



Management Discussion & Analysis
for the six and three months ended June 30, 2010

To Our Unit Holders

Management and Trustees of Gamehost Income Fund (the "Fund") are pleased to present results for the six months ended June 30, 2010 (the "Period") and three months ended June 30, 2010 (the "Quarter").

More of a Good Thing

During the Quarter the Fund acquired an additional 51% of the Deerfoot Joint Venture (the "Acquisition") The Fund now owns 91% of the Deerfoot Joint Venture and controlling interest from the pre-Acquisition interest of 40%. Obtaining controlling interest in the Deerfoot Joint Venture necessitates a change in accounting and reporting methodology. Post-acquisition, the Fund reports 100% of the Deerfoot Joint Venture results. An offsetting 9% of the Deerfoot Joint Venture's results are reported as a single line on the balance sheet and income statement indicating a non-controlling interest (NCI) in equity and net operating results respectively. The acquisition was funded by a \$55 million convertible debenture offering and is immediately accretive to the Fund.

The New Order

Quarterly revenues inclusive of a NCI totaled \$16.2 million compared to \$12.1 million for the same quarter in 2009, a 34% increase credited largely to the Acquisition.

EBITDA inclusive of a NCI for the Quarter gained \$1.2 million to \$6.6 million compared to \$5.4 million for the same quarter in 2009, a 22% increase credited mostly to the Acquisition. Versus the previous year EBITDA margins were lower for the Quarter by 5%. It should be expected that lower EBITDA margins will continue on an ongoing basis due to the Acquisition of the additional interest in the Deerfoot Joint Venture. The Deerfoot Joint Venture operates at lower EBITDA margins than other Fund properties due to its more complex operation of owner operated food, beverage and banquet operations. While the Deerfoot property may have the effect of reducing overall Fund EBITDA margins its contribution on a dollar basis is significant. The Deerfoot property produces nearly as much EBITDA as all other Fund properties combined. One-time costs of \$0.6 million associated with the Acquisition were expensed during the Quarter further affecting EBITDA margins.

Piece Meal

Results for the Quarter at Boomtown Casino were flat to last year. We'll take that all day long after a lengthy string of quarterly declines. Most of recent news about the oils sands, on which our Boomtown Casino thrives, is negative and has been intensified following the oil spill in the Gulf of Mexico. Nevertheless, the oil sands remain a critically important supply source for the world. The magnifying glass currently focused on the oil sands will eventually prove to be positive on many fronts as pressure mounts to improve the ecological impacts from extraction. The oil sands are a politically friendly source of energy for an energy dependent North America. The industry provides thousands of direct jobs in Alberta and increasingly indirect jobs including those in green technologies. For these reasons we believe firmly in continued and improving success of our Boomtown Casino.

Industrial activity in the Grande Prairie area is picking up and despite increased hotel capacity added to the market area over the last few years, quarterly results for our Service Plus hotel turned positive in the Quarter after too many quarters of decline. We are hopeful that what we are seeing at the Service Plus will soon be the story at Great Northern Casino. Results there were still down marginally year over year for the Quarter.

In Calgary, results are providing reason for optimism. Hotel and convention business at the Deerfoot Joint Venture showed quarterly growth year over year and quarter over quarter. More significantly, slot business volumes at the Deerfoot Joint Venture, our most important performance indicator, showed good year over year and quarter over quarter growth as well.

We are bullish on the long term prospects for the Deerfoot Joint Venture. The southeast quadrant of the city continues to be one of the hottest areas of commercial and residential growth in the city. The South Health Campus, a new 155,000 square metre hospital project located south of the Deerfoot Joint Venture on 44 acres is slated to be one of the largest health facilities in North America on completion. Phase 1 construction currently underway is valued at \$1.25 billion. The project will draw a host of additional commercial and residential development to its surrounding area bringing thousands more people to the market area of the Deerfoot Joint Venture.

Corporation Bound

At the Annual Special General Meeting of the Fund held April 30, 2010 in Calgary, the Fund received approval on a plan of arrangement (the "Arrangement") that will see the Fund convert to a corporation ("Gamehost Inc") no later than January 2011. As a corporation, distributions will receive a more favourable tax treatment as eligible dividends compared to income distributions from the present trust model. The Arrangement together with the Acquisition and an improving economy sets the stage for sustaining distributions at their current rate of \$0.0733 per unit for the foreseeable future.

It's been a busy period of time completing the Acquisition and Arrangement. Management is not resting, but we do intend to enjoy a portion of this summer as we hope you do as well.

August 10, 2010

On behalf of all management and Trustees, sincerely,



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



Darcy J. Will
Vice President
Gamehost Management Inc.

Management's Discussion and Analysis for the six and three months ended June 30, 2010

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 August 10, 2010.

Consolidated Financial Statements of the Fund for the six months ended June 30, 2010 (the "Period") and three months ended June 30, 2010 (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 joint venture.

