2009
Management Discussion & Analysis
for the three months ended March 31, 2009

To Our Unit Holders

Management and Trustees of Gamehost Income Fund (the "Fund", "Gamehost") present results of the Fund for the three months ended March 31, 2009 (the "Quarter").

Feeling a Little Sea Sick?

The last six months, have been clouded with an economic storm of epic proportions. Global economies have been sinking and the race for life preservers has been fast and furious. The Fund has been navigating the storm surge remarkably well. Revenues for the Quarter totaled $13.8 million up 3.9% from $13.3 million in Q1 2008. We entered the Quarter with our eyes wide open, prepared for the typical post Christmas slowdown that would be further hampered by looming layoffs and consumer pessimism. Accordingly, we began targeted marketing campaigns and value added promotions for our customers. As a result, Quarterly revenues posted only a slight decrease from the Christmas season of Q4 2008, down 3.2% from $14.3 million.

Growing revenues is a real challenge in these times, so our growth strategy is now a cost efficiency strategy. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the Quarter were flat when compared to Q1 2008, totaling $6.3 million, and were up from $6.1 in Q4 2008, an improvement of 3.3%. Year over year EBITDA margins were down marginally by 1.4% to 45.8%. On a monthly basis EBITDA margins have been steadily improving from a low point in Q4 2008 of 42.6% increasing 3.2% during the Quarter. As the Stampede Joint Venture matures, greater efficiencies are achieved every month and management remains diligent in monitoring discretionary spending at all operations.

Dig in Your Heels

Until this economic storm passes, the Fund is concentrating on maintaining revenue strongholds. Management has a proven track record in producing growth, and we haven't forgotten this. It is now a game of inches, and we are patiently making gains on a very muddy field. Competition brings out the best and we are confident that our facilities are just that. The Quarter has posted encouraging increases in table drop in both of our Calgary operations as well as in Ft. McMurray, and we don't intend to give up any ground.

Steady as She Goes

Fund's payout ratio on Standardized Distributable Cash was 84.9% compared to 69.6% in Q1 2008, this increase is primarily a result of an increase in regular monthly cash distributions implemented in April of 2008. The Fund's current rate of regular monthly distribution is set at $0.0733 per unit. Management and Trustees monitor distributions regularly.

Around the Province

Our Ft. McMurray property, Boomtown Casino, has faced some challenges with announced deferrals of some major oil sands projects in the area. However, recent sharp declines in steel, gas and labour prices should improve investment returns for large scale projects and stabilizing commodity prices are encouraging.

Difficulties in the Grande Prairie region continue. The forestry sector continues to suffer the effects of a fall out in construction activity. The provincial royalty review hit the natural gas industry when they were already suffering from low commodity prices, but with the provincial government's announcement in March of $1.5 billion in drilling incentives, we may see some recovery. On a positive note, 2009 has shown a moderate improvement from a bottom reached in 2008. The management of Great Northern Casino has also made significant progress in trimming operating costs. Our Service Plus hotel in Grande Prairie has shown remarkable resilience. However, we expect to experience additional pressure this year as the rooming market suffers further reductions in demand.

Calgary faces similar economic issues as our other properties, perhaps on a broader scale. Competition is fierce, as there are fewer gaming dollars to spread around. We have been pleased to see gains in table drop figures, illustrating that our renewed focus on VIP players is succeeding. The Stampede Joint Venture is showing improvements, albeit these battles are hard won. New joint marketing programs have benefited both properties. Upcoming periods should bring additional cost savings on the operating side.

Stay the Course

We are likely in for a period of prolonged economic stagnation. The long term benefits of our cost efficiency strategy are significant. The Fund historically produced some of the best profit margins in the gaming sector, and when we rise up from this recession, we will be lean and mean. Strap in and join us for the ride, it may be a little bumpy on the way, but it will be worth it.

Thank you for your continued support,

May 4, 2009

On behalf of all management and Trustees, sincerely,

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

Darcy J. Will
Vice President

Management's Discussion and Analysis for the three months ended March 31, 2009

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 April 27, 2009

Interim Consolidated Financial Statements of the Fund for the three months ended March 31, 2009 (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. All figures are reported in Canadian dollars.

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

Caution to the Reader

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 "standardized distributable cash" 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 may be misleading. EBITDA should not be relied upon as a sole measure of performance. A reconciliation of EBITDA to net earnings as defined by GAAP can be found on page 19 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 25 of this MD&A.

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

Forward Looking Information

This MD&A contains forward-looking information. Forward-looking information contained in this MD&A will be limited to statements rather than figures which may contain words such as "anticipates", "believes", "could", "expects", "indicates", "plans" or other similar expressions that suggest future outcomes or events. Forward looking information contains risks and uncertainties of varying significance. Management attempts to minimize the use of forward-looking information. Any use of forward-looking information 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, financial market volatility, 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, or others, could cause actual results to differ from forward-looking information. Additional discussion about the inherent risks in forward-looking information and any management assumptions of risk can be found in the Business Risks and Opportunities section at the end of this MD&A.

These factors and other risks and uncertainties are discussed in the Fund's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Fund's Annual Information Form for fiscal 2008. Continuous disclosure documents are on record through SEDAR at www.sedar.com.

Forward looking-information contained in this MD&A or documents incorporated by reference are relevant only at the date of the MD&A or document date. Readers should not place undue reliance on forward-looking information as there can be no assurances that the plans, intensions or expectations upon which they are based will occur. The Fund undertakes no obligation to publically revise forward-looking information to reflect subsequent events or circumstances.

Internal Control over Financial Reporting (ICFR)

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. There has been no change in the number of units issued or outstanding during the Quarter.

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 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") which opened in Calgary on June 19, 2008.

Gaming operations of the Fund are controlled by the Alberta Gaming and Liquor Commission. Operations include Fund owned table games and the government owned slot machines and 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)				
	2008	2007	2006	2005	2004
Revenue	**55,565.0**	57,619.9	49,293.6	31,085.5	25,426.4
Net earnings [1]	**21,455.0**	19,271.6	21,178.6	15,340.3	12,726.5
Net earnings/unit [1, 2]	**$1.0165**	$0.9130	$1.0033	$0.7267	$0.6030
Total assets	**102,212.2**	92,284.6	91,682.3	92,403.4	76,500.6
Total long term liabilities	**1,853.6**	2,234.8	-	-	-
Cash distributions declared/unit [2]	**$1.0271**	$1.1567	$0.9267	$0.6767	$0.5733

(in thousands of dollars unless stated otherwise)

1 Before earning allocation to minority unit holders. There were no discontinued operations or extraordinary items.

2 Basic and fully diluted

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 opened in November of 2005. In early 2006, the Fund completed an expansion of Boomtown Casino effectively doubling its size. In June of 2008 the Fund entered into a second joint venture with a 20% interest in the new Stampede Casino. Together with organic growth, these expansions allowed the Fund's interest in slot machines to increase from 499 machines to 1,214 machines and gaming tables to increase from 32 tables to 52 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% and 20% interests in the assets, liabilities, equity and operating results of the Deerfoot Joint Venture and the Stampede Joint Venture respectively.

