



**2008 Interim
Management Discussion & Analysis
for the 3 months ended March 31, 2008**

To Our Unit Holders

Management and Trustees of Gamehost Income Fund (the “Fund”) are pleased to report results for the three months ended March 31, 2008 (the “Quarter”). Results for the Quarter will contrast what investors have come to expect from the Fund each quarter. Lower results for the Quarter were anticipated by management. The mid-December 2007 opening of a new casino in Calgary and province wide non-smoking legislation affecting all but First Nations gaming operations came into effect January 1, 2008. These two events had an unfavourable impact on Q1 2008 results of the Fund.

Shock and Awe

Revenues for the Quarter totaled \$13.3 million down 5.3% from the \$14.1 million posted in Q1 2007 and down 10.6% from the previous quarter when revenue totaled \$14.9 million. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the Quarter totaled \$6.3 million down 10.1% from \$7.0 million recorded in Q1 2007 and down 13.9% from \$7.3 million in the previous quarter. EBITDA margins for the Quarter remain the highest in the industry at 47.2% despite falling 2.5% when compared to 49.7% a year earlier. Compared to the previous quarter, EBITDA margins were lower by 1.8% from 49.0%. The first quarter is behind us and so now is the initial customer response to a non-smoking reality and new competition.

Peanut Butter and Jam

Some things go together like peanut butter and Jam. Operating results for the Quarter indicate that smoking and gaming are two such things. Well, you can’t have a peanut butter and jam sandwich at school any more (allergies) and you can no longer smoke at our casinos (the law). Results for the Quarter reflect the impact of Alberta’s new Tobacco Reduction Act that became effective January 1, 2008. The Act prohibits smoking within a specified distance from the windows, doorways and air intakes of public places to protect indoor air quality. The adverse impact on profits caused by non-smoking legislation have been felt in varying degrees by all gaming facility operators in the province that are not operating on First Nation reserves.

People react to change, but they adjust. Our longer term direct experience at Boomtown Casino in Ft. McMurray shows us that the adverse impact of non-smoking can be erased in a relatively brief period. The City of Ft. McMurray implemented a non-smoking bylaw September 1, 2007 ahead of Alberta’s province wide smoking ban. Now, seven months later, Boomtown Casino has regained all volume lost from the start of the smoking ban and in March 2008 set a new record for slot cash play.

If we’ve learned anything from our experience at Boomtown, it’s that the non-smoking issue can be overcome in a relatively brief period. We see the impact of non-smoking diminishing over time and in fact providing longer term growth potential. The larger non-smoking demographic segment of the population can now associate social occasional gaming with a healthy breathing environment. This will undoubtedly open our doors to a growing body of entertainment seekers.

3 For 1 and 1 for All

First press released on April 10, 2008, Trust Units of the Fund were split 3 for 1 and began trading on a post split basis effective April 21, 2008. Trustees of the Fund believe the move to split the Fund’s units will lead to more liquidity in trading of the Fund’s units and encourage a wider retail investor base by lowering the entry price for the Fund units. An announcement that the Fund had received conditional approval by the Toronto Stock Exchange (“TSX”) for graduation to the TSX from the smaller TSX Venture Exchange (“TSXV”) was made at the same time. Trustees approved the move to the larger exchange

believing it would increase national and international awareness of the Fund and attract interest in the Fund from a significantly larger investor base. In the same press release the Fund announced that it would be increasing the regular monthly cash distribution rate by 10%. Impact of the smoking ban and additional competition all tallied, the Fund's \$0.0667 per unit (post split) regular monthly cash distribution continued to produce a healthy surplus of distributable cash through the Quarter. Trustees of the Fund approved the increase to \$0.0733 per unit (post split) believing the new rate of distribution to be sustainable in the long term. These three announcements added up to one big move in the market as units of the Fund rose sharply on active trading following the news.

Ye Hah!

Work on the new Stampede Casino is progressing on schedule for a June 2008 opening in time for the "Greatest Outdoor Show on Earth", Calgary's famed ten day rodeo and summer fair. The Fund's 20% Participating Interest in this new joint venture will add a new growth leg to the Fund. Located on the expansion grounds at the Calgary Exhibition & Stampede the new Stampede Casino is the anchor project to a master redevelopment plan that will eventually include an office tower, hotels and a walking promenade fronted by retail shops and restaurants. The new Stampede Casino, at the entrance to Stampede Park, will immediately have access to the highest volume of foot traffic in the city as the exhibition grounds host millions of people annually at the fair, trade shows and sporting events.

Bottom's Up

Unusually strong shoulder season commodity prices for natural gas may be signaling we've seen the bottom in the economic slow down that has affected Grande Prairie since mid 2006. A number of large financings recently in the oil and gas sector provide evidence that optimism is prevailing for a recovery towards the end of 2008. Even Grande Prairie's forestry sector should take some comfort in believing they have seen the worst of their fortunes already. A conversion to ticket in/ticket out ("TITO") slot machines in mid-March 2008 at Great northern Casino in Grande Prairie will speed the recovery at our own operations.

Ft. McMurray continues to thrive in a bubble of its own. Strong commodity prices for oil and world wide interest in the oil sands continue to fuel high levels of activity throughout the area

The high growth area surrounding the Deerfoot Joint Venture will see the opening of significant commercial office space and a new limited service hotel before the end of the year. We view both of these events as very positive news as they will add foot traffic to our Deerfoot Joint Venture property.

The opening of the new Stampede Casino is a highly anticipated event for the high profile Calgary Exhibition & Stampede. We are very excited about this new venture and the long term potential of the property.

We expected Q1 2008 to be a tough one and that the impact of non-smoking and new competition would hit hardest at the outset. If this is as bad as it gets, then the rest of the year looks encouraging. We wouldn't trade places with anyone right now. We are right where we want to be, doing business in arguably the best economic area of North America, with significant growth on the horizon.

May 13, 2008

On behalf of all management and trustees, sincerely,



David J. Will
President and Chief Executive Officer
Gamehost Management Inc.



Darcy J. Will
Vice President
Gamehost Management Inc.

Management's Discussion and Analysis for the three months ended March 31, 2008

This Management's Discussion and Analysis ("MD&A") of the business, operating results, liquidity and capital resources and other financial information of Gamehost Income Fund (the Fund") is dated May 13, 2008. This MD&A should be read in conjunction with the audited annual consolidated financial statements of the Fund and accompanying notes to those audited annual consolidated financial statements for the year ended December 31, 2007.

Interim Financial Statements of the Fund for the 3 month period ended March 31, 2008 (the "Quarter") have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and include the operating results of the Fund, its subsidiaries and a proportionate share of its joint ventures.

Certain prior year figures have been reclassified to conform to the current year presentation. Annual Financial Statements are reported in Canadian dollars.

This MD&A focuses on year over year comparative results for the Quarter. When significant, this MD&A will elaborate on results for the Quarter compared to results in the immediately preceding quarter. Readers are directed to prior MD&A for specific discussion of results of previous quarters. Earlier financial statements and management discussion and other disclosures of the Fund can be found on SEDAR at www.sedar.com.

Caution to the Reader

No Auditor Review

Quarterly figures and comparisons contained in this MD&A have not been independently audited or reviewed by the Fund's external auditors.

Use of Non-GAAP Financial Measures

This MD&A makes reference to financial measures that do not have any standardized meaning prescribed by GAAP. Specifically, the MD&A may reference Earnings before interest, taxes, depreciation and amortization ("EBITDA") or "distributable cash from operations" which are both non-GAAP financial measures.

EBITDA is a commonly used measure of financial performance by the broader financial community. Management believes that EBITDA provides information to the reader on the Fund's performance in generating cash from normal operations before any financing costs associated with generating those earnings. The Fund's means of financing can change over time at the discretion of management. As such, EBITDA can assist the reader in assessing not only the Fund's performance in generating cash, but also the Fund's ability to meet current or future financing obligations. There is no standardized meaning prescribed by GAAP for EBITDA. Comparing EBITDA of the Fund to EBITDA reported by other issuers can be misleading. EBITDA should not be relied upon as a sole measure of performance. A reconciliation between EBITDA and net earnings as defined by GAAP can be found on page 14 of this MD&A.

This MD&A is in all material respects in accordance with the recommendations provided in Canadian Institute of Chartered Accountants (CICA) publication *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure*. A reconciliation of

standardized distributable cash to cash from operating activities as reported on the Consolidated Statements of Cash Flow can be found on page 20 of this MD&A.

Industry specific terms relating to the operations of the Fund are used throughout this MD&A and defined when they first appear and capitalized throughout this MD&A.

Forward Looking Statements

This MD&A may contain forward-looking statements. Forward-looking statements may contain words such as “anticipates”, “believes”, “could”, “expects”, “indicates”, “plans” or other similar expressions that suggest future outcomes or events. Forward looking statements have risks and uncertainties of varying significance. Management attempts to minimize the use of forward looking statements. Any use of forward looking statements reflect reasonable assumptions made on the basis of management’s current beliefs with information known by management at the time of writing. Factors that may affect results include, but are not limited to, governmental legislation and regulation at the national, provincial or municipal level, general or local business and economic conditions, the good standing of business, gaming and liquor licenses, competition, consumer preferences and disposable incomes, demographic shifts and weather patterns. Any number of these factors, and others, could cause actual results to differ from forward-looking statements. Additional information about the inherent risks in forward looking statements and any management assumptions of risk can be found in the Business Risks and Opportunities section at the end of this MD&A.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Fund. The Fund’s internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that reasonably, accurately and fairly represent transactions of the Fund, (2) provide reasonable assurance that transactions are recorded as required to permit the preparation of Financial Statements in accordance with Canadian GAAP and that receipts and expenditures are made with appropriate authorization of the Fund’s management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Fund’s assets that could have a material effect on the Financial Statements.