Certain prior year figures have been restated 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. When significant, this MD&A will elaborate on Quarterly results compared to the immediately preceding quarter and year over year results for the Period. Readers are directed to prior MD&A for specific discussion of results of previous quarters. Previously issued financial statements and 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 "distributable cash from operations" which are both non-GAAP financial measures.

EBITDA is a commonly used measure of financial performance by the broader financial community. Management believes that EBITDA provides information to the reader on the Fund's performance in generating cash from normal operations before any financing costs associated with generating those earnings. The Fund's means of financing can change over time at the discretion of management. As such, EBITDA can assist the reader in assessing not only the Fund's performance in generating cash, but also the Fund's ability to meet current or future financing obligations. There is no standardized meaning prescribed by GAAP for EBITDA. Comparing EBITDA of the Fund to EBITDA reported by other issuers can be misleading. EBITDA should not be relied upon as a sole measure of performance. Reconciliation between EBITDA and net earnings as defined by GAAP can be found on page 17 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 and defined when they first appear and capitalized throughout this MD&A.

Comparative Results

The Fund adopted section 1582 of the CICA handbook which is consistent with reporting requirements under International Reporting Standards (“IFRS”). Section 1582 requires that the Fund report 100% of the Deerfoot Joint Venture assets, liabilities, revenues and expenses from the point the Fund acquired controlling interest effective May 1, 2010. Resulting net income is reported proportionately to the Fund unit holders and NCI. Therefore, Comparative results for asset, liability, revenue and expense line items will be disproportionately high by the NCI portion when compared to the Fund’s reported 40% proportionate interest in all assets, liabilities, revenues and expenses prior to May 1, 2010.

Forward-looking Statements

This MD&A contains forward-looking information. Forward-looking information contained in this MD&A will be limited to statements rather than figures and 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 2009. 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, intentions 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

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. Following the end of the Quarter the Fund installed new computer equipment and software to improve backup routines and security.

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 Class A Limited Partnership Units ("A Units") and Class B Limited Partnership Units ("B Units"). All of the issued and outstanding A Units of the Limited Partnership are owned by the Trust. The Trustees of the Trust are the Trustees of the Fund. There are 11,773,153 Fund Units which trade on the Toronto Stock Exchange ("TSX") under the symbol GH.UN. There are 9,334,400 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 were no changes in the number of units issued or outstanding during the Quarter.

Convertible Debentures

The Fund issued \$55.0 million in 6.25% Extendible Convertible Unsecured Subordinated Debentures to finance an accretive acquisition. The Debentures have a maturity date of July 31, 2015 (the "Maturity Date"). Each Debenture will be convertible into Fund Units at the option of the holder of a Debenture (a "Debentureholder") prior to the close of business on the Maturity Date or, if called for redemption, on the business day immediately preceding the date specified by the Fund for redemption of the Debentures, at a conversion price of \$10.65 per Gamehost Unit, being a conversion rate of approximately 93.8967 Gamehost Units per \$1,000 principal amount of Debentures, subject to adjustment in certain events. Conversion will result in the issue of an additional 5,164,319 Fund Units.

Conversion to a Corporation

At a special general meeting of the Fund held April 30, 2010 the Fund received approval to convert from an income trust to a corporation not later than December 31, 2010.

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 a pub, a full service restaurant operation and a liquor store. On April 30, 2010, the Fund increased its joint venture interest in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture"), in Calgary from 40% to 91%.

Figures and results presented in this MD&A include 100% of the assets, liabilities, equity and operating results of the Deerfoot Joint Venture reduced by a non-controlling interest of 9% from May 1, 2010 forward. Comparative results are to the Funds original 40% proportionate interest.

Gaming operations of the Fund are controlled by the Alberta Gaming and Liquor Commission. Operations include Fund owned table games and government owned slot machines, video lottery terminals and lottery ticket outlets. Hotel operations of the Fund include full and limited service hotels and banquet and convention services. Food, beverages 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.

Overall Financial Results and Condition of the Fund

At the end of the Quarter, continuing operations of the Fund had \$184 million in total assets up from \$85 million at the start of the year. Cash and cash equivalent balances of \$16.4 million were \$1.7 million more than the start of 2010. The payout ratio on Standardized Distributable Cash for continuing operations was 94.5% for the Quarter. The payout ratio will improve over ensuing quarters with the accretive acquisition of an additional 51% of the Deerfoot Joint Venture and the improving economy. Since inception of the Fund, the total payout ratio from combined continuing and discontinued operations totals 99.6%.