Overall Financial Results and Condition of the Fund

At the end of the Quarter, the Fund had $100.3 million in total assets, $1.9 million less than at the start of the year. Cash and cash equivalent balances of $12.1 million are $0.8 million lower than the start of the year largely due to a special distribution declared in 2008 and paid in January 2009. For the Quarter, the Fund's payout ratio on Standardized Distributable Cash was 84.9% compared to 69.6% in Q1 2008, this increase is primarily a result of an increase in regular monthly cash distributions implemented in April of 2008. The Fund paid regular monthly cash distributions of $0.0733 per unit throughout the Quarter.

In 2009, we have had to alter our expectations. Until this economic storm passes, the Fund is concentrating on maintaining revenue strongholds with strategic moves to gain wherever possible. In the meantime, management continues to focus on controlling costs and gaining efficiencies to further improve profit margins.

In the Grande Prairie area the Fund operates the Great Northern Casino, Service Plus, and the Strip Mall. The region continues to face industry challenges in forestry and oil and gas. Competition in the hotel rooming industry has increased in the region, as well.

Boomtown casino in Ft. McMurray, previously isolated, is now experiencing the impacts of the slowing economy as well. Several major projects have postponed their capital projects in the region. However there are signs that these are short term bumps on the road to the long term growth of the region.

The Calgary economy is far more diverse than the Fund's other markets. Joint venture operations in this city continue to encounter the headwinds of a competitive market place, and this is now coupled with general economic slowdowns and reduced consumer spending. The Stampede Joint Venture is gaining efficiencies and has joined forces with the Deerfoot Joint Venture in marketing their loyalty club programs. This gives both properties a distinct advantage over their competitors.

Quarterly Performance Summary

Quarterly Performance	**2009**		**2008**				**2007**	
	Q1	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	**13,846**	14,309	14,378	13,545	13,333	14,912	14,280	14,345
Expenses	**7,505**	8,218	8,149	7,221	7,033	7,605	7,347	7,239
EBITDA [1 2]	**6,340**	6,091	6,229	6,324	6,300	7,307	6,933	7,106
EBITDA %	**45.8%**	42.6%	43.3%	46.7%	47.2%	49.0%	48.5%	49.5%
Net earnings before minority interest	**5,425**	5,212	5,186	5,586	5,471	6,558	259	6,268
Net earnings % before minority interest	**39.2%**	36.4%	36.1%	41.2%	41.0%	44.0%	1.8%	43.7%
Net earnings per unit [3]	**$0.257**	$0.247	$0.246	$0.265	$0.259	$0.311	$0.012	$0.297

(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, all classes

Despite the prevailing winds of an economic storm, Q1 2009 has encouraging results. Revenues, and EBITDA have improved over last year, these are a direct result management's continued efforts to reduce spending and the ongoing targeted marketing campaigns that are continuously measured for their level of success.

Revenues

Total Revenue

Total Revenue	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total Revenue	**13,845.8**	13,333.0	3.8%	14,309.1	(3.2%)

(in thousands of dollars unless stated otherwise)

Although Q1 2009 has been clouded by gloomy economic times there are some glimpses of optimism. The reader is reminded that year over year comparisons throughout this document include the addition of the Fund's 20% interest in the new Stampede Joint Venture which is not included in the 2008 Q1 results. Soft slot revenues remain a challenge as consumer optimism remains low and a competitive Calgary marketplace make us continue to work harder for every dollar. We have seen encouraging increases in overall table game revenues and small signs of optimism in beverage revenues at specific facilities in Q1 2009 versus Q1 2008.

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	
	2009	2008	+(-)	Q4 2008	+(-)
Rooming	**2,013.1**	2,070.4	(2.8%)	2,064.2	(2.5%)
Occupancy	**76.3%**	76.3%	(0.0%)	78.4%	(2.1%)
ADR	**$148.69**	$148.65	0.0%	$147.46	0.8%

(in thousands of dollars unless stated otherwise)

Minimal revenue declines year over year are a result of the combined results from Deerfoot Joint Venture and Service Plus properties. Higher occupancies and marginally lower ADR's at the Deerfoot Joint Venture are coupled with flat ADR and a minor decrease in occupancy at the Service Plus in Grande Prairie. Individual results for each property provide a better accounting of the changes in reported Hotel Revenues and statistics.

Occupancy levels at the Deerfoot Joint Venture remained flat to the previous quarter, and sharply higher year over year by 5.1%. The outstanding amenities offered at the property continue to set the Deerfoot Joint Venture apart in the City of Calgary. The Deerfoot Joint Venture ADR decreased by 2.2% from the previous year, but with the higher occupancy levels, revenues showed an increase.

Service Plus continues to record outstanding results given significant added rooming capacity in the Grande Prairie market and continued slowing in economic activity. Occupancy declined 2.1% year over year for the Quarter. The superior location and management of Service Plus are credited with minimizing deterioration of ADR in the oversupplied market. ADR fell marginally by less than one percent during the Quarter compared to the previous year.

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 Revenue	**Q1 (three months)**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
General and High Limit	**2,176.5**	1,542.9	41.1%	1,509.4	44.2%
Poker	**398.2**	330.1	20.6%	383.8	3.7%
Caribbean Stud	**18.5**	37.3	(50.4%)	21.4	(13.5%)
	2,593.2	1,910.3	35.7%	1,914.6	35.4%

(in thousands of dollars unless stated otherwise)

Table Drop and Hold	**Q1 (three months)**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Drop	**18,737.4**	15,010.0	24.8%	20,039.0	(6.5%)
Hold %	**20.3%**	18.1%	2.2%	15.9%	4.4%

(in thousands of dollars unless stated otherwise)

Tables (# of)	**end of Quarter**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
All Others	**39.8**	35.4	4.4	40.8	(1.0)
Poker	**11.2**	9.2	2.0	11.2	0.0
Caribbean Stud	**1.0**	1.4	(40.0%)	1.0	0.0
	52.0	46.0	6.0	53.0	(1.0)

Table activity, continuing the trend from Q4 2008, continues to show signs of overall growth. While the addition of the Stampede Joint Venture has been a factor in year over year growth, Boomtown also continues to record substantial growth in table game activity. In addition to growth in drop, hold percentages have shown improvement as well, making this segment of revenue a top performer for the Quarter. The Deerfoot Joint Venture saw a reduction of one table game from the previous Quarter.

Boomtown Casino reported table drop year over year increases of 26.6% an increase from $4.15 million to $5.25 million. Net hold percent showed an increase of 5.8% year over year, posting a hold percent of 21.6% up from 15.85% in Q1 2008 and 16.85% in the previous quarter.