There has been no change in the Fund’s internal control over financial reporting that occurred during the Quarter that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting.

Organizational Structure

The Fund

Gamehost Income Fund (the "Fund") 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 9, 2003 (the "Fund Agreement").

The Trust

Gamehost Trust (the "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 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned by the Fund. The trustees of the Trust are the trustees of the Fund.

The Limited Partnership

Gamehost Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership owns the assets and business operations of the Fund. The Limited Partnership began operations of the Fund effective June 1, 2003.

The Manager

The general partner of the Limited Partnership is Gamehost Management Inc. (the "Manager"). Pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager, the administration and management of the Fund was delegated to the Manager.

Units

An unlimited number of Fund Units and Special Voting Units may be created and issued pursuant to the Fund Agreement. The Limited Partnership is authorized to issue unlimited numbers of both Fund Units and Class B Limited Partnership units ("B Units"). There are 10,773,153 Fund Units and 10,334,400 B Units of the Limited Partnership issued and outstanding. B Units are exchangeable, on a one-for-one basis, for Fund Units. Holders of Fund Units and holders of B Units have equal voting rights. Units of the Fund were split three-for-one effective April 21, 2008. Otherwise, there has been no change in the number of units issued or outstanding during the Year.

Overview of the Fund

The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement to the hotel, the Fund owns a retail complex (the "Strip Mall") that leases space to separate liquor store, pub and full service restaurant operations. The Fund is a 40% joint venture partner in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture"), in Calgary and a 20% joint venture partner in Calgary West Hospitality Inc., (the "Stampede Joint Venture"), currently under construction in Calgary.

Gaming operations of the Fund include Fund owned and operated table games and the operation of government owned slot machines lottery ticket outlets. Hotel operations of the Fund include full and limited service hotels and banquet and convention services. Food, beverage and entertainment are offered at each of the Fund's casino locations.

Management believes in a combined entertainment and hospitality model. Our model targets the entertainment seeker and social occasional gamer. Clean, inviting venues that deliver live entertainment, lounging and dining, rest and relaxation together with gaming are situated in community based locales.

It is the intent and practice of the Fund to distribute taxable income of the Fund to unit holders by way of regular monthly cash distributions.

Selected Annual Information

| Selected Annual Information | December 31 (twelve months) | | | |
|---|-----------------------------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 |
| Revenue | 57,619.9 | 49,293.6 | 31,085.5 | 25,426.4 |
| Net earnings ¹ | 19,271.6 | 21,178.6 | 15,340.3 | 12,726.5 |
| Net earnings/unit ^{1,2} | \$ 0.9130 | \$ 1.0033 | \$ 0.7267 | \$ 0.6030 |
| Total assets | 92,284.6 | 91,682.3 | 92,403.4 | 76,500.6 |
| Total long term liabilities | 2,234.8 | - | - | - |
| Cash distributions declared/unit ² | \$ 1.1567 | \$ 0.9267 | \$ 0.6767 | \$ 0.5733 |

(in thousands of dollars unless stated otherwise)

¹ Before earning allocation to minority Class B Limited Partners. There were no discontinued operations or extraordinary items.

² Basic and fully diluted (post 3 for 1 split)

Over the selected annual periods organic growth has played a major role in the ongoing success of the Fund. All business segments of the Fund including food & beverage, hotel and gaming operations have made significant contributions. The Fund is a 40% joint venture owner of Deerfoot Inn & Casino which celebrated its grand opening in November of 2005. In early 2006, the Fund completed an expansion of Boomtown Casino effectively doubling its size. These expansions and organic growth coincided with slot machines increasing from 499 machines to 1,070 machines and gaming tables increasing from 32 tables to 46 tables. Hotel rooms increased from 123 to 198 over the same period and food, beverage and entertainment services grew in relation to these expansions. The Fund's success has been assisted by a strong Alberta economy, a growing population and higher than average disposable incomes.

Unless otherwise stated, all figures and results presented in this MD&A include only the Fund's 40% Participating Interest in the assets, liabilities, equity and operating results of the Deerfoot Joint Venture and only 20% of the construction activities of the Stampede Joint Venture.

Overall Financial Results and Condition of the Fund

At the end of the Quarter the Fund had \$101.3 million in total assets \$9.0 million greater than at the start of the year. Cash and cash equivalent balances of \$12.7 million were largely unchanged from the start of the year. For the Quarter, the Fund's payout ratio on distributable cash from operations was 80.9%. The Fund's payout ratio on Standardized Distributable Cash was 69.6%. The difference between these two ratios is due to \$840,000 in additional floats for TITO equipment at Great northern Casino which is held back from distribution. Trustee's approved a 10% increase to the regular monthly distributions from \$0.0667 per unit (post 3 for 1 split) to \$0.0733 per unit (post 3 for 1 split) effective April 2008.

The Grande Prairie area where the Fund operates the Great Northern Casino, Service Plus Inns & Suites hotels and a multi-tenant strip mall is still hampered by a depressed forestry industry resulting from the downturn in USA home building. Recent strengthening in the prices for natural gas and overtures by the provincial government to revisit recent royalty changes is providing some optimism for the general economy in the area.

The provincial wide smoking ban implemented on January 1, 2008 had an immediate adverse affect on all gaming activity in the province. The Alberta Gaming and Liquor Commission completed the conversion of the Fund's slot machines to ticket in/ticket out ("TITO") technology in March 2008 when Great Northern Casino was upgraded. TITO removes the coin component in slot machines and replaces it with 'credit' system and automated cashier kiosks. TITO has proven to increase cash play and should assist in speeding the recovery of lost slot volumes as a result of the smoking ban. TITO also benefits slot operators by reducing labour costs.

Recently the Fund announced its 20% participation in the Stampede Joint Venture. Pre-opening costs for the new Stampede Casino will be treated as operating costs and will result in some short term downward pressure on the Fund's earnings prior to and post opening scheduled for June 2008.

The impending Federal government tax on distributions from income trusts, effective January 2011, will have an adverse impact on the Fund. Management is confident that current rates of distribution are sustainable. The growth rate in distributions, however, will be tempered. Dependant on the Fund's response to the tax there may be one time costs incurred prior to the effective date of the tax. These costs, if any, can not be estimated with any degree of certainty.

Quarterly Performance Summary

| Quarterly Performance | 2008 | 2007 | | | | | 2006 | | |
|---|----------------|---------|---------|---------|---------|---------|---------|---------|--|
| | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | |
| Total revenue | 13,333 | 14,912 | 14,280 | 14,345 | 14,083 | 13,485 | 12,673 | 11,624 | |
| Expenses | 7,033 | 7,605 | 7,347 | 7,239 | 7,079 | 7,144 | 6,486 | 6,071 | |
| EBITDA ^{1 2} | 6,300 | 7,307 | 6,933 | 7,106 | 7,004 | 6,341 | 6,186 | 5,553 | |
| EBITDA % | 47.2% | 49.0% | 48.5% | 49.5% | 49.7% | 47.0% | 48.8% | 47.8% | |
| Net earnings before minority interest | 5,471 | 6,558 | 259 | 6,268 | 6,186 | 5,445 | 5,264 | 4,593 | |
| Net earnings % before minority interest | 41.0% | 44.0% | 1.8% | 43.7% | 43.9% | 40.4% | 41.5% | 39.5% | |
| Net earnings per unit ³ | \$0.259 | \$0.311 | \$0.012 | \$0.297 | \$0.293 | \$0.258 | \$0.249 | \$0.218 | |

(in thousands of dollars unless stated otherwise)

¹ EBITDA is not a defined measure under Canadian GAAP. See Caution to Reader under MD&A

² Before earnings allocation to minority Class B Limited Partners. There were no extraordinary items or discontinued operations

³ Basic and fully diluted (post 3 for 1 split)

A January 1, 2008 provincial wide smoking ban had an immediate adverse impact on all gaming operators in the province and that of the Fund during the Quarter. The historically consistent growth pattern of the Fund will experience some short term disruption as patrons become accustomed to a non-smoking environment. Additional gaming competition in Calgary as of mid December 2007 may also be a factor in lesser results at the Deerfoot Joint Venture.

Revenues

Total Revenue

| Total Revenue | Q1 (three months) | | | vs. previous quarter | |
|---------------|-------------------|----------|--------|----------------------|---------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total Revenue | 13,333.0 | 14,083.3 | (5.3%) | 14,911.8 | (10.6%) |

(in thousands of dollars unless stated otherwise)

The transition to a non-smoking environment clearly had an adverse impact on all gaming operators other than First Nations gaming operators since it came into effect on January 1, 2008. The impact of non-smoking on operations of the Fund during the Quarter is least apparent at Boomtown Casino where the local municipal jurisdiction implemented a non-smoking ban in September of 2007. Boomtown Casino has had seven months to gain back initial lost volumes as a result of their smoking ban and was the only operation of the Fund that registered year over year growth for the Quarter.

Hotel Rooming Revenue

Hotel Rooming includes both guest and meeting room sales at hotels. Occupancy and Average Daily Rate ("ADR") are calculated on guest room sales only.

| Hotel - Rooming | Q1 (three months) | | | vs. previous quarter | |
|-----------------|-------------------|----------|--------|----------------------|--------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Rooming | 2,070.4 | 2,237.3 | (7.5%) | 2,078.4 | (0.4%) |
| Occupancy | 76.3% | 83.2% | (6.9%) | 75.9% | 0.4% |
| ADR | \$148.65 | \$146.24 | 1.6% | \$146.92 | 1.2% |

(in thousands of dollars unless stated otherwise)

A year over year decline in overall rooming revenue can be attributed largely to a softening business environment in Grande Prairie, Alberta.