Quarterly Performance Summary

Quarterly Performance	2010		2009				2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Continuing operations								
Revenue	16,203	11,717	11,788	11,316	12,105	12,873	13,326	13,309
Gain on sale of assets	22,163		-	-	-	-	-	-
Expenses	10,939	6,951	7,154	13,532	5,619	7,140	7,623	7,804
Income (Loss)	27,428	4,766	4,634	(2,216)	6,486	5,734	5,702	5,505
Fund unit holders	15,196	4,766	4,634	(2,216)	6,486	5,734	5,702	5,505
Non-controlling Interest	184		-	-	-	-	-	-
	27,428	4,766	4,634	(2,216)	6,486	5,734	5,702	5,505
Discontinued operations	-	-	-	1,543	(5,863)	(308)	(490)	(319)
	27,428	4,766	4,634	(673)	623	5,425	5,212	5,186
Income (Loss)/Unit - Basic								
Continuing operations	\$ 1.299	\$ 0.226	\$ 0.220	\$(0.105)	\$ 0.307	\$ 0.272	\$ 0.270	\$ 0.261
Discontinued operations	-	-	-	0.073	(0.278)	(0.015)	(0.023)	(0.015)
	\$ 1.299	\$ 0.226	\$ 0.220	\$(0.032)	\$ 0.030	\$ 0.257	\$ 0.247	\$ 0.246
Income (Loss)/Unit - Weighted average and fully diluted								
Continuing operations	\$ 1.109	\$ 0.226	\$ 0.220	\$(0.105)	\$ 0.307	\$ 0.272	\$ 0.270	\$ 0.261
Discontinued operations	-	-	-	0.073	(0.278)	(0.015)	(0.023)	(0.015)
	\$ 1.109	\$ 0.226	\$ 0.220	\$(0.032)	\$ 0.030	\$ 0.257	\$ 0.247	\$ 0.246
¹ EBITDA								
Continuing operations	6,571	5,453	5,371	(77)	5,387	6,383	6,142	6,372
Continuing operations margin %	40.6%	46.5%	45.6%	-0.7%	44.5%	49.6%	46.1%	47.9%
Discontinued operations	-	-	-	15	(52)	(43)	(52)	(143)
	6,571	5,453	5,371	(62)	5,335	6,340	6,091	6,229
¹ EBITDA/unit - Basic								
Continuing operations	\$ 0.311	\$ 0.258	\$ 0.254	\$(0.004)	\$ 0.255	\$ 0.302	\$ 0.291	\$ 0.302
Discontinued operations	-	-	-	0.001	(0.002)	(0.002)	(0.002)	(0.007)
	\$ 0.311	\$ 0.258	\$ 0.254	\$(0.003)	\$ 0.253	\$ 0.300	\$ 0.289	\$ 0.295
¹ EBITDA/unit - Weighted average and fully diluted								
Continuing operations	\$ 0.259	\$ 0.258	\$ 0.254	\$(0.004)	\$ 0.255	\$ 0.302	\$ 0.291	\$ 0.302
Discontinued operations	-	-	-	0.001	(0.002)	(0.002)	(0.002)	(0.007)
	\$ 0.259	\$ 0.258	\$ 0.254	\$(0.003)	\$ 0.253	\$ 0.300	\$ 0.289	\$ 0.295

In
thousands
of dollars
unless
otherwise
noted

Revenues

Total Revenue

Total Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total Revenue	27,920.4	24,978.2	11.8%	16,203.3	12,105.0	33.9%	11,717.1	38.3%

(in thousands of dollars unless stated otherwise)

During the Quarter, the Fund acquired an additional 51% of, and controlling interest in the Deerfoot Joint Venture pushing the Fund's total interest to 91%. The Fund early adopted section 1582 of the CICA handbook which is consistent with reporting requirements under International Reporting Standards ("IFRS"). Section 1582 requires that the Fund report 100% of the Deerfoot Joint Venture revenues from the point the Fund acquired controlling interest effective May 1, 2010. Comparative results for all revenues will be substantially higher when compared to the Fund's reported 40% proportionate interest in all revenues prior to May 1, 2010.

Hotel Rooming Revenue

Hotel Rooming includes both guest and meeting room sales at hotels. Occupancy includes sold and complimentary rooms while Average Daily Rate ("ADR") is calculated on guest room sales only.

Hotel - Rooming	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Rooming	4,223.2	3,479.0	21.4%	2,549.6	1,466.9	73.8%	1,673.6	52.3%
Occupancy	67.5%	65.2%	2.3%	67.4%	55.2%	12.2%	67.7%	(0.3%)
ADR	\$144.56	\$148.00	(2.3%)	\$148.79	\$147.07	1.2%	\$138.65	7.3%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in revenues prior to May 1, 2010.

At Service Plus, occupancy rose 10 percentage points year over year for the Quarter while ADR declined \$7.89 per room. Net results still produced a 13% increase in net rooming revenue for the Quarter. Increased oil and gas activity in the regions buoyed results.

The Deerfoot Joint Venture recorded a year over year increase in occupancy and ADR for the Quarter of 9% and \$2.00 respectively. Improved results on both these fronts resulted in a year over year increase in rooming revenue of 15% for the Quarter. Management is encouraged by an apparent turn around in fortunes for the Calgary hotel. Conference and corporate booking are showing improved demand.