Great Northern Casino reported table drop of $3.45 million for the quarter, a year over year decline of 4.8% and a 9% decrease versus the previous quarter. The net hold percentage was flat, year over year from 20.2% to 20.1% in Q1 2009. The Great Northern Casino recorded a hold percent increase of 4.2% in Q1 2009 over Q4 2008, resulting in a 15% increase in revenues.

Deerfoot Joint Venture reported table drop of $14.7 million for the Quarter, a decline for both year over year and Quarter over quarter of 19.0% and 4% respectively. However, due to an increase in net hold percentages of 4.5% and 7.8%, the revenues for Q1 2009 are an improvement for both year over year and

Quarter over quarter comparisons. Competition continues to be a factor in Calgary. However our increased focus on VIP players is delivering positive results for the property, with drop figures steadily rising in 2009.

With no year over year comparisons, Stampede Joint Venture reported table drop of $20.9 million for the Quarter, a 7% increase over Q4 2008. Flat net hold percentages coupled with the drop increase produced marginal revenues increases in Q1 2009 over Q4 2008.

Poker revenues post a significant year over year increase, primarily as a result of the addition of the new Stampede Joint Venture. The ten table private poker room is proving to be a popular venue for these players, with revenues showing growth over the past two quarters.

Slot and Video Lottery Terminal 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 Revenue	**Q1 (three months)**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Revenue	**5,020.0**	5,183.5	(3.2%)	5,448.6	(7.9%)

(in thousands of dollars unless stated otherwise)

Slot Statistics	**Q1 (three months)**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Drop	**444.0**	447.3	(0.7%)	468.5	(5.2%)
Machines [1]	**1,213.8**	1,069.6	144.2	1,208.8	5.0

(in millions of dollars unless stated otherwise)

1 At the end of the Period or Quarter

Despite an additional 144 slot machines contributing to slot results for the Fund during the Quarter, compared to 2008, the overall slot revenue has declined marginally. Soft slot revenues are consistent with the remainder of the province. Given the economic climate, we are succeeding in holding our ground against the harsh winds of this financial storm. In the Q1 2009, both the Stampede Joint Venture and Deerfoot Joint Venture received additional slot machines, the Fund's proportionate share being 1 and 5 machines respectively.

Our northern properties can expect to face continued economic uncertainties for the foreseeable future. Some major oilsands projects in Ft McMurray have deferred their capital spending and the major industries of natural gas and forestry continue to struggle in the Grande Prairie region. Growth in 2009 for either of these markets will be difficult. Coming off the Christmas surge of Q4 2008, 2009 is showing decreases. Great Northern Casino did, however, post increases of 2.9% year over year in slot cash play, showing recovery from last year's non-smoking legislation, and although Boomtown posted decreases from last year, this property had already shown significant recovery from non-smoking by Q1 of 2008, so repercussions of the current economic downturn are more evident. Despite some foreseeable difficulties, these two properties are still amongst the leading casino facilities in the province in terms of revenues earned per terminal.

Deerfoot Joint Venture reported declines in cash play of 8.0% and 2.1% year over year and Quarter over quarter respectively. The competitive nature of the urban Calgary market intermingled with 2009's economic uncertainties means we have to continue to work on gaining ground against our competitors, but the advantages that our multi-faceted amenities offer will continue to make this the property of choice for our customers.

There is no year over year comparative result for the Stampede Joint Venture which opened June 19, 2008. Q1 2009 has posted positive growth in cash play, showing a 10% increase over Q4 of 2008. Marketing efforts are showing positive results, and the new facility is establishing itself in the marketplace.

Food & Beverage ("F&B") Revenue

Food service operating arrangements differ by property from 100% owner operations to combinations of owner and 3rd party operating agreements. Only beverage service is consistently delivered directly by the Fund. 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	
	2009	2008	+(-)	Q4 2008	+(-)
Food & mix	**1,003.9**	897.1	11.9%	1,286.6	(22.0%)
Liquor	**2,056.9**	1,998.7	2.9%	2,346.4	(12.3%)
	3,060.8	2,895.7	5.7%	3,633.0	(15.8%)

(in thousands of dollars unless stated otherwise)

Year over year comparisons are recording positive results. The addition of the new Stampede Joint Venture accounts for this. However, without this addition the overall net effect is a marginal decrease. Once again, we are holding our own against the prevailing winds. Q4 is the fund's strongest period for food and beverage sales as a result of the Christmas banquet season, causing more dramatic comparative results.

Boomtown recorded flat results on a year over year comparison on both the food and beverage fronts: an encouraging sign given the current climate.

Year over year comparisons for Great Northern Casino recorded a slight decrease of 4% in food commission revenue and a positive 5% increase on beverage sales. These results are encouraging providing evidence of recovery from 2008 non-smoking legislation. Additionally, the profit margins on liquor are better than those on food commissions so we are pleased to see the increase in this department.

Deerfoot Joint Venture reported incremental improvements on a year over year basis as well. In this instance both food and beverage revenues have increased by 4% and 13% respectively. At the Deerfoot Joint Venture the food outlets are owner operated and therefore produce better profit margins than straight commissions. This trend translates into a better bottom line on both fronts.

Stampede Joint Venture has no prior year results to compare to, and unfortunately, Quarter over quarter results are skewed as result of the Christmas banquet season. Liquor revenues at this property reported the lowest percentage decrease from Q4 2008 of all of the fund's facilities, suggesting that Management's continued focus to maximize revenue opportunities in coordination with events held at the Calgary Exhibition's grounds and the Saddledome are succeeding. Additionally, cross marketing of the loyalty program with the Deerfoot Joint Venture appears to be increasing the exposure of this new property in the marketplace.

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.

Lease & Rental	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**89.1**	84.2	5.9%	85.0	4.8%

(in thousands of dollars unless stated otherwise)

Leases were successfully renegotiated with two tenants occupying 88% of available space in the Strip Mall during the previous quarter. The resulting new rates represent a 29% increase to the previous rates. The lease on the remaining 22% of space in the Strip Mall expired during the Quarter and was vacated by the former tenant. As of the writing of this document, a lease on this space has been executed. Revenues will not be realized until the third quarter of 2009. The term is five years with an option to renew for an additional five.

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	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**1,069.7**	1,189.0	(10.0%)	1,163.7	(8.1%)

(in thousands of dollars unless stated otherwise)

ATM revenues represent the largest portion of other revenues. ATM revenues are directly correlated to gaming activity and have posted only marginal declines year over year. Interest revenues and ticket sales are primarily responsible for the year over year decrease. Interest revenues are down as a result of lower prime interest rates and lower bank balances, typical at the outset of the fiscal period. Ticket sales decline is a direct result of a reduction in entertainment expenditures on a year over year comparison. Fewer acts are being booked, therefore fewer tickets are sold. Quarter over quarter decrease is explained by the Christmas season which brings augmented ticket sales.