Grande Prairie is experiencing a cooling of its heated pace with pressures on natural gas and forestry commodities. This cooling in the local economy comes on the heels of an additional 500 rooms in added capacity to the market area during 2007. Occupancy levels at Service Plus were down 14% from the year earlier and up moderately from the traditionally slow previous quarter. Management has responded to the reduced demand with a strong push to attract government and sports teams which typically receive preferred rates. Our largest energy clients have also been offered preferred rates. Consequently, ADR declined year over year by 2% to \$137.28 from \$140.51. There are currently an additional 600 rooms in various stages of completion in the market area which are expected to come on line mid-summer and fall 2008. This may put pressure on occupancy rates and ADR. With the recent strong recovery in commodity prices for natural gas there is optimism for stability on the horizon.

Occupancy levels were flat year over year at the Deerfoot Joint Venture. Rate increases implemented over the prior year however, produced an 8.5% increase in ADR from \$156.57 to \$169.98. The resulting increase to revenues helped to offset reductions at Service Plus in Grande Prairie.

Table Game Revenue

Table play and table revenue sharing is regulated in Alberta by the Alberta Gaming and Liquor Commission. In general terms, 'Drop' is the total amount of money anted and bet by players at most table games. 'Hold' is the amount won from the drop at each table. Hold as a percentage of the drop will fluctuate. The hold is shared in varying percentages between charities and the casino operator dependant on the size and location of the casino. The operator's percentage of the hold is the 'Net'. The game of Poker has a 'Pot' rather than a drop. The pot is the total amount anted and bet by players at a poker table. 'Rake' is the total amount of the pot that is retained by the table and is usually a flat fee for each hand played. Rake is shared in varying percentages between the charity and casino operator dependant on agreements with the Alberta Gaming and Liquor Commission. The operator's percentage of the rake is the 'Net'. Financial statements of the Fund report only the net of the hold or rake.

| Table Drop and Hold | Q1 (three months) | | | vs. previous quarter | |
|---------------------|-------------------|----------|--------|----------------------|--------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Drop | 15,010.0 | 14,450.6 | 3.9% | 15,359.6 | (2.3%) |
| Hold % | 18.1% | 20.4% | (2.3%) | 17.8% | 0.3% |

(in thousands of dollars unless stated otherwise)

| Tables (# of) | at the end of Q1 | | | vs. previous quarter | |
|----------------|------------------|------|------|----------------------|------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| All Others | 35.4 | 33.0 | 2.4 | 35.4 | - |
| Poker | 9.2 | 9.2 | - | 9.2 | - |
| Caribbean Stud | 1.4 | 2.4 | -1.0 | 1.4 | - |
| | 46.0 | 44.6 | 1.4 | 46.0 | - |

| Table Revenue | Q1 (three months) | | | vs. previous quarter | |
|------------------------|-------------------|---------|---------|----------------------|---------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| General and High Limit | 1,542.9 | 1,754.8 | (12.1%) | 1,680.7 | (8.2%) |
| Poker | 330.1 | 276.9 | 19.2% | 315.1 | 4.7% |
| Caribbean Stud | 37.3 | 52.1 | (28.4%) | 49.7 | (24.9%) |
| | 1,910.3 | 2,083.8 | (8.3%) | 2,045.5 | (6.6%) |

(in thousands of dollars unless stated otherwise)

General and high limit table activity is most appropriately measured by drop while table effectiveness is best measured by hold percentage. The combined effect of these measures determines net table performance.

Poker activity continued a steady growth trend during the Quarter and table drop outpaced the prior year by a healthy 4%. Net table revenues (excluding poker) fell 12% on lower hold percentages. Year over year, for the Quarter the combined hold percentage fell 2.3% to 18.1% from 20.4%. Non-smoking legislation has tempered the pace of table growth in the short term.

Boomtown Casino reported a 3.8% increase in table drop year over year for the Quarter while net table revenue declined 10.4% on lower hold percentages. Year over year for the Quarter the hold percentage fell 2.5% to 15.9% from 18.4%.

Great Northern Casino reported a 6.9% reduction in table drop year over year. On a positive note Great Northern Casino recorded a 4.4% increase in table drop for the Quarter compared to Q4 2007. Net table revenue for the Quarter fell 15% compared to the same quarter a year earlier on lower hold percentages. Year over year for the Quarter the hold percentage fell 1.9% to 20.2% from 22.1%.

The Deerfoot Joint Venture showed healthy gains in table drop for the Quarter measured year over year. Table drop was up 10.3%. A new private high limit gaming room completed in November 2007 has been well received by patrons. Despite the higher table play, net table revenue declined slightly by 1.5% due to lower hold percentages. Year over year for the Quarter the hold percentage fell 2.2% to 18.4% from 20.6%.

Slot Machine Revenue

In Alberta, slot machine odds are regulated by the Alberta Gaming and Liquor Commission (the "AGLC"). The revenue sharing arrangement for amounts won by the slot machines is also set by the AGLC. Under the current arrangement casino operators, charities and the provincial government share the machine win on a 15/15/70 split respectively. Slot machine revenue, therefore, is determined by the above arrangements as well as the number of hours each machine operates and how much money is played on a machine ('Cash Play') during hours of operation.

| Slot Machine | Q1 (three months) | | | vs. previous quarter | |
|-----------------------|-------------------|---------|--------|----------------------|---------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Revenue | 5,183.5 | 5,485.8 | (5.5%) | 5,897.5 | (12.1%) |
| Machines ¹ | 1,069.6 | 1,050.4 | 19.2 | 1,069.6 | - |

(in thousands of dollars unless stated otherwise)

¹ At the end of the Period or Quarter

Total cash play for the Fund fell 4.8% during the Quarter compared to 2007 and by 10.7% compared to the previous quarter. Both the Deerfoot Joint Venture and Great Northern Casino recorded reduced cash play during this first quarter of the province wide smoking ban. Boomtown Casino, on the other hand, recorded healthy gains of 11.5% and 10.3% compared to Q1 2007 and Q4 2007 respectively.

Boomtown Casino, with seven months of operations under a non-smoking bylaw and six months following their conversion to TITO, has erased earlier losses in slot activity. In March 2008, Boomtown broke all previous records for slot cash play.

Slot activity at Great Northern Casino fell 20% year over year for the Quarter. Already dealing with the impact of slowing energy and forestry sectors, the effects of the initial period of non-smoking were adverse. On a positive note, Great Northern completed the conversion to TITO in mid-March and we expect some of the benefits already experienced at Boomtown Casino will begin to accrue to Great Northern Casino as well.

In addition to the provincial smoking ban, Deerfoot Joint Venture is contending with the opening of Grey Eagle Casino on the Tsui Tina First Nation Reserve on the western edge of Calgary. Grey Eagle Casino opened in December 2007. Not subject to provincial non-smoking legislation, the Grey Eagle Casino has attracted gaming patrons from all corners of the city. Slot drops for the Quarter year over year and compared to the previous quarter are down 11% and 30% respectively. Management is focused on promotions aimed at the local community and through Loyalty Club data re-engaging patrons to the Deerfoot Casino's superior entertainment and F&B amenities.

Food & Beverage ("F&B") Revenue

The Fund earns F&B revenue under numerous arrangements. The Deerfoot Joint Venture is the Fund's only property that owns and operates the entire F&B operations on premises. All other properties have individual operating arrangements that combine Fund owned and operated liquor sales with 3rd party arrangements for food and concession services. Where food operations are run by a 3rd party, the Fund earns a commission on those sales.

| F&B Revenue | Q1 (three months) | | | vs. previous quarter | |
|-------------|-------------------|---------|--------|----------------------|---------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Food & mix | 897.4 | 958.3 | (6.4%) | 1,208.2 | (25.7%) |
| Liquor | 1,998.4 | 2,120.7 | (5.8%) | 2,342.9 | (14.7%) |
| | 2,895.7 | 3,079.0 | (6.0%) | 3,551.2 | (18.5%) |

(in thousands of dollars unless stated otherwise)

F&B operations followed reductions in gaming activity to post a year over year decline of 6.0% for the Quarter. A comparison of the Quarter to Q4 2007 is more dramatic given the high volume Christmas banquet and New Year events included in the previous quarter.

F&B revenues were down most at Great Northern Casino with a year over year decline for the Quarter of 18%. Great Northern Casino replaced senior liquor and entertainment management in March 2008. A positive relationship and results continue with the properties 3rd party food operator. Liquor and entertainment results are expected to improve in subsequent quarters.

Boomtown Casino recorded a year over year increase in F&B revenue for the Quarter of 9.4%. During the Quarter compared to the previous quarter revenues were lower by 6%.

The Deerfoot Joint Venture experienced F&B reductions in line with those of gaming results. Revenues for the Quarter were down 6.4% compared to a year earlier.

Lease and Rental Revenue

Lease and rental revenue is derived predominantly from three leases in the Strip Mall as well as lease and rental revenues generated within the casinos from 3rd party providers of on-premise food services. All three tenants at the Strip Mall are in their final renewal terms of their leases which expire in either late 2008 or 2009.

| Lease & Rental | Q1 (three months) | | | vs. previous quarter | |
|----------------|-------------------|------|------|----------------------|------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 84.2 | 79.7 | 5.7% | 77.6 | 8.5% |

(in thousands of dollars unless stated otherwise)

Year over year results reflect increased common area costs passed on to tenants though monthly lease payments. Common area costs are adjusted at the end of December in each calendar year.

Other Revenue

Other revenue includes the more significant items of automated teller (ATM) fees, ticket sales, interest on bank balances, cigarette sales, equipment rentals, movie rentals and other room charges to hotel guests.

| Other | Q1 (three months) | | | vs. previous quarter | |
|-------|-------------------|---------|------|----------------------|--------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 1,189.0 | 1,117.7 | 6.4% | 1,261.7 | (5.8%) |

(in thousands of dollars unless stated otherwise)

Other revenues climbed year over year for the Quarter despite a 95% reduction in cigarette sales. Higher ticket sales for entertainment and lottery offset the decline in cigarette sales.

