue to evaluate alternatives as to the best course of action for its Unitholders in the future.

Nature of Distributions

The after-tax return for any Fund Units owned by Unitholders which are subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be fully or partially taxable or may be tax deferred). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders. The SIFT Tax Legislation will apply a tax on certain income earned by a SIFT trust or partnership, and treat the taxable distributions of such income received by investors in such entities as taxable dividends. The SIFT Tax Legislation does not change the tax treatment of distributions that are in excess of the taxable income of a SIFT trust.

Key Personnel

The success of Gamehost and its affiliates will depend upon the abilities, expertise and knowledge of senior management, including their ability to retain and attract other management staff. While certain

members of senior management will enter into employment arrangements, the loss of any key personnel could have a material adverse effect on the operations of Gamehost and its affiliates.

Employees

The gaming and hotel industries are very labour intensive. The success of the Limited Partnership will depend on the ability to attract and retain qualified personnel at competitive rates. There are currently no unionized employees at the Great Northern Casino, the Boomtown Casino or the Deerfoot Inn and Casino. However, there are no assurances that unionization may not happen in the future. If it does, it may result in increased labour costs to the Limited Partnership and reduced flexibility. Unionization could have an adverse impact on Gamehost.

Opposition to the Gaming Industry

With the expansion of gaming in North America, gaming has become a more acceptable form of mainstream entertainment. There are, however, some protest groups, newspaper columnists and others who have vocally denounced gaming in general or specifically with regard to gaming activities such as VLTs and slot machines. Vocal opposition to government plans to expand gaming can have an impact on a government's political willingness to introduce and pursue any such plans. Also, a negative public perception of gaming within any demographic area decreases the likelihood that a new casino can be established in that area or that an existing casino will be financially viable. Such perceptions could have a negative impact on Gamehost's results and financial condition.

Conflicts of Interest

Unitholders will be dependent upon the Trustees for the administration of Gamehost. The Trustees will own a large number of Fund Units and Class B Units. Each of David Will and Darcy Will have an interest in the Deerfoot Inn and Casino Joint Venture. Certain of the Trustees have interests in and are engaged and will continue to be engaged in other entities operating in the gaming and hospitality industry and may make additional investments or dispose of investments and situations may arise where such Trustees will be in competition with Gamehost. Provisions in the Gamehost Trust Agreement provide certain procedures to be followed in the event of conflicts of interest and certain remedies may be available to Gamehost when such procedures are not followed. Unresolved conflicts of interest may adversely affect Gamehost or its affiliates.

David Will and Darcy Will, each a Trustee of the Fund and an officer and director of GMI, through their control of HospitalityCo has a controlling interest in the New Stampede Casino. Gamehost is a 20% shareholder in HospitalityCo.

Conversion to Corporate Structure

Should the Fund decide to convert from its current structure to a corporate structure prior to January 1, 2011, there may be an adverse impact on the market price of the Fund Units resulting from the change in status.

Investment Eligibility

There can be no assurance that the Fund Units will continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans or registered disability savings plans, under the Tax Act. Properties distributed by the Fund on a redemption of Fund Units or termination of the Fund may not be qualified investments

for such plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments by such plans.

Nature of Units

Rights as a Unitholder differ from those associated with other types of investments. The Fund Units do not represent a traditional investment in a “traditional public company” and should not be viewed by investors as “shares” in the Fund. The Fund Units represent an equal fractional beneficial interest in the Fund and, as such, the ownership of the Fund Units does not provide Unitholders with the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring “oppression” or “derivative” actions. The unavailability of these statutory rights may also reduce the ability of Unitholders to seek legal remedies against other parties on our behalf. The Fund Units are also unlike conventional debt instruments in that there is no principal amount owing to Unitholders. Accordingly, cash distributions do not represent a “yield” in the traditional sense as they represent both return of capital and return on investment and the distributions received over the life of the investment may not meet or exceed the initial capital investment. As the Trust is not a corporate entity, it is not governed by the provisions of either provincial or federal corporate law. The Fund is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act* (Canada), the Companies’ Creditors Arrangement Act (Canada) and in some cases, the *Winding Up and Restructuring Act* (Canada). As a result, in the event a restructuring of the Fund were necessary, the Fund would not be able to access the remedies available thereunder. In the event of a restructuring, a Unitholder may be in a different position than a shareholder of a corporation. The price per Fund Unit will be a function of anticipated distributable income and the ability to effect long term growth in the value of the Fund. The market price of the Fund Units will be sensitive to a variety of market conditions, including, but not limited to, interest rates and the ability of the Fund to acquire additional assets. Changes in market conditions may adversely affect the trading price of the Fund Units.