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 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 Net Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
General and High Limit	3,371.7	3,623.9	(7.0%)	1,891.6	1,763.0	7.3%	1,480.1	27.8%
Poker	766.2	663.6	15.5%	431.5	328.7	31.3%	334.7	28.9%
Caribbean Stud	34.7	35.7	(2.9%)	19.0	17.2	10.4%	15.7	21.3%
	4,172.7	4,323.2	(3.5%)	2,342.2	2,108.9	11.1%	1,830.5	28.0%

(in thousands of dollars unless stated otherwise)

Table Drop and Hold	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Drop	36,443.0	28,573.4	27.5%	21,209.7	14,804.0	43.3%	15,233.3	39.2%
Hold Percentage	16.1%	21.9%	(5.7%)	15.9%	20.6%	(4.7%)	16.5%	(0.6%)

(in thousands of dollars unless stated otherwise)

# of Tables	end of Period and Quarter			vs. previous quarter	
	2010	2009	+(-)	Q1 2010	+(-)
All Others	50.0	34.8	15.2	34.8	15.2
Poker	14.0	9.2	4.8	9.2	4.8
Caribbean Stud	1.0	1.0	0.0	1.0	0.0
	65.0	45.0	20.0	45.0	20.0

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in revenues, Table Drop and number of gaming tables prior to May 1, 2010.

Table activity continues to show signs of life. Table Drop during the Quarter on a property by property basis fluctuated from flat to higher. All properties, however, suffered from significant reductions in Hold Percentage during the Quarter which resulted in lackluster revenue performance despite the Fund's additional interest in the Deerfoot Joint Venture. It is common for Hold Percentage to fluctuate while averaging over the long term in the range of 18%.

Boomtown Table Drop continued an upward trend during the Quarter. Table Drop improved year over year for the Quarter by 7%. Hold Percentage was down sharply during the Quarter by 7% resulting in a reduction to Table Net Revenue of 29% measured year over year for the Quarter. Poker revenues improved by 6% year over year for the Quarter.

Great Northern reported a year over year 1% increase in Table Drop with a corresponding 1.7 percentage point drop in Hold Percentage. Combined, Table Net Revenue was lower by 6% for the Quarter. Poker revenues climbed 6% year over year for the Quarter.

Deerfoot Joint Venture Table Drop was largely flat year over year for the Quarter, but again Hold Percentage suffered. Hold Percentage compared to the previous year fell by 4.0 percentage points in the Quarter resulting in a 20% decline in Table Net Revenue over the same time frame. Poker revenues were also marginally lower.

Slot Machine Revenue

In Alberta, slot machine odds are regulated by the Alberta Gaming and Liquor Commission (the "AGLC"). The revenue sharing arrangement for amounts won by the 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. 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	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Revenue	10,454.4	9,658.0	8.2%	5,954.2	4,875.0	22.1%	4,500.3	32.3%

(in thousands of dollars unless stated otherwise)

Slot Statistics	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Cash Play	922.9	853.6	8.1%	520.6	430.3	21.0%	402.3	29.4%
Machines ¹	1,605.0	1,092.8	512.2	1,605.0	1,092.8	512.2	1,126.8	42.4%

(in millions of dollars unless stated otherwise)

¹ At the end of the Period or Quarter

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in revenues, Cash play and number of slot machines prior to May 1, 2010.

Combined slot activity at the Fund's casinos, as measured by Cash Play, recorded the first year over year quarterly increase since activity peaked back in Q4 2007. The increase was marginal at less than 1%, but far more positive in that it perhaps marks a turning point in a recessionary period lasting in excess of two years. An additional 18 slot machines were placed in the Fund's casinos during the Quarter.

Boomtown Cash Play and slot revenue rose 3% for the Quarter in year over year comparisons. This year over year quarterly increase was the first since Q4 2008. Management is cautiously optimistic that we will continue to see this type of results in future quarters. An additional 4 machines were placed in the casino during the Quarter bring the total number of machines to 419.

Great Northern continues to suffer the effects of a long lasting recession in the Grande Prairie area. Cash Play is down a further 7% measured year over year for the Quarter with revenues down a corresponding percentage. An additional 14 machines were placed in the casino during the Quarter bring the total number of machines to 419.

Deerfoot Joint Venture Cash Play rose 3% in year over year comparison for the Quarter the second consecutive year over year quarterly increase following nine quarters of declines. Revenues rose 4% over the same time frame on improved net win.

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	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Food & mix	2,506.4	1,733.8	44.6%	1,683.4	868.8	93.8%	823.0	104.6%
Liquor	4,104.7	3,619.9	13.4%	2,257.3	1,696.3	33.1%	1,847.4	22.2%
	6,611.1	5,353.7	23.5%	3,940.7	2,565.1	53.6%	2,670.4	47.6%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in revenues prior to May 1, 2010.

F&B sales continued the trend to higher at all of the Fund's properties.

Boomtown earns food commissions from on site premises leased to a third party. Food to liquor sales at the facility are weighted 5/95. Year over year food sales increased 19% for the Quarter and liquor sales are up 13% over the same time period.