Expenses

Total Expenses

| Total Expenses | Q1 (three months) | | | vs. previous quarter | |
|----------------|-------------------|---------|--------|----------------------|--------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 7,862.0 | 7,896.9 | (0.4%) | 8,353.5 | (5.9%) |
| % of Revenues | 58.8% | 56.1% | 2.7% | 56.0% | 2.8% |

(in thousands of dollars unless stated otherwise)

Total expenses as a percentage of revenues rose during the Quarter compared to both the prior year and prior quarter. The effects of non-smoking in the Fund's casinos effective January 1, 2008 resulted in a diminishing of economies of scale achieved prior to the start of the year.

Cost of Sales

Cost of sales will for the most part follow the performance of F&B revenue. Other cost of sales are made up of mostly room service charges in the hotel for such items as long distance telephone, movie rentals, laundry etc. Their corresponding revenues are included in Other Revenue. Cost of sales as a percentage of corresponding revenues will fluctuate moderately for Food & Mix and Liquor categories depending on the sales mix of individual products. More significant variations in the cost of sales percentage will be experienced for sales falling into the Other category dues to the dissimilar nature of the products included.

| Cost of Sales | Q1 (three months) | | | vs. previous quarter | |
|---------------|-------------------|----------------|----------------|----------------------|----------------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Food & Mix | 440.4 | 459.5 | (4.2%) | 556.2 | (20.8%) |
| Liquor | 435.1 | 467.0 | (6.8%) | 491.4 | (11.5%) |
| Other | 37.2 | 89.2 | (58.3%) | 78.9 | (52.8%) |
| Total | 912.8 | 1,015.8 | (10.1%) | 1,126.5 | (19.0%) |

(in thousands of dollars unless stated otherwise)

| Cost of Sales % | Q1 (three months) | | | vs. previous quarter | |
|-----------------------|-------------------|-------|---------|----------------------|---------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Food & Mix | 49.1% | 47.9% | 1.1% | 46.0% | 3.1% |
| Liquor | 21.8% | 22.0% | (0.2%) | 21.0% | 0.8% |
| Other | 52.1% | 68.7% | (16.6%) | 65.9% | (13.8%) |

(in thousands of dollars unless stated otherwise)

Human Resources

General administrative salaries and bonuses, Trustee and management fees, benefit costs, payroll taxes and other miscellaneous human resource costs are all combined under this heading.

| Human Resources | Q1 (three months) | | | vs. previous quarter | |
|------------------------|-------------------|----------------|---------------|----------------------|---------------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Operations | 3,023.4 | 3,046.2 | (0.7%) | 3,315.6 | (8.8%) |
| General admin | 113.8 | 112.0 | 1.6% | 99.5 | 14.4% |
| Trustee fees | 38.0 | 36.0 | 5.6% | 40.0 | (5.0%) |
| Management fees | 295.7 | 334.8 | (11.7%) | 333.6 | (11.4%) |
| Total | 3,470.9 | 3,529.0 | (1.6%) | 3,788.7 | (8.4%) |
| % of Revenues | 26.0% | 25.1% | 1.0% | 25.4% | 0.6% |

(in thousands of dollars unless stated otherwise)

Overall year over year comparative human resource costs reflect the decreased operational activity that is also reflected in revenues. As a percentage of revenue there was moderate deterioration year over year for the Quarter.

Operations have and continue to realize labour efficiencies as a result of recent TITO implementations. The benefits of TITO have in large part been negated by inflationary pressures on wages. In June 2007, the Alberta government announced minimum wage increases would be adjusted annually based on Alberta's average weekly wage. With announcement of the new annual adjustment formula the government raised the minimum wage rate \$1.00 per hour to from \$7.00 per hour to \$8.00 per hour. The new minimum wage was effective for September 1, 2007. The new formula for determining minimum wage in Alberta resulted in a further increase in the minimum wage effective April 1, 2008 to \$8.40 per hour.

Management fees, which are based on revenues and EBITDA, accordingly are lower year over year for the Quarter and compared to the previous quarter.

Marketing and Promotions

Marketing and promotions include all donations, sponsorships and complimentary services offered at properties in addition to sales and advertising expenses. Staff promotions including discounted meal vouchers are also included under this heading.

| Marketing | Q1 (three months) | | | vs. previous quarter | |
|---------------|-------------------|-------|-------|----------------------|--------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 552.1 | 464.0 | 19.0% | 600.3 | (8.0%) |
| % of Revenues | 4.1% | 3.3% | 0.8% | 4.0% | 0.1% |

(in thousands of dollars unless stated otherwise)

Advertising expenses were flat year over year for all existing properties. Some pre-opening advertising expenses have and will continue to be incurred by the Stampede Joint Venture. Pre-opening expenses for the Stampede Joint Venture will be expensed.

Promotional spending at the Deerfoot Joint Venture accounts for all increases in total marketing expenditures. Loyalty program spending targeted to high limit gamers increased promotional spending by 70% year over year.

Promotional spending at other fund properties was flat year over year except at Great Northern Casino where spending was reduced 50% in specific areas to adjust to lower revenues.

Operating Costs

Some of the more significant expenditures in this classification include entertainment, premises leases, repairs & maintenance, utilities and operating supplies.

| Operating | Q1 (three months) | | | vs. previous quarter | |
|---------------|-------------------|---------|------|----------------------|--------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 1,523.4 | 1,521.8 | 0.1% | 1,599.4 | (4.8%) |
| % of Revenues | 11.4% | 10.8% | 0.6% | 10.7% | 0.7% |

(in thousands of dollars unless stated otherwise)

Total operating costs are for the most part flat when compared to both the prior year and last quarter. As a result operating costs have risen as a percentage of revenue on lower revenue generation.

While Great Northern Casino accomplished significant reductions in overall operating costs by scaling back discretionary spending in line with revenue expectations all other properties incurred higher operating costs year over year. Boomtown Casino, to maintain custodial staff renegotiated contracts for cleaning services resulting in substantially higher costs. Electrical utility costs were a factor across the board in higher operating costs. Management hedged base electrical loads effective April 1, 2007 for five years. Hedged prices however, were substantially higher than the variable pooled rates for the comparable prior year months of January 2007 and March 2007. This scenario has reversed in April 2008 and we expect our hedged electrical rates to be 'in-the-money' for the duration of the contract.

The Deerfoot Joint Venture spent substantially more on entertainers in the Quarter compared to Q1 2007 in an effort to mitigate the anticipated adverse impact of the non-smoking ban which came into effect on January 1, 2008.

General and Administrative

General and administrative expenditures include professional fees, insurance, property and business taxes, corporate travel and other less significant expenses.

| General & Administration | Q1 (three months) | | | vs. previous quarter | |
|--------------------------|-------------------|-------|------|----------------------|-------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 574.1 | 548.4 | 4.7% | 489.8 | 17.2% |
| % of Revenues | 4.3% | 3.9% | 0.4% | 3.3% | 1.0% |

(in thousands of dollars unless stated otherwise)

Refinancing of the Fund's credit facilities during the Quarter resulted in one time bank charges and legal fees compared to the same quarter in 2007 and previous quarter. Additional legal fees relating to the Fund's application for graduation to the Toronto Stock Exchange ("TSX") from the TSX Venture Exchange ("TSXV") also pushed expenses higher for the Quarter.

Interest

Interest is incurred on term debts held by Gamehost Limited Partnership and joint ventures of the Fund.

| Interest | Q1 (three months) | | | vs. previous quarter | |
|----------------------|-------------------|-------|-------|----------------------|-------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 303.5 | 264.2 | 14.9% | 267.4 | 13.5% |
| % of Revenues | 2.3% | 1.9% | 0.4% | 1.8% | 0.5% |

(in thousands of dollars unless stated otherwise)

During the Quarter, the Fund refinanced a \$9.0 million demand revolving term loan with Canadian Western Bank ("CWB"). A new loan of \$15.0 million was negotiated with a \$9.0 million segment to term out in 15 years and a \$6.0 million revolving segment. The additional loan proceeds were used to finance the Fund's investment in the Stampede Joint Venture. Interest on the new loan floats at CWB prime plus 1.0%, equal to the former rate. The loan was fully advanced at the end of January 2008.

An additional loan of \$3.0 million was arranged at the end of February. Interest on this loan floats at CWB prime plus 1.0%. This loan was required to expedite the closing of the Stampede Joint Venture's purchase of the new Stampede Casino. No fees were incurred to establish the loan. The loan is guaranteed by Will Inns Inc. a company controlled by David J. Will. \$1.74 million was advanced at the end of February for the purpose stated. The loan is expected to be repaid on or before June 08, 2008.

A Deerfoot Joint Venture loan carries interest at CWB prime lending rate plus 1%. The Fund's Participating Interest Responsibility in the total outstanding balance of the loan at the end of the Quarter was \$7.6 million.

Future Tax

Bill C-52, which passed into Law in June 2007, will effectively tax the distributions of certain income trusts including the Fund effective January 1, 2011. As a result of the new tax legislation the any future tax assets or liabilities that are not expected to reverse themselves by the time the tax comes into effect. Future tax expenses area a non-cash charge.

| Future Tax | Q1 (three months) | | | vs. previous quarter | |
|----------------------|-------------------|------|--------|----------------------|----------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Total | 23.9 | 0.0 | 100.0% | (101.5) | (100.0%) |
| % of Revenues | 0.2% | 0.0% | 0.2% | (0.7%) | 0.7% |

(in thousands of dollars unless stated otherwise)

The Fund's investment in the Stampede Joint Venture resulted in an adjustment to future taxes during the Quarter.