Expenses

Total Expenses

Total Expenses	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**8,420.4**	7,862.0	7.1%	9,097.3	(7.4%)
% of Revenues	**60.8%**	59.0%	1.8%	63.6%	(2.8%)

(in thousands of dollars unless stated otherwise)

Management continues to be diligent in reducing costs. Despite the inclusion of Stampede Joint Venture in the 2009 results, percentage of revenues reflects a minimal increase, and Quarter over quarter comparisons reveal continued efforts to optimize expenses.

Cost of Sales

Cost of sales, in general, will fluctuate in direct correlation to changes in associated revenues. Other cost of sales are made up of mostly 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 due to the dissimilar nature of the products included.

Cost of Sales	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Food & Mix	**466.5**	440.4	5.9%	590.9	(21.1%)
Liquor	**436.6**	435.1	0.3%	513.9	(15.1%)
Other	**37.4**	37.2	0.4%	41.9	(10.8%)
Total	**940.4**	912.8	3.0%	1,146.7	(18.0%)

(in thousands of dollars unless stated otherwise)

Cost of Sales %	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Food & Mix	**46.5%**	49.1%	(2.6%)	45.9%	0.6%
Liquor	**21.2%**	21.8%	(0.5%)	21.9%	(0.7%)
Other	**53.5%**	52.1%	1.4%	54.1%	(0.6%)

(in thousands of dollars unless stated otherwise)

Year over year improvements in cost of sales percentages in Food & Mix reflects the additions of the Stampede Joint Venture where food operations are owner operated and enjoy better margins than commissions. Cost of sales percentages are closely related to volume for Food & Mix, which explains the poorer margins in Quarter over quarter comparison due to the higher Christmas season volumes. Liquor margins remain consistent for year over year and Quarter over quarter comparison. The Other category represents negligible variations in both year over year and Quarter over quarter comparisons.

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	
	2009	2008	+(-)	Q4 2008	+(-)
Operations	**3,305.1**	3,023.4	9.3%	3,476.9	(4.9%)
% of Revenues	23.9%	22.7%	1.2%	24.3%	(0.4%)
General & admin	**89.5**	151.9	(41.0%)	139.9	(36.0%)
% of Revenues	0.6%	1.1%	(0.5%)	1.0%	(0.3%)
Management fees	**290.7**	295.7	(1.7%)	285.0	2.0%
% of Revenues	2.1%	2.2%	(0.1%)	2.0%	0.1%
Total	**3,685.3**	3,471.0	6.2%	3,901.8	(5.5%)
% of Revenues	**26.6%**	26.0%	0.6%	27.3%	(0.7%)

(in thousands of dollars unless stated otherwise)

The operational wage comparisons show an increase year over year due to the addition of the Stampede Joint Venture. The Quarter posts a decrease with the post-Christmas reductions in staffing requirements. As the Stampede Casino gains economies of scale, overall Human Resources, as a percentage of revenue, will decrease.

Management has made a concerted effort to reduce corporate overhead costs in 2009 and is reflected in the significant reduction in General and Admin costs. Efficiencies are expected from all cogs in the wheel of the Fund.

Management fees are based on a percentage of revenue and EBITDA.

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	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**641.0**	552.1	16.1%	721.1	(11.1%)
% of Revenues	**4.6%**	4.1%	0.5%	5.0%	(0.4%)

(in thousands of dollars unless stated otherwise)

Year over year comparison posts an increase as a result of the addition of the Stampede Joint Venture. Reductions in Quarter over quarter comparisons are a result of the removal of New Year's campaign, but also reflect the benefits of the intense cross marketing campaign for the Calgary properties. Additionally, tougher economies have now made mass marketing a more affordable option. After blitzing the marketplace, future periods will reflect additional reductions in marketing expenditures.

Operating Costs

Some of the more significant expenditures classed as operating costs include entertainment, premises leases, repairs & maintenance, utilities and operating supplies.

Operating	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**1,730.7**	1,523.4	13.6%	1,876.8	(7.8%)
% of Revenues	**12.5%**	11.4%	1.1%	13.1%	(0.6%)

(in thousands of dollars unless stated otherwise)

With the addition of the Stampede Joint Venture, increased operational costs are a reality, specifically with respect to utilities, general operating supplies and land lease costs. Quarter over quarter comparison reveals that gains continue to be made at all of the properties as discretionary operational spending is monitored.

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	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**508.0**	574.1	(11.5%)	571.7	(11.1%)
% of Revenues	**3.7%**	4.3%	(0.6%)	4.0%	(0.3%)

(in thousands of dollars unless stated otherwise)

Substantial reductions in insurance costs and corporate travel costs account for decreases in year over year comparisons. Continued reductions in corporate travel costs in Q1 2009 coupled with fees associated with the graduation to the TSX that were expensed in Q4 2008 account for declines on a Quarter over quarter comparison.

Interest

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

Interest	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**305.1**	303.5	0.5%	390.4	(21.9%)
% of Revenues	**2.2%**	2.3%	(0.1%)	2.7%	(0.5%)

(in thousands of dollars unless stated otherwise)

Falling interest rates continue to benefit the Fund given that most debt is tied to variable bank rates. A comparison of interest expenses for the Quarter to those of the prior year and prior quarter include additional debt facilities placed for the new Stampede Joint Venture offsetting the benefit of the falling rates.

Expenses Not Included in EBITDA

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, any future tax assets or liabilities that are not expected to reverse themselves by the time the tax comes into effect are charged to income during the Quarter. Future tax expenses are a non-cash charge.

Future Tax	**Q1 (three months)**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**(30.8)**	23.9	(228.9%)	(380.0)	(91.9%)
% of Revenues	**(0.2%)**	0.2%	(0.4%)	(2.7%)	2.4%

(in thousands of dollars unless stated otherwise)

Losses on Derivatives

The Funds portion of additional future interest expenses resulting from interest rate swaps is recorded as a non cash charge to income.

Fair Valuation Adjustments	**Q1 (three months)**			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Total	**1.1**	-	0.0%	189.5	(99.4%)
% of Revenues	**0.0%**	0.0%	0.0%	1.3%	(1.3%)

(in thousands of dollars unless stated otherwise)

The Stampede Joint Venture entered into a 3 year interest rate swap on a portion of its term debt. The swapped facility incurs interest of 3.23% per annum. The spread between the swap rate and the variable rate widened during the Quarter resulting in additional unrealized losses. Should variable rates remain at the March 31, 2009 level, the Fund would incur additional cash interest costs.