Great Northern earns food commissions from on site premises leased to a third party. Food to liquor sales at the facility are weighted 30/70. Year over year food sales increased 8% for the Quarter and liquor sales are up 4% over the same time period.

The Deerfoot Joint Venture owns and operates all F&B operations at the facility. Food to liquor sales at the facility are weighted 60/40. Year over year food sales increased 12% for the Quarter and liquor sales are up 16% over the same time period.

Lease and Rental Revenue

Lease and rental revenue is derived predominantly from two 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	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	196.8	175.1	12.4%	98.2	88.7	10.8%	98.6	(0.4%)

(in thousands of dollars unless stated otherwise)

The Strip Mall is fully leased and early in the initial terms of all signed leases.

Other Revenue

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

Other Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	2,262.3	1,989.1	13.7%	1,318.4	1,000.4	31.8%	943.8	39.7%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in revenues prior to May 1, 2010.

Other revenues were boosted by significant increases in ATM fees, higher entertainment sales and audio visual rentals on improved corporate meeting room use.

3 VLT machines were introduced to the Deerfoot Joint Venture by the AGLC to enhance the product mix for customers.

Expenses

Total Expenses

Total Expenses	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	17,889.5	12,759.0	40.2%	10,936.6	5,619.4	94.7%	6,951.0	57.4%
% of Revenues	64.1%	51.1%	13.0%	67.5%	46.4%	21.1%	59.3%	8.2%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in expenses prior to May 1, 2010.

The Deerfoot Joint Venture has significantly higher operating costs than the Fund's other operations. As a consequence, the acquisition of a further 51% interest in the Deerfoot Joint Venture has raised the overall percentage of total expenses as a percentage of revenue. Management continues to focus on tight cost control at all properties.

Cost of Sales

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

Cost of Sales	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Food & Mix	1,141.1	822.7	38.7%	708.5	407.8	73.8%	432.6	63.8%
Liquor	841.4	777.0	8.3%	458.5	369.1	24.2%	382.9	19.7%
Other	73.1	64.2	13.8%	52.0	30.6	70.2%	21.1	147.0%
Total	2,055.7	1,663.9	23.5%	1,219.0	807.4	51.0%	836.6	45.7%

(in thousands of dollars unless stated otherwise)

Cost of Sales %	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Food & Mix	45.5%	47.5%	(1.9%)	42.1%	46.9%	(4.8%)	52.6%	(10.5%)
Liquor	20.5%	21.5%	(1.0%)	20.3%	21.8%	(1.4%)	20.7%	(0.4%)
Other	44.3%	51.1%	(6.8%)	43.3%	49.8%	(6.5%)	46.8%	(3.5%)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in expenses prior to May 1, 2010.

As expected cost of sales percentages improved on overall food and mix sales with the acquisition of a further 51% of the Deefoot Joint Ventures non-commission based food operations.

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	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Operations	6,721.0	5,729.2	17.3%	4,010.6	2,873.6	39.6%	2,710.4	48.0%
% of Revenues	24.1%	22.9%	1.1%	24.8%	23.7%	1.0%	23.1%	1.6%
General admin	245.4	243.1	0.9%	118.8	127.7	(6.9%)	126.6	(6.1%)
Trustee fees	90.0	76.0	18.4%	44.0	40.0	10.0%	46.0	(4.3%)
General & admin	335.4	319.1	5.1%	162.8	167.7	(2.9%)	172.6	(5.7%)
% of Revenues	1.2%	1.3%	(0.1%)	1.0%	1.4%	(0.4%)	1.5%	(0.5%)
Management fees	608.1	530.6	14.6%	356.0	254.5	39.9%	252.1	41.2%
% of Revenues	2.2%	2.1%	0.1%	2.2%	2.1%	0.1%	2.2%	-
Total	7,664.5	6,484.3	18.2%	4,529.5	3,248.6	39.4%	3,135.0	44.5%
% of Revenues	27.5%	26.0%	1.5%	28.0%	26.8%	1.1%	26.8%	1.2%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in expenses prior to May 1, 2010.

As expected, overall human resource costs as a percentage of revenue for the Quarter have moved higher when compared to a year earlier with the acquisition of a further 51% interest in the Deerfoot Joint Venture. The Deerfoot Joint Venture has a higher labour to revenue ratio than the Fund's other properties due to its more complex operations.

Effective May 1, 2010, the Fund is responsible for 91% of the management fees incurred by the Deerfoot Joint Venture from our previous responsibility of 40% resulting in higher year over year costs for the Quarter.

In general, however, labour costs have been scaled back to match reductions in revenues over the past few years by streamlining roles and responsibilities and removing unnecessary job functions. Many of these efficiencies are permanent which should result in comparatively improved labour to revenue ratios when revenue returns to pre-recession levels.

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	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	1,263.2	1,001.2	26.2%	795.4	515.3	54.4%	467.8	70.0%
% of Revenues	4.5%	4.0%	0.5%	4.9%	4.3%	0.7%	4.0%	0.9%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in expenses prior to May 1, 2010.