Net Earnings and Reconciliation of EBITA to Net Earnings

| EBITDA to Net Earnings | Q1 (three months) | | | vs. previous quarter | |
|---|-------------------|---------|-----------|----------------------|-----------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| EBITDA | 6,299.8 | 7,004.3 | (10.1%) | 7,307.1 | (13.8%) |
| Less: | | | | | |
| Amortization on property, plant and equipment | 501.5 | 553.7 | (9.4%) | 583.0 | (14.0%) |
| Interest charges | 303.5 | 264.2 | 14.9% | 267.4 | 13.5% |
| Future income tax expense | 23.9 | - | 100.0% | (101.5) | (123.5%) |
| Allocation to minority interest | 2,678.6 | 3,028.9 | (11.6%) | 3,210.9 | (16.6%) |
| Net Earnings | 2,792.3 | 3,157.5 | (11.6%) | 3,347.3 | (16.6%) |
| % of Revenues | 21.0% | 22.4% | (1.4%) | 22.4% | (1.4%) |
| Net earnings per unit ¹ | \$0.259 | \$0.293 | (\$0.034) | \$0.311 | (\$0.052) |

(in thousands of dollars unless stated otherwise)

¹ Basic and fully diluted (post 3 for 1 split)

Facilities

| Capital Expenditures | Q1 (three months) | | | vs. previous quarter | |
|----------------------|-------------------|-------|--------|----------------------|---------|
| | 2008 | 2007 | +(-) | Q4 2007 | +(-) |
| Maintenance | 47.6 | 49.9 | (4.5%) | 235.5 | (79.8%) |
| Expansion | 9,550.7 | (2.4) | 100.0% | - | -% |
| | 9,598.3 | 47.5 | 100.0% | 235.5 | 100.0% |

(in thousands of dollars unless stated otherwise)

In addition to routine capital maintenance spending during the Quarter, capital expansion expenditures include the Fund's project to date Contributing Interest Responsibility in the Stampede Joint Venture construction project. The purchase of the new Stampede Casino closed on March 3, 2008.

Financial Condition

Liquidity

Cash provided by operating activities for the Quarter totaled \$6.0 million for the Fund, a decrease of 15.8% compared to \$7.1 million in Q1 2007. At the end of the Quarter cash and cash equivalent balances totaled \$12.7 million. Factors affecting the Fund's ability to generate cash in the near and longer terms were listed in the section 'Forward Looking Statements'. These factors are discussed in more specific terms in the section 'Business Risks and Outlook'. Management does not believe any of these factors will have an adverse effect on the Fund's ability to sustain current cash distributions with cash flow from operations for the foreseeable future.

The change in tax status for income trusts brought on by the passing of Bill C-52 will reduce the amount of cash available for distribution to unit holders effective January 1, 2011. From that date forward distributions from the Fund will be subject to a 31.5% tax at the Fund level. From a unit holder perspective, distributions from the Fund following implementation of the new tax will no longer be treated as income but will receive the more favourable dividend status for tax purposes.

The Fund's cash and cash equivalent balances are made up of cash and traditional bank balances only. The Fund has no exposure to asset backed commercial paper ("ABCP").

Working capital, by definition, is current assets minus current liabilities. The Fund's term debt includes a demand clause in the event certain performance covenants are not met. Term loans are presented as current liabilities for financial reporting purposes to recognize demand clauses in the loans. The Fund's lender does not consider the loans to be repayable within 12 months.

Internal working capital requirements for the Fund consists of cash floats for the operation of gaming tables, slot machines, ATM machines, POS terminals, progressive jackpots and petty cash as well as one months operating expenses, one months debt service and one months regular distribution to the holders of Fund Units less amounts due to related parties. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). MCNWCP allows for the removal of 50% of distributions to unit holders of the Fund. At the end of the Quarter the Fund had a \$2.1 million surplus to this requirement.

The Fund has a 40% Participating Interest in the operating activities of the Deerfoot Joint Venture. During the Quarter the Fund received \$2.52 million in cash distributions made by the Deerfoot Joint Venture and a further \$600,000 in April 2008.

The Fund has a 23.1% Contributing Interest Responsibility for the capital requirements of the Stampede Joint Venture. During the Quarter the Fund paid \$6.14 million to the Stampede Joint Venture. \$5.1 million of these funds represent the Funds Contributing Interest Responsibility. The balance, \$1.04 million is a loan to the Stampede Joint Venture made to expedite the closing of the purchase of the new Stampede Casino on March 3, 2008. The loan is expected to be repaid on or before June 08, 2008 and earns interest at an annualized 6.0% for days outstanding. The Stampede Joint Venture project is currently on schedule for a June 2008 opening and is on budget. Based on current projected costs, the Fund funded 100% of its Contributing Interest Responsibility to the Stampede Joint Venture.

The Fund has a 20% Participating Interest in the operating activities of the Stampede Joint Venture. Currently, the Stampede Joint Venture has no operating revenue. Pre-opening expenses are being charged to operating expense in anticipation of the June 2008 opening.

Commitments

The Fund has a 47.75% Contributing Interest Responsibility to the Deerfoot Joint Venture for any capital requirements. All current capital requirements of the Deerfoot Joint Venture have been satisfied. There were no requests for capital made by the Deerfoot Joint Venture during the Quarter.

The Fund has a 23.1% Contributing Interest Responsibility to the Stampede Joint Venture for any capital requirements. During the Quarter the Fund contributed \$5.1 million to the Stampede Joint Venture being 100% of the current best estimates of the total capital requirement of the Stampede Joint Venture.

On June 1, 2003 the Fund entered into a management services agreement with Gamehost Management Inc. The management agreement stipulates that Gamehost Management Inc. is entitled to a percentage of any earnings before interest, taxes, depreciation and amortization of the Fund.

On April 26, 2005 the Deerfoot Joint Venture entered into a management services agreement with 1016312 Alberta Ltd. The management agreement stipulates that 1016312 Alberta Ltd is entitled to a percentage of the gross revenues plus a percentage of any earnings before interest, taxes, depreciation and amortization of the Deerfoot Joint Venture.

The Stampede Joint Venture intends to enter into a management services agreement with 1016312 Alberta Ltd. Terms of the agreement have not yet been established.

The Fund has certain commitments for equipment, services and premises rent including the Funds 40% Participating Interest Responsibility in commitments of the Deerfoot Joint Venture. At March 31, 2007 these commitments were;

| <u>Operating Leases and service contracts</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>Thereafter</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------------|
| Total | 1,361,168 | 1,697,815 | 1,621,417 | 1,571,732 | 1,033,075 | 6,389,386 |

Distributable Cash from Operations

Distributable cash from operations is not a defined term under Canadian GAAP, and its application and interpretation vary widely from issuer to issuer. The Fund originally defined a calculation of distributable cash in its information circular dated April 22, 2003. In this document, distributable cash is calculated as net income determined in accordance with Canadian GAAP, subject to certain adjustments as set out in the Declaration of Trust, including:

- a) adding the following items: amortization on property, plant & equipment, future income tax expense and losses on dispositions of assets; and
- b) Deducting the following items: future income tax credits, gains on dispositions of assets and capital maintenance expenditures.

Other adjustments may be made to distributable cash as determined by a majority of the Trustees in their discretion.

Most recently, the Canadian Standards Association (the "CSA") proposed amendments to National Policy 41-201 regarding the disclosure of distributable cash. Similarly, the Canadian Institute of Chartered Accountants (the "CICA") in July 2007 issued an interpretive release titled Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities. For both of these governing bodies the intent is to improve on current and varied industry reporting practices. The Fund has adopted the reporting methodology outlined in the CICA's July 2007 interpretive release for reporting distributable cash from operations.

Distribution policy and practice

It is the intention of the Fund trustees to distribute sufficient income from the Fund so that the Fund will not have any liability for tax under Part I of the Income Tax Act. The Fund's mandate is to make consistent monthly cash payments to unit holders based on management's projections of the year's distributable cash.

The Fund is conservative in the monthly payout ratio of cash distributions to distributable cash from operations throughout the year. This allows the Fund to absorb smaller capital expenditures during the year without additional financing, provides for a reserve in the event funds are required for other purposes during the year and allows for the reduction of revolving loan balances and their associated interest costs. These practices may result in the build up of surplus cash for distribution. In mid December each year management makes earning projections to determine the taxable position of the Fund at December 31. Based on this projection, management will calculate a special distribution recommendation for the approval of trustees to eliminate any potential for taxes in the Fund. The Fund anticipates using all available tax shields each year. In the near term, available tax shield will exceed any normal adjustments made in the calculation of distributable cash from operations. As a result, payout ratios of less than 100% of distributable cash from operations should be expected. Trustees evaluate the special distribution recommendation with special consideration of other factors such as strategic plans of the Fund and Fund unit trading performance.