Net Earnings and Reconciliation of EBITA to Net Earnings

EBITA to Net Earnings	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
EBITDA	**6,340.4**	6,299.8	0.6%	6,090.7	4.1%
Less:					
Amortization on property, plant and equipment	**639.6**	501.5	27.5%	679.0	(5.8%)
Interest charges	**305.1**	303.5	0.5%	390.4	(21.9%)
Future income tax expense	**(30.8)**	23.9	(228.9%)	(380.0)	(91.9%)
Fair valuation adjustments	**1.1**	-	0.0%	189.5	(99.4%)
Allocation to minority interest	**2,656.3**	2,678.6	(0.8%)	2,551.7	4.1%
Net Earnings	**2,769.1**	2,792.3	(0.8%)	2,660.1	4.1%
% of Revenues	**20.0%**	20.9%	(0.9%)	18.6%	1.4%
Net earnings per unit [2]	**$0.257**	$0.259	($0.002)	$0.247	$0.010

(in thousands of dollars unless stated otherwise)

2 Basic and fully diluted

Facilities

Capital Leases are recorded on the balance sheet at would be purchase cost. Only scheduled payments over the term of the lease involve the use of cash.

Capital Expenditures	Q1 (three months)			vs. previous quarter	
	2009	2008	+(-)	Q4 2008	+(-)
Capital Leases	**-**	-	0.0%	93.2	(100.0%)
Maintenance	**112.8**	47.6	137.0%	153.5	(26.5%)
Expansion	**-**	9,550.7	(100.0%)	(91.7)	(100.0%)
	112.8	9,598.3	(98.8%)	155.0	(27.2%)

(in thousands of dollars unless stated otherwise)

All capital maintenance spending was paid out of cash generated from operations. In concert with efforts to reduce operating expenses, discretionary capital maintenance expenditures are also being closely scrutinized.

Financial Condition

Liquidity

Cash provided by operating activities for the Quarter totaled $6.2 million for the Fund, a marginal decrease compared to Q1 2008. At the end of the Quarter cash and cash equivalent balances totaled $12.1 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'.

The change in tax status for income trusts brought about 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 an expected 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. Term debt of the Limited Partnership and the Deerfoot Joint Venture include demand clauses without any event of default. Consequently, term loans are presented as current liabilities for financial reporting purposes. The Fund's lender does not consider the loans to be repayable within 12 months. Financial ratio covenants on term debt of the Stampede Joint Venture are in default. Accordingly, these long term commitments are now considered current. In the original negotiations with the lender the Fund provided a guarantee in the event the Stampede Joint Venture does not perform its contractual obligations.. To this extent the Fund is exposed to further cash payments to the lender of $5.0 million. Currently, the borrower and lender are working together to establish new mutually agreeable performance covenants.

Internal working capital requirements for the Fund consists of cash floats for the operation of gaming tables, slot machines, VLT's, 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. The Alberta Gaming and Liquor Commission requires 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 has a $9.7 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 $1.92 million in cash distributions from the Deerfoot Joint Venture.

The Fund has a 20% Participating Interest in the operating activities of the Stampede Joint Venture. The Stampede Joint Venture made no cash distributions during the Quarter.

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, through its wholly owned subsidiary 1363840 Alberta Ltd (the "Subsidiary"), has a 23% Contributing Interest Responsibility to the Stampede Joint Venture for any capital requirements. During the Quarter, $109,966 was contributed by the Fund to honour this responsibility for a Cash Call issued by the Stampede Joint Venture. Further cash calls are likely but can not be reasonably estimated. Growth is materializing and costs are being optimized to monthly revenue levels. All known capital requirements of the

Stampede Joint Venture have been satisfied to date.

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.

The Fund entered into a management services agreement with 1068802 Alberta Ltd. The management agreement stipulates a fixed rate for site operational management for the Fund's Chief Operating Officer.

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.

On November 1, 2007 the Stampede 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 Stampede Joint Venture.

The Fund has certain commitments for equipment, services and premises rent including the Funds Participating Interest Responsibility in commitments of joint ventures. At March 31, 2009 these commitments were:

Operating Leases and service contracts	2009	2010	2011	2012	2013	Thereafter
	1,787,466	2,182,938	2,193,433	1,699,365	1,564,408	34,710,000

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 the Trustees.

The Canadian Institute of Chartered Accounts (CICA) Canadian Performance Reporting Board (CPRB) issued guidance on the adoption of a standardized measure for distributable cash ("Standardized Distributable Cash". The guidance compliments National Policy 41-201 regarding the disclosure of distributable cash. The Fund adopted this guidance shortly after it was issued in July 2007.

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. Trustees evaluate the special distribution recommendation with special consideration of other factors such as strategic plans of the Fund and Fund unit trading performance. The existence of surplus cash at the end of the year does not make certain that a special distribution will be declared.

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 10,530 square feet of retail space for lease, 123 guest rooms and 1 meeting room at Service Plus, the Fund's 40% Participating Interest in 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and lounge at the Deerfoot Joint Venture, the Fund's 20% interest in 1 banquet room, 1 showroom and 3 restaurants at the Stampede Joint Venture and ancillary amenities for all facilities. Also included in productive capacity are the Fund's interests in four gaming licenses, one each for Boomtown Casino, Great Northern Casino the Deerfoot Joint Venture and the Stampede Joint Venture. Together these licenses provide a revenue stream for the Fund from an equivalent 1,209 slot machines and 53 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	Electronic Gaming Devices	Tables	Lease Retail Sq ft
	Inception of Fund	31,864	-	123	165	420	32	10,530
2003	Great Northern Casino Expansion	9,800	1,200		45	59		
	AGLC adds slot machines					20		
2004	AGLC adds slot machines					83		
2005	Deerfoot Joint Venture opening	24,000	8,000	75	140	252	12	
2006	Boomtown Casino Expansion	11,000			40	193		
	AGLC adds slot machines					20		
2007	Deerfoot Joint Venture renovation	480			(20)	23		
2008	AGLC adds slot machines					16		
	Stampede Joint Venture	19,200	480		60	120	8	
	AGLC adds slot machines					3		
2009	AGLC adds slot machines					5		
	Current	96,344	9,680	198	430	1,214	52	10,530

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, VLT's and lottery ticket terminals 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 $320,000 per year for the Fund based on a historical review of these costs and current condition of facilities. Most often these will be paid for out of cash generated from operations.

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 paid from operating cash flow, changes to float balances based on operational needs, debt repayment and any other discretionary uses for cash as determined management and Trustees may reduce the availability of cash for distribution to unit holders.

Long-term unfunded contractual obligations

The Fund has a fifteen year premises lease for Boomtown Casino and a fifty year land lease with Calgary Stampede and Exhibition through the Stampede Joint Venture. The Stampede Joint Venture has also entered into a number of capital leases over three years. There are no other 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 and to keep structured debt repayment as flexible as possible. 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 debt facilities allow for scheduled amortization periods between 10 and 15 years in meeting distribution objectives.

Financing restrictions on distributions caused by debt covenants

The Limited Partnership has a demand 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 10 years and the second is advanced on a revolving basis. This loan has no financial ratio debt covenants.

Debt facilities of the Deerfoot Joint Venture require the maintenance of certain financial ratio 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 ratio 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 Stampede Joint Venture does not currently meet financial ratio covenants. Discussions are ongoing with the lender to establish new covenant ratios. The Stampede Joint Venture is not currently making cash distributions.