The additional 51% interest in the Deerfoot Joint Venture is pushing overall expenses measured as a percentage of revenues higher. This is because the Deerfoot Joint Venture has higher promotional spending than other Fund properties. The Deerfoot Joint Venture is in a competitive market and has a greater variety of offerings and services to be promoted.

We believe we have grown market share in the competitive Calgary market. Conventional thinking would say accomplishing this would require higher promotional spending. The Deerfoot Joint Venture has, in fact, reduced promotional spending year over year for the Quarter from 7.8% to 5.9% measured as a percentage of revenue. Continued efforts to be more focused on promotional spending rather than just blanket advertising have been successful.

Promotional spending at other Fund properties is generally flat to prior year levels.

Operating Costs

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

Operating Costs	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	3,347.4	2,956.1	13.2%	1,934.1	1,499.9	28.9%	1,413.4	36.8%
% of Revenues	12.0%	11.8%	0.2%	11.9%	12.4%	(0.5%)	12.1%	(0.1%)

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate interest in expenses prior to May 1, 2010.

The Deerfoot Joint Venture's operating expenses as a percentage of revenue is lower than the combination of other Fund properties resulting in an overall reduction in this calculation for the Fund during the Quarter.

General and Administrative

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

General & Administration	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	1,565.1	1,102.5	42.0%	1,154.0	646.7	78.4%	411.1	180.7%
% of Revenues	5.6%	4.4%	1.2%	7.1%	5.3%	1.8%	3.5%	3.6%

(in thousands of dollars unless stated otherwise)

Legal and professional services expenses associated with the acquisition of a further 51% interest in the Deerfoot Joint Venture pushed up general and administrative expenses year over year for the Quarter.

Interest

Interest is incurred on term debt held by Gamehost Limited Partnership and the Deerfoot Joint Venture, other debt instruments in place from time to time and convertible debentures.

Interest	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	1,442.8	380.4	279.3%	1224.4	172.9	607.0%	220.4	454.7%
% of Revenues	5.2%	1.5%	3.6%	7.5%	1.4%	6.1%	1.9%	5.7%

(in thousands of dollars unless stated otherwise)

Results include 100% of the Deerfoot Joint Venture beginning May 1, 2010 compared to the Fund's reported 40% proportionate share prior to May 1, 2010 including the additional ownership of the Deerfoot Joint Ventures interest bearing debt facilities.

On April 16, 2010, the Fund issued \$55.0 million in convertible debentures at 6.25% to fund the acquisition of a further 51% interest in the Deefoot Joint Venture. Interest is accrued monthly and paid semi-annually on July 31 and January 31 of each year. Together with the acquisition of the additional interest in the Deerfoot Joint Venture's debt facilities, accrued interest on the debentures explains the significant jump in the cost of interest as a percentage of revenue year over year for the Quarter.

\$0.2 million in non-cash interest expense were recorded during the Quarter for amortization of debenture issue costs

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 recorded during the year. Future tax expenses are a non-cash charge.

Future Tax	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
Total	(458.8)	(1,775.9)	(74.2%)	(490.8)	(1,745.1)	(71.9%)	32.0	(1633.7%)
% of Revenues	(1.6%)	(7.1%)	5.5%	(3.0%)	(14.4%)	11.4%	0.3%	(3.3%)

(in thousands of dollars unless stated otherwise)

Future taxes are estimates only. Future taxes are recalculated quarterly based on additions and disposals from asset pools. The Acquisition of an additional 51% interest in the Deerfoot Joint Venture resulted in an adjustment to the future tax estimate during the Quarter

Reconciliation of EBITDA to Net Earnings

EBITDA to Net Earnings		Q2 (six months)			Q2 (three months)			vs. previous quarter	
		2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
EBITDA		12,024.3	11,770.2	2.2%	6,571.3	5,387.1	22.0%	5,453.0	20.5%
	EBITDA %	43.1%	47.1%	(4.1%)	40.6%	44.5%	(3.9%)	45.6%	(5.0%)
	Less:								
	(Gain) on sale of assets	(22,163.0)	-	n/a	(22,163.0)	-	n/a	-	n/a
	Amortization on property, plant and equipment	1,009.6	946.5	6.7%	575.0	473.8	21.4%	434.6	32.3%
	Interest charges	1,442.8	380.4	279.3%	1,222.4	172.9	607.0%	220.4	454.7%
	Future income tax expense	(458.8)	(1,775.9)	(74.2%)	(490.8)	(1,745.1)	(71.9%)	32.0	(1633.7%)
	Allocation to Class B limited partners	14,155.4	5,403.7	162.0%	12,047.8	2,868.1	320.1%	2,107.7	471.6%
	Discontinued operations	-	3,441.9	(100.0%)	-	3,270.0	(100.0%)	0.0	-
	Net and comprehensive income (loss)	18,038.4	3,373.6	434.7%	15,379.9	347.5	4326.5%	2,658.3	478.6%

(in thousands of dollars unless stated otherwise)