Productive capacity

The Fund's assets are in land, land improvements, buildings, leasehold improvements, and furniture fixtures and equipment. Current productive capacity of the Fund consists of 123 guest rooms and 1 meeting room at Service Plus, the Fund's 40% Participating Interest in 188 guest rooms, 10 meeting/banquet rooms, 3 restaurants and lounge at the Deerfoot Joint Venture and ancillary amenities for both facilities. Also included in productive capacity are the Fund's interests in three gaming licenses, one each for Boomtown Casino, Great Northern Casino and the Deerfoot Joint Venture. Together these licenses provide a revenue stream for the Fund from an equivalent 1,070 slot machines and 46 table games. The table below summarizes changes in productive capacity since inception of the Fund.

| Year | Event | Gaming/ Entertainment Sq ft | Banquet/ Convention Sq ft | Guest Rooms | F&B Seating | Slots | Tables |
|------|---|-----------------------------------|---------------------------------|----------------|----------------|-------|--------|
| | Inception of Fund | 31,864 | - | 123 | 165 | 420 | 32 |
| 2003 | Great Northern Casino Expansion AGLC adds slot machines | 9,800 | 1,200 | | 45 | 59 | |
| 2004 | AGLC adds slot machines | | | | | 20 | |
| 2005 | AGLC adds slot machines | | | | | 83 | |
| 2005 | Deerfoot Joint Venture opening | 24,000 | 8,000 | 75 | 140 | 252 | 13 |
| 2006 | Boomtown Casino Expansion AGLC adds slot machines | 11,000 | | | 40 | 193 | |
| 2007 | Deerfoot Joint Venture renovation | 480 | | | (20) | 23 | 1 |
| | Current | 77,144 | 9,200 | 198 | 370 | 1,070 | 46 |

Productive capacity maintenance

Productive capacity maintenance costs for rooming and food and beverage facilities of the Fund are minimal. Maintaining the shine on our properties so that they continue to attract guests is largely one of regular refurbishment such as paint or new carpets and beds. For the most part, maintenance costs are treated as operational expenses at the time they are incurred and as such are already included in the periodic cash provided by (used for) operating activities as reported in financial statements. Management may, however, undertake smaller capital projects to be paid from cash generated from operating activities. Examples of these costs include, but are not limited to such things as converting to keyless entry on guest

room access doors or the installation of digital security. These capital costs, when funded from operating cash flow, would fall into the category of productive capacity maintenance for the purpose of determining distributable cash from operations.

Liquor sales require the Fund to hold a valid liquor license issued by the Alberta Gaming and Liquor Commission. Productive capacity maintenance of liquor sales is most significantly related to keeping this license in good standing, and requires the Fund to provide letters of guarantee in favour of Alberta Gaming and Liquor Commission in the event of default of payment for the supply of liquor.

Gaming operations of the Fund require minimal capital outlay by the Fund. Slot machines are owned and maintained by the Alberta Gaming and Liquor Commission. Tables are owned and maintained by the by the Fund. Productive capacity maintenance of both tables and slot machines is more significantly measured in terms of maintenance of the Fund's charitable gaming operator licenses issued by the Alberta Gaming and Liquor Commission. Holders of these licenses must adhere to a strict set of terms and conditions. Furthermore, the three year licenses are subject to annual due diligence audits by the Alberta Liquor and Gaming Commission. Maintaining these licenses requires a nominal fee to cover the cost of Alberta Gaming and Liquor Commission's due diligence investigation which is expensed. The Fund's charitable gaming operator licenses have consistently received favourable results from these audits.

Annual capitalized costs for productive capacity maintenance should approximate \$250,000 per year for the Fund based on a historical review of these costs.

Discretionary and other items

From time to time, at their discretion, management or trustees may elect to use or reserve cash for other purposes. Capital expansions that will be paid out of operating cash flow and increased floats necessitated by the implementation of TITO, are two recent discretionary uses for cash. Discretionary uses of cash reduce the availability of cash for distribution to unit holders.

Long-term unfunded contractual obligations

The Fund has no long-term unfunded contractual obligations. The Fund does not have a pension plan or stock based compensation plan. The benign nature of the Fund's operations does not require that reserves be set up for environmental cleanup, asset retirement or other real or potential liabilities.

Debt Strategy

The current strategy of the Fund is to minimize debt. Current debt instruments will be maintained or eliminated to the extent they allow for repayment. Debt maintenance includes regular amortized monthly principal payments and intermittent payments/advances on revolving debt instruments. Surplus cash is routinely used to reduce revolving balances for the purpose of minimizing interest expenses throughout the year. Amounts are re-advanced to meet special distribution obligations if and when they are declared by trustees of the Fund.

Larger scale expansions or acquisitions would be funded by debt or equity to the extent that the mix of debt to equity would be accretive to distributions of the Fund. The Fund's investment in the Stampede Joint Venture is financed entirely by debt.

The Fund intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay distributions in the manner described in our Distribution policy and practice. Current interest rates allow for scheduled amortization periods of 15 years in meeting distribution objectives.

Financing restrictions on distributions caused by debt covenants

The Limited Partnership has a term loan secured by assets owned by the Fund. The loan has two segments, the first requires blended principal and interest payments and is scheduled to term out over 15 years and the second is advanced on a revolving basis. This loan has no financial ratio debt covenants.

The Limited Partnership has a 90 day term loan which was taken to close the Stampede Casino purchase. The loan is guaranteed by David J. Will. This loan has no financial ratio debt covenants.

Debt facilities of the Deerfoot Joint Venture require the maintenance of certain financial covenants:

1. Debt to equity ratio not greater than 3.00:1.00
2. Debt service coverage of not less than 1.25:1.00

Loan facilities of the Stampede Joint Venture require the maintenance of certain financial covenants:

1. Total Funded Debt to EBITDA of less than or equal to 3.75:1, reducing as follows:
 - a. 12 months post Substantial Completion of less than or equal to 3.60:1;
 - b. 24 months post Substantial Completion of less than or equal to 3.00:1;
 - c. 36 months post Substantial Completion of less than or equal to 2.50:1;
2. Fixed Charge Coverage Ratio of not less than 1.25:1 at all times;
3. EBITDAR (EBITDA plus premises rent) Coverage Ratio of not less than 1.50:1 at all times, increasing as follows:
 - a. 24 months post Substantial Completion and thereafter of not less than 1.75:1;and
4. Minimum Equity of \$21 million plus 50% of annual net income to be maintained at all times.

The Fund is required to maintain a Minimum Continuing Net Working Capital position ("MCNWCP") as stipulated by the Alberta Gaming and Liquor Commission for the purpose of operating table games and Alberta Gaming and Liquor Commission slot machines. All of the Fund's working capital, including amounts from hotel and food and beverage activities and available revolving loan amounts, are available for use in the calculation of MCNWCP. At the end of the Quarter the Fund has met the requirements for MCNWCP.

Working Capital

Working capital, by definition, is current assets minus current liabilities. The Fund's term debt includes a demand clause in the event certain performance covenants are not met. GAAP requires the presentation of the term loans as current liability for financial reporting purposes due to the demand clause. The Fund's lender does not consider the loans to be repayable within 12 months.

Internal working capital requirements for the Fund consists of cash floats for the operation of gaming tables, slot machines, ATM machines, TITO Kiosks, POS terminals, progressive jackpots and petty cash. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Management works to minimize float balances on premises to a maximum 4% of combined slot cash play and table drop activity levels with cash surplus to this held in bank accounts.

In addition to cash floats on premises, the Fund maintains one month's operating expenses, one month's debt service and one month's regular distribution to the holders of Fund Units less amounts due to related parties. Un-used portions of revolving debt are considered working capital in the Funds determination of internal working capital. Working capital will typically be at its lowest level immediately following payment of any special year end distribution in January of each year.

Inventory levels and receivable targets vary by operation. Minimum targets include turning combined liquor and food inventories three times per month. Receivables are limited to hotel and banquet operations. Operations are expected to maintain a days sales outstanding (DSO) of not greater than 45 days. The Funds objective is to maintain the highest relationship with suppliers and remits all payables with-in stated terms, typically 30 days, but will take advantage of all early payment discounts offered.

Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The Funds internal working capital requirements typically exceed that of MCNWCP.

Standardized Distributable Cash

Standardized Distributable Cash is defined as periodic cash flows from operating activities as reported in the GAAP financial statements, including the effect of changes in non-cash working capital and any operating cash flows provided from or used in discontinued operations, less adjustments for: total GAAP reported capital expenditures; and restrictions on distributions arising from compliance with financial covenants restrictive at the date of calculation of Standardized Distributable Cash and limitation arising from the existence of a minority interest in a subsidiary.

| Standardized Distributable Cash | Q1 (three months) | | |
|---|-------------------|-----------|-----------------|
| | 2008 | 2007 | Since Inception |
| Cash from operating activities (see Statements of Cash Flows) | \$ 6,319 | \$ 7,484 | \$ 92,672 |
| Less adjustment for: | | | |
| Capital expenditures | 45 | 48 | 4,561 |
| Financing restrictions caused by debt covenants | 213 | 403 | 1,209 |
| Standardized Distributable Cash | \$ 6,061 | \$ 7,033 | \$ 86,902 |
| Standardized Distributable Cash/unit ¹ | \$ 0.2872 | \$ 0.3332 | \$ 4.1171 |
| Cash distributions | \$ 4,222 | \$ 3,870 | \$ 80,244 |
| Cash distributions/unit ¹ | \$ 0.2000 | \$ 0.1833 | \$ 3.8017 |
| Payout ratio | 69.6% | 55.0% | 92.3% |

¹ Weighted average and fully diluted (post 3 for 1 split)
(in thousands of dollars unless stated otherwise)

The Fund adjusts Standardized Distributable Cash for entity specific needs when and if required. The introduction of TITO and related automated cashier kiosks required increased float levels at the time of implementation. These funds were supplied from operating cash flow and are not available for distribution to unit holders.

| Adjusted Distribution Base (formerly Distributable Cash from Operations) | Q1 (three months) | | |
|--|-------------------|-----------|-----------------|
| | 2008 | 2007 | Since Inception |
| Standardized Distributable Cash | \$ 6,061 | \$ 7,033 | \$ 86,902 |
| Less adjusted for: | | | |
| Increased floats | 840 | - | 3,120 |
| Adjusted Distribution Base | \$ 5,221 | \$ 7,033 | \$ 83,782 |
| Adjusted Distribution Base/unit ¹ | \$ 0.2474 | \$ 0.3332 | \$ 3.9693 |
| Cash distributions | \$ 4,222 | \$ 3,870 | \$ 80,244 |
| Cash distributions/unit | \$ 0.2000 | \$ 0.1833 | \$ 3.8017 |
| Payout ratio | 80.9% | 55.0% | 95.8% |