Loan covenants also require the Fund to comply with Minimum Continuing Net Working Capital positions (“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.

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, VLT’s, lottery ticket terminals, 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 within stated terms, typically 30 days, but will take advantage of all early payment discounts offered.

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. The Fund's 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: GAAP reported capital expenditures that have not been financed; 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)**					
		2009		2008		Since Inception
Cash from operating activities (see Statements of Cash Flows)	**$**	**6,196**	$	6,319	$	116,743
Less adjustment for:						
Capital expenditures		**102**		45		4,886
Financing restrictions caused by debt covenants		**629**		213		3,212
Standardized Distributable Cash	**$**	**5,465**	$	6,061	$	108,644
Standardized Distributable Cash/unit [1]	**$**	**0.2589**	$	0.2872	$	5.1472
Cash distributions	**$**	**4,642**	$	4,222	$	102,343
Cash distributions/unit [1]	**$**	**0.2199**	$	0.2000	$	4.8487
Payout ratio		**84.9%**		69.6%		94.2%

[1] Weighted average and fully diluted

(in thousands of dollars unless stated otherwise)

Adjusted Distribution Base (formerly Distributable Cash from Operations)	Q1 (three months)					
		2009		2008		Since Inception
Standardized Distributable Cash	**$**	**5,465**	$	6,061	$	108,644
Less adjustment for:						
Change in floats		**-**		840		2,770
Adjusted Distribution Base	**$**	**5,465**	$	5,221	$	105,874
Adjusted Distribution Base/unit [1]	**$**	**0.2589**	$	0.2474	$	5.0159
Cash distributions	**$**	**4,642**	$	4,222	$	102,343
Cash distributions/unit [1]	**$**	**0.2199**	$	0.2000	$	4.8487
Payout ratio		**84.9%**		80.9%		96.7%

[1] Weighted average and fully diluted

(in thousands of dollars unless stated otherwise)

Distributions

2009 Distribution Summary				
Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	15-Jan-09	31-Jan-09	13-Feb-09	$0.0733
February	10-Feb-09	28-Feb-09	13-Mar-09	$0.0733
March	12-Mar-09	31-Mar-09	15-Apr-09	$0.0733
April	8-Apr-09	30-Apr-09	15-May-09	$0.0733

2008 Distribution Summary				
Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	17-Jan-08	31-Jan-08	15-Feb-08	$0.0667
February	12-Feb-08	29-Feb-08	14-Mar-08	$0.0667
March	24-Mar-08	2-Apr-08	15-Apr-08	$0.0667
April	17-Apr-08	30-Apr-08	15-May-08	$0.0733

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**
2008	93.17%	6.83%	100.00%
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	73.12%	26.88%	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 an expected 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 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, 2009 and the expected tax rate of 31.5% for 2011, the Fund has estimated a future tax liability of $1.8 million.

	Net Value (tax basis)	Net Value (accounting basis)	Temporary Differences
Plant and equipment	34,133,965	39,752,783	5,618,818

Capital Resources

Limited Partnership

The Limited Partnership has a $15.0 million demand term loan secured by its land and buildings 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 10 years. $6.0 million of this loan is available on a revolving basis.

Deerfoot Joint Venture

The Fund has a 40% Participating Interest Responsibility in the debt facilities of the Deerfoot Joint Venture. The Deerfoot Joint Venture has a demand term loan secured by its land and buildings. Interest on the loan floats at 1.0% above the CWB Prime Lending Rate. The Fund's portion of this loan includes monthly principal payments of approximating $78,800 which have been accelerated to $100,000. The combined total authorized facility of $9.6 million is amortized over 15 years. The loan includes a $0.8 million revolver.

Stampede Joint Venture

The Fund has a 20% Participating Interest Responsibility in the debt facilities of the Stampede Joint Venture. The Stampede Joint Venture received a default notice from its lender during the Quarter as a result of not meeting certain financial ratio covenants. Consequently, a portion of advanced funds financed by banker's acceptances (BA's) were converted to a demand, non-revolving prime based loan. The prime based loan carries a premium over the lenders prime rate of 1.0%. The Fund's portion of this loan is $3.3 million.

A BA, representing $3.6 million is tied to a 3 year interest rate swap at 3.23% to the COF rate. A risk management facility of $0.6 million is in place to facilitate interest rate hedging related risks associated with the swap agreement.

The Stampede Joint Venture has also secured a revolving operating line at BMO prime, $1.4 million being the Fund's proportionate responsibility.

Credit Facilities	March 31, 2009	December 31, 2008
Authorized Maximum Loan amounts		
Demand loan	9,000,000	9,000,000
Revolving loan	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	8,800,000	8,800,000
Deerfoot Joint Venture - demand loan, revolving	800,000	800,000
Stampede Joint Venture – revolving	1,400,000	1,400,000
Stampede Joint Venture – risk management	600,000	600,000
Stampede Joint Venture – BA's	-	3,400,000
Stampede Joint Venture – BA w/swap agreement	3,600,000	3,600,000
Stampede Joint Venture - demand loan	3,400,000	-
	33,600,000	33,600,000
Outstanding balance		
Demand loan	8,159,617	8,384,641
Revolving loan	6,000,000	4,000,000
Deerfoot Joint Venture - demand loan	6,648,283	6,948,283
Deerfoot Joint Venture - demand loan, revolving	-	-
Stampede Joint Venture – revolving	1,269,076	1,367,004
Stampede Joint Venture – risk management	-	-
Stampede Joint Venture – BA's	-	3,303,600
Stampede Joint Venture – BA w/swap agreement	3,498,800	3,579,800
Stampede Joint Venture - demand loan	3,281,000	-
	28,856,775	27,583,328
Advances (payments) during the calendar year		
Demand loan	(225,024)	3,084,641
Revolving loan	2,000,000	4,000,000
Deerfoot Joint Venture - demand loan	(300,000)	(855,243)
Deerfoot Joint Venture - demand loan, revolving	-	-
Stampede Joint Venture – revolving	(97,928)	1,367,004
Stampede Joint Venture – risk management	-	-
Stampede Joint Venture – BA's	(3,303,600)	3,303,600
Stampede Joint Venture – BA w/swap agreement	(81,000)	3,579,800
Stampede Joint Venture - demand loan	3,281,000	-
	1,273,447	14,479,802
Interest rate		
Demand loan	3.50% (P +1.00%)	4.00% (P +1.00%)
Revolving loan	3.50% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan	3.50% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan, revolving	3.50% (P +1.00%)	4.00% (P +1.00%)
Stampede Joint Venture – revolving	2.50% (P)	3.00% (P)
Stampede Joint Venture – risk management	-	-
Stampede Joint Venture – BA's	3.15% (COF + 2.25%)	4.00% (COF + 2.25%)
Stampede Joint Venture – BA w/swap agreement	5.48% (3.23% + 2.25%)	5.48% (3.23% + 2.25%)
Stampede Joint Venture - demand loan	3.50% (P +1.00%)	-

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. The maximum potential liability under this guarantee is $8.0 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's investment in the Stampede Joint Venture is made through 1363840 Alberta Ltd (the "Subsidiary"). The Subsidiary was created for the sole purpose of investing in the Stampede Joint Venture. The Subsidiary pledged its participating interest, being 20%, in the Stampede Joint Venture as collateral. At December 31, 2008, the maximum potential liability under this guarantee was $5.4 million being the funds contributed under the Subsidiary's contributing interest responsibility.