Facilities

Capital Expenditures		Q2 (six months)			Q2 (three months)			vs. previous quarter	
		2010	2009	+(-)	2010	2009	+(-)	Q1 2010	+(-)
	Maintenance	64.7	306.0	(78.9%)	(296.2)	172.5	(271.7%)	360.9	(182.1%)
	Expansion	45,286.7	-	n/a	45,286.7	-	n/a	-	n/a
		45,351.4	306.0	14718.3%	44,990.5	172.5	25984.5%	360.9	12366.2%
	Discontinued operations	-	0.3	(100.0%)	-	31.9	(100.0%)	-	n/a
		45,351.4	306.3	14705.2%	44,990.5	204.3	21917.8%	360.9	12366.2%

(in thousands of dollars unless stated otherwise)

The Fund acquired a further 51% interest in the Deerfoot Joint Venture for a closing price of \$52.7 million on April 30, 2010.

Cash	4,494,980
Property, plant and equipment	39,117,000
Net working capital	(6,890,551)
Licenses	9,690,000
Goodwill	6,273,000
Total purchase price	52,684,429
Less acquired cash	(4,773,885)
Cash paid net of cash acquired	47,910,544
Deerfoot income to Apr 2010	(2,623,844)
	45,286,700

Adjustments to prior reported capital expenses not eligible for capitalization reduced overall capital maintenance during the Quarter by \$0.2 million.

Financial Condition

Liquidity

Cash provided by operating activities of continuing operations for the Quarter totaled \$6.3 million compared to \$5.3 million in the prior year. At the end of the Quarter cash and cash equivalent balances totaled \$16.4 million compared to \$10.0 million at December 31, 2009. Factors affecting the Fund's ability to generate cash in the near and longer terms were listed in the section 'Forward Looking Statements'. These factors are discussed in more specific terms in the section 'Business Risks and Outlook'. Management closely monitors the Fund's ability to sustain current cash distributions with cash flow from operations and other sources or uses of cash.

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

Working capital, by definition, is current assets minus current liabilities. The Fund's term debt held by Gamehost Limited Partnership and the Deerfoot Joint Venture include demand clauses in the event certain performance covenants are not met. Term loans are presented as current liabilities for financial reporting purposes to recognize these demand clauses. 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 machinery, ATM machines, POS terminals, progressive jackpots and petty cash as well as one months operating expenses, one month's interest costs on debt facilities and one month's regular distribution to the holders of Fund Units less amounts due to related parties. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP").

The Fund has a 91% Participating Interest in the operating activities of the Deerfoot Joint Venture

Fund's Liability for Tax

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

SIFT Tax Legislation

On October 31, 2006, the Minister of Finance (Canada) first announced amendments to the Tax Act (subsequently enacted into legislation on June 22, 2007) to create a new tax regime (the "SIFT Tax Legislation") for certain publicly traded income trusts. The SIFT Tax Legislation applies to trusts that are resident in Canada for purposes of the Tax Act, that hold one or more "non-portfolio properties", and the trust units of which are listed on a stock exchange or other public market (a "SIFT"). A SIFT effectively is subject to tax on its income from non-portfolio properties and taxable capital gains from dispositions of non-portfolio properties paid, or made payable, to unitholders at a rate comparable to the combined federal and provincial corporate income tax rate. In general terms, a trust that existed on October 31, 2006 and to which the SIFT Tax Legislation otherwise would apply (i.e. the Fund), should not become a SIFT until the earlier of

January 1, 2011 or the first day after December 15, 2006 that the trust exceeds “normal growth” determined by reference to guidelines first issued on December 15, 2006 by the Minister of Finance (Canada) and amended on December 4, 2008 (the “Guidelines”). The Guidelines provide that a trust should not be considered to exceed “normal growth” if the trust does not issue new equity (including convertible debentures or other equity substitutes) that certain specified “safe harbour” amounts based on the market capitalization of the trust on October 31, 2006. While these safe harbours are such that it is unlikely they alone would affect the Fund’s ability to raise the capital required to maintain and grow the Fund’s existing operations in the ordinary course during the transition period, they could adversely affect the cost of raising capital and the Fund’s ability to undertake more significant acquisitions. Provided that the Fund does not issue new equity (including debt that is convertible into equity) in an amount greater than the “safe-harbour” determined by reference to the market capitalization of the Fund on October 31, 2006, the Fund should not be considered to exceed “normal growth” as set forth in the Guidelines. No assurances can be provided that the Fund will not become a SIFT prior to January 1, 2011. Once the Fund becomes a SIFT, the Fund expects that the SIFT Tax Legislation will result in adverse tax consequences to the Fund and certain Unitholders and may affect the level of the Fund’s cash distributions. In particular, management of the Fund believes that the SIFT Tax Legislation will reduce the net amounts the Fund has available to distribute to Unitholders to the extent of any tax payable by the Fund on non-portfolio earnings after the time the Fund becomes a SIFT.