¹ Weighted average and fully diluted (post 3 for 1 split)
(in thousands of dollars unless stated otherwise)

2008 Distribution Summary

| Month | Date Declared | Record Date | Payment Date | Distribution per Unit ¹ |
|----------|---------------|-------------|--------------|------------------------------------|
| 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 | 13-May-08 | 31-May-08 | 13-Jun-08 | \$0.0733 |

¹ Distributions are reported at their post 3 for 1 split equivalent

Tax attributes of cash distributions to unit holders

Unit holders, can expect their distributions to be mostly taxable as income. A small percentage of the unit holder's distributions may be return of capital for tax purposes. Any return of capital reported represents the excess of distributions from the Fund over that required to eliminate the taxable position of the Fund. Return of capital is considered a partial return of the unit holder's original investment and reduces the cost base of their investment. Tax implications manifest on the return of capital portion when a unit holder sells their investment in the Fund and capital gains or losses are realized on the sale of the investment.

| Tax Attributes | Income | Return of Capital | Total |
|----------------|--------|-------------------|---------|
| 2007 | 98.04% | 1.96% | 100.00% |
| 2006 | 97.25% | 2.75% | 100.00% |
| 2005 | 89.61% | 10.39% | 100.00% |
| 2004 | 95.25% | 4.75% | 100.00% |
| 2003 | 80.84% | 19.16% | 100.00% |

Tax on Income Trusts

On June 12, 2007 Bill C-52 formalizing the Government of Canada's proposal to tax the distributions of income trusts became law. The new tax effectively treats income trusts as corporations for tax purposes beginning January 1, 2011. Distributions, under the rules, will first be taxed at the Fund level at a current rate of 31.5%. The net amount would then be distributable to unit holders and treated as dividends for tax purposes. As a result of the new tax, the Fund was required to recognize the future tax assets and liabilities expected to arise when the new tax becomes applicable. Future tax as a result of the new tax law was reported for the first time in Q3 2007. Future income tax assets and liabilities are based on temporary differences between the tax treatment of assets and liabilities of the Fund and the accounting treatment of these same assets and liabilities reported on the Fund's financial statements to the extent that these differences will exist at 2011. Based on its assets and liabilities at March 31, 2007 and the expected tax rate of 31.5% for 2011, the Fund has estimated a future tax liability of \$2.3 million.

| | Net Value (tax basis) | Net Value (accounting basis) | Temporary Differences |
|---------------------|-----------------------|------------------------------|-----------------------|
| Plant and equipment | 30,350,133 | 37,520,573 | 7,170,440 |

Capital Resources

At the end of the Quarter the Limited Partnership had a \$15.0 million demand term loan with the Canadian Western Bank ("CWB"). Interest on this loan is 1.0% above the CWB Prime Lending Rate. The Fund is making blended monthly principal and interest payments on a \$9.0 million segment of the loan amortized over 15 years. \$6.0 million of this loan is advanced on a revolving basis.

The Limited Partnership has a \$3.0 million 90 day term facility which was arranged to close the Stampede Casino purchase. \$1.74 million has been advanced on this loan which is guaranteed by David J. Will. The loan matures on June 8, 2008.

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 buildings. Interest on the loan floats at 1.0% above the CWB Prime Lending Rate. The loan is structured in two segments. The Fund's portion of the total outstanding balance of both segments of this loan is \$7.6 million.

The Fund has a 20% Participating Interest Responsibility in the debt facilities of the Stampede Joint Venture. The Stampede Joint Venture has a demand construction loan with Bank of Montreal ("BMO") at the lenders prime rate plus 0.75%. The Stampede Joint Venture is currently taking advances on this loan to complete the construction of the new Stampede Casino. A construction take out loan has been arranged to supersede the construction loan on substantial completion of the project. A risk management facility has been arranged to facilitate interest rates swaps once the construction loan has been taken out. Interest on this loan is at the lenders prime rate. The Stampede Joint Venture has also arranged a revolving loan to fund the working capital requirements of the new Stampede Casino once it opens. Interest on the revolving loan is at the lenders prime rate. The Fund's portion of the total outstanding balance of this loan is \$4.0 million.

Term Loans

| | March 31, 2008 | December 31, 2007 |
|--|-------------------|-------------------|
| Authorized Maximum Loan amounts | | |
| Limited Partnership - Demand Note | - | 9,000,000 |
| Limited Partnership – Segment 1 | 9,000,000 | - |
| Limited Partnership – Segment 2 | 6,000,000 | - |
| Limited Partnership – 90 day note | 3,000,000 | - |
| Deerfoot Joint Venture - Segment 1 | 8,639,701 | 8,639,701 |
| Deerfoot Joint Venture - Segment 2 | 800,000 | 800,000 |
| Stampede Joint Venture – Revolver | 1,400,000 | - |
| Stampede Joint Venture – Risk Management | 600,000 | - |
| Stampede Joint Venture – Construction | 7,000,000 | - |
| | <u>36,439,701</u> | <u>18,439,701</u> |
| Outstanding balance | | |
| Limited Partnership - Demand Note | - | 5,300,000 |
| Limited Partnership – Segment 1 | 8,943,689 | - |
| Limited Partnership – Segment 2 | 6,000,000 | - |
| Limited Partnership – 90 day note | 1,740,000 | - |
| Deerfoot Joint Venture - Segment 1 | 7,647,212 | 7,803,526 |
| Deerfoot Joint Venture - Segment 2 | - | - |
| Stampede Joint Venture – Revolver | - | - |
| Stampede Joint Venture – Risk Management | - | - |
| Stampede Joint Venture – Construction | 3,963,185 | - |
| | <u>28,294,086</u> | <u>13,103,526</u> |

Term Loans

| | March 31, 2008 | December 31, 2007 |
|--|-----------------------------------|-------------------|
| Advances (payments) during the calendar year | | |
| Limited Partnership - Demand Note | 5,300,000 | 3,300,000 |
| Limited Partnership – Segment 1 | (8,943,689) | - |
| Limited Partnership – Segment 2 | (6,000,000) | - |
| Limited Partnership – 90 day note | (1,740,000) | - |
| Deerfoot Joint Venture - Segment 1 | 156,314 | (593,631) |
| Deerfoot Joint Venture - Segment 2 | - | - |
| Stampede Joint Venture – Revolver | - | - |
| Stampede Joint Venture – Risk Management | - | - |
| Stampede Joint Venture – Construction | (3,963,185) | - |
| | (15,190,560) | 2,706,369 |
| Interest rate | | |
| Limited Partnership - Demand Note | - | 7% (floating) |
| Limited Partnership – Segment 1 | 6.25% (floating) | - |
| Limited Partnership – Segment 2 | 6.25% (floating) | - |
| Limited Partnership – 90 day note | 6.25% (floating) | - |
| Deerfoot Joint Venture - Segment 1 | 6.25% (floating) | 7% (floating) |
| Deerfoot Joint Venture - Segment 2 | 6.25% (floating) | 7% (floating) |
| Stampede Joint Venture – Revolver | 5.25% (floating + standby fee) | - |
| Stampede Joint Venture – Risk Management | 5.25% (floating + BA/COF) | - |
| Stampede Joint Venture – Construction | 6% (floating) | - |

The Fund provided an \$11.46 million unsecured limited liability guarantee to the Deerfoot Joint Venture to indemnify it in the event the Deerfoot Joint Venture does not perform its contractual obligations. At March 31, 2008, the maximum potential liability under this guarantee was \$8.4 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Deerfoot Joint Venture in regards to this guarantee. No specific assets have been provided as security.

The Fund, provided an \$11.4 million guarantee to lender of the Stampede Joint Venture. The guarantee is limited to the Funds Participating Interest percentage in the Stampede Joint Venture. At March 31, 2008, the maximum potential liability under this guarantee was \$11.4 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Stampede Joint Venture in regards to this guarantee. A hypothecation/pledge of the Fund's shares in Calgary West hospitality Inc. was provided as security.

The Limited Partnership may cause to be issued unlimited numbers of units or other securities provided they do not rank ahead of minority Class B Units or Fund Units as to cash distributions, voting rights and other rights protected by the Limited Partnership Agreement.

The Fund has struck a special committee to evaluate options and develop a strategic plan in response to the government's Bill C-52. The bill effectively provides for the taxation of income trusts beginning January 2011. The new tax has not had any impact on the Funds access to financing.

Financial Instruments

Fair value

The fair value of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, term loan, due to/from related parties and unit holders distributions payable approximate their carrying value due to the short-term maturities of these instruments.

The fair value of the Class B Partnership units has not been determined as it is not practical to estimate the fair value of these financial instruments with sufficient reliability.

Credit risk

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. The Fund establishes an allowance for doubtful accounts that corresponds to the credit risk of its specific customers, historical trends or economic circumstances.

Interest rate risk

The Fund is exposed to interest rate risk on debt instruments to the extent of changes in the prime interest rate.

Exchange rate risk

The Fund is exposed, in its normal course of operations, to exchange rate risk from foreign exchange rate fluctuations. Accounts subject to exchange rates are recorded at the exchange rate as at March 31, 2008 which may differ when the accounts are settled. Any differences in the settled amounts are recorded as part of sales, cost of sales or expenses.

It is management's opinion that the Fund is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Industry risk

Service Plus in Grande Prairie derives 80% of its business from the energy sector. As a result the Fund is exposed to industry risk at this operation.

It is management's opinion that the Fund is not exposed to significant other industry risk at the present time.

Related Party Transactions

Related party transactions are measured at the exchange amount which is the amount agreed to by related parties. Related party balances are non-interest bearing with no specific terms of repayment.