The Stampede Joint Venture did not meet all of the financial ratio covenants contained in the term loan agreement. The Stampede Joint Venture received a default notice from their lender as a result. Discussions are ongoing with the lender to resolve deficiencies.

The Fund provided an additional $5.0 million unsecured limited liability guarantee to the lender to the Stampede Joint Venture to indemnify it in the event the Stampede Joint Venture does not perform its contractual obligations. 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.

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 is evaluating options and developing 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, revolving credit lines, accounts payable and accrued liabilities, capital leases, demand 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.

Foreign Exchange Risk

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

Interest Rate Risk

The Fund's interest rate risk arises primarily from its variable rate debt in the aggregate amount of $25.4 million. The Stampede Joint Venture has hedged a portion of its interest rate risk. A plus or minus 1% change in interest rates would impact annual earnings by $254,000 on all floating rate debt.

Discussions are ongoing with the lender to the Stampede Joint Venture regarding the breech of financial ratio covenants on credit facilities. All interest and principal payments are current. Status quo arrangements appear to be mutually agreeable to the Stampede Joint Venture and the lender at present. Deterioration of performance by the Stampede Joint Venture could result in a change to the current rates. Circumstances and estimates can not be reliably predicted.

Credit Risk

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

Carrying amounts of accounts receivable are reduced on an account specific basis when appropriate. The Fund does not currently carry an allowance for doubtful accounts. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At March 31, 2009, all aged receivables are current within stated credit terms and customer historical payment practices.

Liquidity Risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. The Fund's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet ongoing liquidity requirements. The Fund achieves this by maintaining a conservative payout ratio on regular monthly distributable cash from operations and maintaining sufficient availability from committed debt facilities. The Funds payout ratio on Standardized Distributable Cash since inception is 94.2% and current availability on committed credit facilities is $0.9 million.

There is a likelihood of additional cash calls to the Fund by the Stampede Joint Venture though amounts can not be estimated with any reliability.

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 $235,366 ($251,848 – 2008) 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 $45,618 ($40,307 - 2008) 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 compensated through management services agreements.

- At the end of the Quarter $10,041 ($nil – 2008) remained in due to accounts for excess contributions to the Stampede Joint Venture over their contributing interest responsibility.

- The Fund recorded $nil ($32,868 – 2008) 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 $11,000 ($11,500 – 2008) in Trustee fees during the Quarter which are included in Human resources expenses. At the end of the Quarter $4,000 ($1,838 – 2008) remained in accounts payable.

The Fund recorded $25,000 ($26,500 – 2008) 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 $25,000 ($23,000 – 2008) remained in accounts payable.

The Fund recorded $2,158 ($41,652 – 2008) in professional and administrative fees during the Quarter paid to companies controlled by other Trustees of the Fund. At the end of the Quarter $173 ($nil – 2008) remained in accounts payable.

The Fund recorded $52,500 ($52,500 – 2008) of management services expenses during the Quarter to other officers which are included under Human resources expenses. Management fees stipulated in management services agreements are based on a flat monthly amount.

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.

Fund Units	**March 31, 2009**			**December 31, 2008**		
	Units		**$'s**	**Units**		**$'s**
Balance at beginning of period	10,773,153	$	32,018,886	10,773,153	$	32,133,482
Net earnings			2,769,111			10,950,508
Distributions to Fund Unit holders			(2,369,015)			(11,065,104)
Balance at end of period	10,773,153	$	32,418,982	10,773,153	$	32,018,886

Minority Interest Class B Partnership Units

The Limited Partnership is authorized to issue an unlimited number of Class B Limited Partnership Units ("B Units"). There were no changes in the number of B Units issued or outstanding during the Quarter. B Units of the Fund are convertible into Trust Units on a one for one basis at the discretion of the holder.

Minority Interest, Class B Limited Partnership Units				
	March 31, 2009		**December 31, 2008**	
	Units	**$'s**	**Units**	**$'s**
Balance at beginning of period	10,334,400	$ 32,955,463	10,334,400	$ 33,065,390
Minority interest earnings allocation		2,656,336		10,504,534
Distributions to minority interest unit holders		(2,272,536)		(10,614,461)
Balance at end of period	10,334,400	$ 33,339,263	10,334,400	$ 32,955,463

Business Risks, Opportunities and Outlook

Economic Outlook

We are currently in the worst financial crisis since the 1930's, with all major developed economies now in recession, and governments throughout the world have been taking extraordinary actions to stabilize the financial system. Closer to home, if the United States stimulus package fails to work the downturn in the Alberta economy could be protracted. With the brightest minds in the world working on this crisis, the best anyone can do is speculate.

Fort McMurray is experiencing a slowdown as business investments in the oil sands are deferred or scaled back. Oilsands investment is expected to fall by a half in 2009. That is not to say there is still not massive investment ongoing and slated for the short term. The upside is that construction costs have fallen as the prices of labour, steel, copper and aluminum have declined sharply, improving investment returns on large scale projects such as these. Additionally, continued capital maintenance and operational spending will be required, which are staples for this community.

The Grande Prairie region relies on agriculture, conventional oil & natural gas and forestry. Agriculture is expected to endure this downturn quite well, as consumer buying shifts to more domestic and conservative food consumption. Grain prices are expected to remain at the five-year average, and beef prices are estimated to improve somewhat with continued reductions in livestock production in the U.S. Natural gas pricing continues to be weak. The rising supply numbers have made recovery in this industry more likely to occur in 18-24 months, rather than the short term. Overall conventional drilling is down by approximately 35% in the first quarter, but the government's $1.5 billion incentive program should help to offset the decreases in conventional energy investment.

Calgary's economy is more diversified, but higher unemployment rates and declines in asset values will keep both real estate and retail sales on the weaker side. Calgary is a competitive gaming marketplace, and with these recessionary times, decreasing gaming dollars must be shared amongst all facilities. Customers will spend their entertainment dollars based on proximity first and perceived value second.

The Stampede Joint Venture is in default of financial ratio covenants with its lender. However, all scheduled principal and interest payments are current. Reality dictates that achieving the covenant targets in the near term is unreasonable. Terms of the loan were set when economic activity was robust. Discussions are ongoing with the lender to resolve deficiencies.

Fortunately, Albertans can be expected to weather this downturn better than other Canadians, with the highest per capita incomes in the country.