Dilution of Existing Unitholders’ Interests

An unlimited number of Fund Units and Special Voting Units may be created and issued pursuant to the Gamehost Trust Agreement. The Limited Partnership is authorized to issue unlimited numbers of both Class A Units and Class B Units. In accordance with the terms of the Limited Partnership Agreement and Gamehost Trust Agreement, consent of the Unitholders is not required for the issuance of new Fund Units. The Fund may issue additional Fund Units in the future for the purpose of raising additional capital for expansion or in connection with acquisitions.

Distribution of Securities on Redemption or Termination

Upon a redemption of Fund Units or termination of Gamehost, the Trustees may distribute securities of Gamehost or the Business Trust to the Unitholders. There may be no market for such securities, their transfer may be restricted by applicable securities laws and they may be treated differently than the Fund Units under the Tax Act.

ADDITIONAL INFORMATION

Additional financial information concerning the Fund is available on SEDAR at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Fund’s securities, options to purchase securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in our information circular in respect of the annual of unitholders to be held on May 13, 2008. Additional financial information is provided in our

comparative financial statements and management's discussion and analysis for our most recently completed financial year ended December 31, 2008.

AUDIT COMMITTEE CHARTER

The term "**Fund**" refers to Gamehost Income Fund, the term "**Board**" refers to the board of trustees of the Fund and the term "**Manager**" refers to Gamehost Management Inc. Inc. ("**GHM**") in its capacity as "Manager" pursuant to the Management Agreement between the Fund, Gamehost Business Trust ("**GHB**T"), Gamehost Limited Partnership (the "**LP**") and the Manager. The term "**Governance Agreements**" refers, collectively, to the declaration of trust of the Fund, the declaration of trust of GHB T, the Management Agreement, the Voting and Exchange Agreement between the Fund, GHB T, GHM, the LP and others, and the Limited Partnership Agreement governing the LP.

PURPOSE

The Audit Committee (the "**Committee**") is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to the Fund's financial reporting including responsibility to:

- oversee the integrity of the Fund's financial statements and financial reporting process, including the audit process and the Fund's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the Fund's external auditors;
- oversee the work of the Fund's financial management and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the Board, the board of directors of GHM, the trustees of GHB T, the Manager and the officers (collectively, "**Management**") of the Fund, the Manager, GHM and the LP.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

COMPOSITION AND PROCEDURES

In addition to the procedures and powers set out in any resolution of the Board, the Committee will have the following composition and procedures:

1. Composition

The Committee shall consist of no fewer than three members.

2. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among its members. The Board shall fill any vacancy if the membership of the Committee is less than three trustees. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its power so long as a quorum of at least 2 members remain in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of Unitholders after his or her election or until his or her successor shall be duly elected and qualified.

3. Financial literacy

All members of the Committee must be "financially literate" (as that term is interpreted by the Board in its reasonable judgment or as may be defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Fund's units are listed for trading) or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

4. Separate Executive Meetings

The Committee will endeavor to meet at least once every quarter, and more often as warranted, with the Chief Financial Officer of the Manager and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

5. Professional Assistance

The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Fund's expense.

6. Reliance

Absent actual knowledge to the contrary (which will be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Fund from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by the Manager, and the Manager's respective senior management and the external auditors, as to any information, technology, internal audit and other non-audit services provided by the external auditors to the Fund and its affiliates.

7. Review of Charter

The Committee will periodically review and reassess the adequacy of this Charter as it deems appropriate and recommend changes to the Board. The Committee will evaluate its performance with reference to this Charter. The Committee will approve the form of disclosure of this Charter, where required by applicable securities laws or regulatory requirements, in the annual proxy circular or annual report of the Fund.

8. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

9. Reporting to the Board

The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

SPECIFIC MANDATES OF THE COMMITTEE

The Committee will:

I. In Respect of the Fund's External Auditors

- (a) review the performance of the external auditors of the Fund who are accountable to the Committee and the Board as the representatives of the Unitholders of the Fund, including the lead partner of the independent auditor team and make recommendations to the Board as to the reappointment or appointment of the external auditors of the Fund to be proposed in the Fund's proxy circular for Unit holder approval and shall have authority to terminate the external auditors;
- (b) review the reasons for any proposed change in the external auditors of the Fund which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed replacement auditors before making its recommendation to the Board;
- (c) approve the terms of engagement and the compensation to be paid by the Fund to the Fund's external auditors;
- (d) review the independence of the Fund's external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (e) approve in advance all permitted non-audit services to be provided to the Fund or any of its affiliates by the external auditors or any of their affiliates, subject to any *de minimus* exception allowed by applicable law; the Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this subsection;
- (f) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the Fund's external auditors;
- (g) approve any hiring by the Fund or its subsidiaries of employees or former employees of the Fund's external auditors;
- (h) review a written or oral report describing:
 - (i) critical accounting policies and practices to be used in the Fund's annual audit,
 - (ii) alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Manager or other Management and that are significant to the Fund's financial statements, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors, and
 - (iii) other material written communication between the Fund's external auditors and the Manager or other Management, such as any management letter or schedule of unadjusted differences;

- (i) review with the external auditors and Management the general audit approach and scope of proposed audits of the financial statements of the Fund, the objectives, staffing, locations, co-ordination and reliance upon Management in the audit, the overall audit plans, the audit procedures to be used and the timing and estimated budgets of the audits;
- (j) if a review engagement report is requested of the external auditors, review such report before the release of the Fund's interim financial statements; and
- (k) discuss with the external auditors any difficulties or disputes that arose with the Manager or other Management during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of the Manager's or other Management's responses in correcting audit-related deficiencies.

II. In Respect of the Fund's Financial Disclosure

- (a) review with the external auditors and Management:
 - (i) the Fund's audited financial statements and the notes and Managements' Discussion and Analysis relating to such financial statements, the annual report, the annual information form (if prepared), the financial information of the Fund contained in any prospectus or information circular or other disclosure documents or regulatory filings of the Fund and make recommendations to the Board for their approval and release to the public;
 - (ii) the Fund's interim financial statements and the notes and Managements' Discussion and Analysis relating to such financial statements and make recommendations to the Board for their release to the public (such review is currently being done with management and not with external auditors);
 - (iii) the quality, appropriateness and acceptability of the Fund's accounting principles and practices used in its financial reporting, changes in the Fund's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;
 - (iv) all significant financial reporting issues and judgments made in connection with the preparation of the Fund's financial statements, including the effects of alternative methods in respect of any matter considered significant by the external auditor within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent or other audit firm or advisor with respect to the accounting treatment of a particular item;
 - (v) the effect of regulatory and accounting initiatives on the Fund's financial statements and other financial disclosures;
 - (vi) any reserves, accruals, provisions or estimates that may have a significant effect upon the financial statements of the Fund;
 - (vii) the use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Fund and their impact on the reported financial results of the Fund;

- (viii) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Fund's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Fund's financial statements;
 - (ix) review the treatment for financial reporting purposes of any significant transactions that are not a normal part of the Fund's operations; and
 - (x) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.
- (b) review and resolve disagreements between Management and the Fund's external auditors regarding financial reporting or the application of any accounting principles or practices;
 - (c) review earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Fund gives earning guidance;
 - (d) establish and monitor procedures for the receipt and treatment of complaints received by the Fund regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with the Management these procedures and any significant complaints received;
 - (e) if requested by the Board, receive from the Chief Executive Officer and the Chief Financial Officer of the Manager a certificate certifying in respect of each annual and interim report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws; and
 - (f) review and discuss the Fund's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

III. In Respect of Insurance

- (a) review periodically insurance programs relating to the Fund and its investments.

IV. In Respect of Internal Controls

- (a) review the adequacy and effectiveness of the Fund's internal accounting and financial controls based on recommendations from Management and the external auditors for the improvement of accounting practices and internal controls; and
- (b) oversee compliance with internal controls and the Joint Code of Business Conduct of the Fund.

V. In respect of Other Items

- (a) on an annual basis review and assess committee member attendance and performance and report thereon to the Board and review this Charter and, if required implement amendments to this Charter;
- (b) on a quarterly basis review compliance with Governance Agreements;
- (c) on a quarterly basis review the prior quarter distributions;
- (d) on an annual basis review the dividend reinvestment plan, if applicable;
- (e) on a quarterly basis review the performance of the Board under the Board's mandate; and
- (f) on a quarterly basis review compliance with the Joint Disclosure Policy of the Fund.

OVERSIGHT FUNCTION

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Fund's financial statements are complete and accurate or are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of Management and the Fund's external auditors. The Committee, its Chair and any Committee members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Fund, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Committee member as having accounting or related financial expertise for disclosure purposes or otherwise is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Committee member who is identified as having accounting or related financial expertise, like the role of all Committee members, is to oversee the process, not to certify or guarantee the internal or external audit of the Fund's financial information or public disclosure.