The Fund had related party transactions with the persons of David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will collectively (the "Wills"). Both David Will and Darcy Will are trustees of the Fund. Together, the Wills control 44.0% of the outstanding units of all unit classes of the Fund. Transactions with the Wills include the following:

- The Fund recorded \$251,848 of management services expenses during the Quarter which are included in Human resources expenses. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization. At the end of the Quarter \$40,307 remained in accounts payable. As

Chief Executive Officer and Vice President, David Will and Darcy Will, respectively do not take any salary for their management of the Fund, but are instead compensated through management services agreements.

- The Fund recorded \$32,868 of charter aircraft rental expenses during the Quarter which are included in Operating expenses. Travel to the Fund's operational centers of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers.
- The Fund recorded \$184,047 of repairs & maintenance and other expenses during the Quarter which are included in Operating expenses. Amounts represent reimbursements for costs paid on behalf of the Fund. At the end of the Quarter \$65,881 remained in accounts payable. At the end of the Quarter \$30,447 remained in due to/from accounts. The Fund often makes use of related party resources when it is not cost effective to bear the full time cost of these resources.
- The Fund recorded \$11,880 of cash distributions during the Quarter on Fund Units which are included under Fund unit holders' equity. At the end of the Quarter \$3,960 remained in Unit holder distributions payable.
- The Fund recorded \$1,840,680 of cash distributions during the Quarter on Class B Limited Partnership Units which are included under Minority unit holders' equity. At the end of the Quarter \$613,560 remained in Unit holder distributions payable.
- The Fund recorded \$11,500 in trustee fees during the Quarter which are included in Human resources expenses. At the end of the Quarter \$1,838 remained in accounts payable.
- The Fund recorded \$11,248 of reductions to expenses during the Quarter which are included under Operating expenses. Amounts represent reimbursement for expenses paid by the Fund. At the end of the Quarter \$8,154 remained in accounts receivable. At the end of the Quarter \$40,000 remained in due to/from accounts. Resources of the Fund are charged back to related parties when devoted to related party activities.
- The Fund recorded \$40,000 in cash during the Quarter which are included under Cash and Cash Equivalents. Amounts represent shareholder loan proceeds received by the Fund. At the end of the Quarter \$40,000 remained in due to accounts.

The Fund recorded \$69,636 of cash distributions during the Quarter on Fund Units to other trustees which are included under Fund unit holders' equity. At the end of the Quarter \$23,192 remained in Unit holder distributions payable.

The Fund recorded \$26,500 in trustee fees during the Quarter paid to other trustees or companies controlled by other trustees of the Fund which are included under Human resources expenses. At the end of the Quarter \$23,000 remained in accounts payable.

The Fund recorded \$41,651 in professional fees during the Quarter paid to companies controlled by other trustees of the Fund which are included under Operating expenses.

The Fund recorded \$37,629 of cash distributions during the Quarter on Fund Units to other officers which are included under Fund unit holders' equity. At the end of the Quarter \$12,503 remained in distributions payable.

The Fund recorded \$138,000 of cash distributions during the Quarter on Class B Limited Partnership Units to other officers which are included under Minority unit holders' equity. At the end of the Year \$46,000 remained in Unit holder distributions payable.

The Fund recorded \$52,500 of management services expenses during the Quarter to other officers which are included under Human resources expenses. The Fund's entered into a management services contract with the Chief Operating Officer of the Fund. Formerly the Chief Operating Office was compensated by salary.

The Fund has recorded its Participating Interest Responsibility in related party transactions of all joint ventures in these Financial Statements and the above note.

Outstanding Share Data

Fund Units

The Fund is authorized to issue an unlimited number of Fund Units. There were no changes in the number of issued or outstanding Fund Units during the Quarter. The weighted average of equivalent units outstanding for the Quarter is equal to the units issued. The Fund did not have any options, warrants, rights or convertible instruments that would be potentially dilutive during the Quarter. Following the end of the Quarter, the trust units of the Fund were split on a 3 for 1 basis. Trust units began trading on a split basis on April 21, 2008.

| Fund Units | March 31, 2008 | | December 31, 2007 | |
|------------------------------------|--------------------|---------------|--------------------|---------------|
| | Units ¹ | \$'s | Units ¹ | \$'s |
| Balance at beginning of Year | 10,773,153 | \$ 32,133,482 | 10,773,153 | \$ 34,758,310 |
| Net earnings | | 2,792,342 | | 9,836,119 |
| Distributions to Fund Unit holders | | (2,154,631) | | (12,460,947) |
| Balance at end of Year | 10,773,153 | \$ 32,771,193 | 10,773,153 | \$ 32,133,482 |

¹ Units are reported at their post 3 for 1 split equivalent

Minority Interest Class B Partnership Units

The Limited Partnership is authorized to issue an unlimited number of Class B Limited Partnership Units. There were no changes in the number of Class B Limited Partnership Units issued or outstanding during the Quarter. Coinciding with the splitting of the Fund's Trust Units on April 21, 2008, Class B Limited Partnership Units of the Fund became convertible to Trust units on a 1 for 3 basis. Each Class B unit is entitled to 3 votes until such time they are exchanged for Fund Units.

| Class B Limited Partnership Units | March 31, 2008 | | December 31, 2007 | |
|---|--------------------|---------------|--------------------|---------------|
| | Units ² | \$'s | Units ² | \$'s |
| Balance at beginning of Year | 10,334,400 | \$ 33,065,390 | 10,334,400 | \$ 35,583,320 |
| Minority interest earnings allocation | | 2,678,620 | | 9,435,528 |
| Distributions to minority interest unit holders | | (2,066,879) | | (11,953,458) |
| Balance at end of Year | 10,334,400 | \$ 33,677,131 | 10,334,400 | \$ 33,065,390 |

¹ Units are reported at their post 3 for 1 split equivalent

Business Risks, Opportunities and Outlook

Economic Outlook

Alberta, with its strong resource base and strength in commodity prices, is in an enviable position to ride out uncertainty in the North American and world market places. Our near term horizon is adversely impacted by non-smoking legislation which is local to our existing markets.

Stampede Casino

On March 3, 2008 Calgary West Hospitality Inc. ("Hospitality Inc.") closed the purchase of the Stampede Joint Venture from Calgary Exhibition and Stampede Limited. The Fund holds a 20% Participating Interest in the Stampede Joint Venture that is scheduled to open the new Stampede Casino in June 2008 in the heart of Calgary.

The Fund is responsible for a Contributing Interest Responsibility of approximately 23.1% which entitles the Fund to receive a 20% Participating Interest in the revenues, expenses, assets and liabilities of the Stampede Joint Venture.

Taxation

On June 12, 2007 Bill C-52 formalizing the Government of Canada's proposal to tax the distributions of income trusts became law. The new tax effectively treats income trusts as corporations for tax purposes beginning January 1, 2011. Distributions, under the rules, will first be taxed at the Fund level at a current rate of 31.5% and then taxed as dividends in the hands of the unit holders. Furthermore, the bill set certain limitations on the growth of existing trusts. As unit holders of most trusts, including the Fund, have already seen, this had an immediate negative impact on the unit values of their investment. From a business perspective the future new tax has made it more difficult for the trust industry in general to access capital and debt markets. Income trusts are being forced to evaluate their corporate structures in anticipation of the 2011 tax changes. Management of the Fund continues to evaluate strategic options in response to all of the tax announcements.

On October 31, 2007, the one year anniversary of the federal government's first announcement on the proposal to tax income trusts, they again made significant tax announcements. Proposed changes would see the reduction of federal corporate income taxes from 18.5% to 15% by 2012. These tax changes do not apply to trusts. However, the effect of tax on other corporate structure will be considered as the Fund develops a strategic response to the approaching impact of Bill C-52.

Competition

Grande Prairie continues to add hotel rooming capacity with an expected 600 new rooms opening between summer and fall of 2008. To this point our Service Plus operation in Grande Prairie has boasted a favourable share of a reduced market. The additional room capacity may put pressure on rates and occupancy towards the end of the year.

The new Grey Eagle Casino opened on the western edge of Calgary on December 23, 2007. The casino, situated on the Tsuu T'ina First Nation reserve, is not subject to the new Alberta provincial smoking ban that came into effect January 1, 2008. There is no doubt that the new casino is enjoying the benefits of this exemption at the expense of all other casino operations in the city. The Fund is working through its membership in Alberta Charitable Casino Operators to appeal to government regulators to level the playing field for all casino operators in the area of smoking and other areas.

Management is not aware of any further gaming applications that could have a material effect on the Fund's operations.

Non-smoking

Our near term horizon is adversely impacted by non-smoking legislation which is local to our existing markets. We see the impact of non-smoking diminishing over time and in fact providing longer term growth potential as a large segment of the population loses its negative image of casinos being unhealthy breathing environments.

Alberta's new Tobacco Reduction Act took effect January 1, 2008. The Act prohibits smoking within a specified distance from the windows, doorways and air intakes of public places to protect indoor air quality. The negative affects of the new bylaw have been felt in varying degrees by all gaming facility operators in the province not operating on First Nation reserves. The smoking ban has had an adverse impact on revenues at the Deerfoot Joint Venture and Great Northern Casino. Our longer term experience with smoking ban's at Boomtown Casino in Ft. McMurray gives us optimism that the negative effects can be erased in a relatively brief period. The City of Ft. McMurray implemented a smoking bylaw September 1, 2007 ahead of Alberta's province wide smoking ban. Now seven months later, Boomtown Casino has regained all volume lost from the start of the smoking ban.

Ticket In Ticket Out (TITO)

Great Northern Casino completed implementation of TITO upgrades to slot machines in mid-March 2008. All Fund properties have now fully implemented the new coinless technology. The Stampede Joint Venture will be 100 % TITO on opening. The coinless operations have created an opportunity for all casino operators to cut labour costs.

Additional Information

All required public disclosures including material documents, press releases and financial statements of the Fund can be found on SEDAR at www.sedar.com. Additional information about the Fund can be found at www.gamehost.ca.