Management has been highly successful in continuing to reduce discretionary spending and closely monitoring marketing campaigns and their success rates. Few companies spend the time and attention on the finite details as this management team does. The Fund was already producing some of the highest profit margins in the North American gaming sector. Management is confident that it will emerge from this recession stronger and even more efficient which will only further benefit its unit holders.

The Alberta and Canadian gaming industry has very high barriers to entry. Very few growth opportunities at attractive investment levels existed during the pre-recessionary period. Other gaming operators are in less fortunate financial positions from that of Gamehost Income Fund to weather a protracted downturn. Acquisition opportunities may exist where there were none previously.

Government Regulation

Natural resources are regulated by provincial governments. The Alberta Government's recent introduction of drilling incentives valued at approximately $1.5 billion over the next two years is designed to offset the shift in oil and gas activity that was a result of the changes to royalty rates in the energy sector. The Alberta Government has bowed to pressure to reverse, to some extent, their decision in light of the current world economic outlook.

Provincial and municipal non-smoking legislation and bylaws represents one area of government regulation that has had a direct adverse impact on, specifically, operators of traditional casinos like those belonging to the Fund.

The Federal Government has jurisdiction over provincial governments regarding First Nations lands. The Federal Government defers governmental authority to either provincial governments or First Nations Bands at their discretion. The Federal Government, to date, has chosen not to become involved in the smoking-in-public-places debate on First Nations lands. Presently, all First Nations casinos in Alberta permit smoking and enjoy a competitive edge over traditional casino operators.

The Alberta and Canadian gaming industries are highly regulated by provincial governments. Revenue sharing agreements between governments and operators are subject to change by unilateral government action. Revenue sharing and operator agreements are not the same from province to province. Neither are they the same for traditional casino operators and First Nations casino operators. Traditional casino operators in Alberta receive less favourable compensation when compared to both their provincial counterparts and the competing Alberta First Nations operators.

Public Interest

Special interest groups routinely lobby government on a host of matters. Gaming is a subject of high public interest both for and against. Lobbying efforts can be effective in influencing government action. Next to the Alberta Government Department of Treasury, provincial charitable groups are the main benefactor to the gaming industry. An un-level playing field between traditional casino operators and First Nations casino operators also creates compensation issues for charitable groups supported by traditional casino operators.

Alberta Charitable Casino Operators Association

The Fund continues to support the efforts of the Alberta Charitable Casino Operators Association (ACCOA). ACCOA is lobbying the Alberta government to consider the elimination of an un-unlevel playing field between traditional casino operators and First Nations casino operators. Among other things, ACCOA is proposing modifications to traditional casino operator agreements that would have the Alberta Government provide compensation for mutually beneficial marketing efforts and funds for facility enhancement similar to those provided by their provincial counterparts.

Taxation

On June 12, 2007 Bill C-52 formalizing the Government of Canada's proposal to tax the distributions of certain specified investment flow through entities (SIFT). The Fund qualifies as a SIFT for the purpose the new tax. 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. Draft legislation to simplify conversion of a SIFT to a corporation was recently issued by the Federal Government. The draft legislation generally comes without consequence to a unit holder on a conversion transaction. Unit holders are encouraged to consult professional resources regarding potential implications for their own account. Management continues to evaluate options. The uncertain economic climate is clouding the strategic options being studied.

Competition

During 2008 approximately 600 new hotel rooms were added in the City of Grande Prairie. Our Service Plus operation in Grande Prairie continues to retain an overweight share of the total market place. Room rates are expected to be adversely impacted in an effort to combat competition. However superior location and management will help to continue favourable results.

Management believes we are at a saturation point for gaming in the City of Calgary and possibly the province or at least certainly so with the current state of the economy. The Fund's two Calgary properties are, longer term, in the most advantageous locations of Calgary being the high growth southeast quadrant and the city's beltline to downtown which is transforming to high density living and corporate office space.

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

The current economic conditions are creating serious financial issues for at least three casino operators in the City of Calgary and surrounding area. How these issues play out in the longer term could have either a beneficial or consequential impact on the Fund.

In March 2009 a limited service hotel opened one block to the north of the Fund's Deerfoot Joint Venture. The competing hotel offers more budget conscious patrons with guest room options in the underserviced area. The new hotel is expected to be a net benefit to the Deerfoot Joint Venture by allowing the Deerfoot Joint Venture to attract larger conventions and by increasing foot traffic through the facilities casino and eating establishments. Conversely, the new hotel is may have an adverse impact on the Deerfoot Joint Ventures' hotel operations.

International Financial Reporting Standards (IFRS)

All publically accountable enterprises will be required to report under IFRS for fiscal periods beginning on or after January 1, 2011. IFRS will replace guidance provided by Canadian generally accepted accounting principles ("GAAP") for financial reporting. A detailed IFRS conversion plan is being developed to achieve full compliance with the new reporting standards effective January 1, 2011.

Management will endeavor to prepare readers of the Fund's disclosures for what may be in certain cases be significant changes in the reporting of the Funds financial results. To this end, future MD&A will provide high level status reports outlining progress towards full conversion in the form outlined below. Furthermore, as decisions regarding policy change are made and their impact quantified, specifics will be disclosed in the body of the MD&A at those points in the MD&A where it is relevant. Effort will be made to provide the IFRS relevance to the presented Canadian GAAP beginning in 2009 as is becomes known. Beginning Q1 2010, the Fund will provide comparative IFRS qualitative and quantitative information to the reported Canadian GAAP information. Thus, effective the first interim reporting period under IFRS, comparative year over year information will be readily available.

Any communications about the Funds' conversion plan for IFRS reflects the expectations of changeover decisions based on consideration and understanding of available information. Notwithstanding, circumstances may occur that require the Fund to change accounting policies between the time of communicating these expectations and the changeover date.

International Financial Reporting Standards (IFRS) - Conversion Plan

Plan Component	**Status**
Project Management	A project management team has been formed including members of management and the audit committee to ensure progress towards successful implementation is on track.
Training and development	IFRS training for the project management team and key accounting staff is ongoing.
Communication	Communication of project status will begin in earnest during Q2 2009. Plans include regular progress meetings by the project management team and approved relevant communication of the impact to financial reporting to external users via the MD&A.
Business impacts	An early assessment includes: project resourcing; ICFR; duel reporting obligations in 2010 when comparative IFRS and Canadian GAAP is required and debt facility financial covenants.
Accounting policy changes	Research is ongoing to determine and document the expected changes to accounting policies that are required to comply with the new standards. Our current understanding indicates that reporting for: property, plant and equipment; intangible assets; long lived asset impairment, business combinations and income taxes will be impacted most by implementation of the new standards.
Financial statement presentation	Audit Committee has been advised of the potential impacts to financial statement presentation. Reporting options and exemptions available are to be researched with recommendations presented by the end of Q2 2009.
Information technology compliance	Initial assessments indicate that conversion can be accomplished through general ledger modification requiring no significant system changes.

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.