Response to the SIFT Tax Legislation

1. Acquisition of a further 51% interest in the Deerfoot Joint Venture

Gamehost completed the acquisition of a further 51% interest in the Deerfoot Joint Venture (the “JV Additional Interest”) following overwhelming unit holder support and all required regulatory consents on May 4, 2010. The Fund now holds, via Gamehost LP, a 91% interest in the Deerfoot Joint Venture. The total consideration for the JV Additional Interest was \$52,684,429.

Cash		4,494,980
Property, plant and equipment		39,117,000
Other assets		978,209
Licenses		9,690,000
Goodwill		6,273,000
Total liabilities		(7,868,760)
Total purchase price		52,684,429

Gamehost funded the JV Acquisition by way of a debenture offering which closed on April 16, 2010 and by drawing down on its credit facilities. Gamehost entered into an agreement with a syndicate of underwriters led by Scotia Capital Inc., pursuant to which the underwriters agreed to purchase, on a bought deal basis, extendible convertible unsecured subordinated debentures in the aggregate principal amount of \$55 million (the “Debentures”). The Debentures have a maturity date of July 31, 2015. Debentures will bear interest at a rate of 6.25% per annum, payable semi-annually in arrears on July 31 and January 31 each year, and will be convertible at the option of the holder into Gamehost Inc Common Shares at a conversion rate of approximately 93.8967 Gamehost Inc Common Shares per \$1,000 principal amount of Debentures, which is equal to a conversion price of \$10.65 per Gamehost Inc Common Share.

2. Arrangement to Convert to a Corporation

The purpose of the Arrangement is to convert Gamehost into a corporation; Gamehost Inc. Gamehost Inc will own the Fund and carry on the existing businesses of the Fund. Gamehost Inc will have the same board of directors as the Fund and the same management as the Manager.

The proposed Arrangement is primarily motivated by the taxes and limitations imposed on SIFTs by the SIFT Rules. The Arrangement provides for an effective and efficient method of converting from a SIFT to a corporation consistent with the SIFT Rules. Upon completion of the Arrangement, the Fund expects that Gamehost Inc will make monthly dividend payments to holders of Gamehost Inc Common Shares of \$0.0733 per Gamehost Inc Common Share (i.e., \$0.8796 per Gamehost Inc Common Share on an annualized basis). On the payment of monthly dividends by Gamehost Inc, Canadian taxable shareholders of Gamehost Inc will receive a dividend tax credit compared to the tax treatment of Gamehost's current monthly cash distributions to Canadian taxable Gamehost Unitholders as other income. The exchange of Fund Units and Class B LP Units for Gamehost Inc Common Shares pursuant to the proposed transaction is tax deferred for unit holders based on the current rules for SIFT conversions. The Fund's conversion to a corporation may result in greater access to capital and the removal of the "normal growth" and "undue expansion restrictions" in the SIFT Rules that limited The Fund's ability to consider certain strategic acquisitions. Remaining as a public income trust would have diminished Gamehost's ability to raise capital in the future. Gamehost Inc will be able to access certain tax deferred roll-over provisions under the Tax Act that will assist in the structuring of acquisitions.

Commitments

Effective May 1, 2010, as a result of the acquisition of the JV Additional Interest, the Fund will have an 87.75% Contributing Interest Responsibility to the Deerfoot Joint Venture for any capital funding 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. No capital was contributed during the Quarter.

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 2.0% of operational earnings before interest, taxes, depreciation and amortization of the Fund.

On April 26, 2005 the Deerfoot Joint Venture entered into a management services agreement with 1016312 Alberta Ltd. The management agreement stipulates that 1016312 Alberta Ltd is entitled to 1.5% of the gross revenues plus 2.0% of any operational earnings before interest, taxes, depreciation and amortization of the Deerfoot Joint Venture.

The Fund's acquisition of an additional interest in the Deerfoot Joint Venture has implications to the total fees paid by the Fund under the above two agreements. In light of this, management services contracts for both the Deerfoot Joint Venture and the Fund are currently under review. The Fund's Board has requested management submit a recommendation to modify the management services agreement(s) so as to negate any windfall gain to managers of the management services contracts as a result of the Acquisition. The Joint Compensation and Governance Committee of the Fund will review the recommendation in August 2010.

On January 1, 2007 the Fund entered into a management services agreement with 1508956 Alberta Ltd. The management agreement stipulates that 1508956 Alberta Ltd. is entitled to a fixed monthly fee of \$17,700 for overseeing site operations of the Fund.

The Fund has certain other commitments for equipment, services and premises rent. At the end of the Quarter these commitments, including those of the Deerfoot Joint Venture, were;

<u>Operating Leases and service contracts</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>
	889,349	1,614,351	1,051,372	902,100	815,512	4,800,808

Distributable Cash from Operations

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

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

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

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

Distribution policy and practice

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

The intention of the Fund is to be 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 may calculate a special distribution recommendation for the approval of Trustees to eliminate any potential for taxes in the Fund. Trustees evaluate the special distribution recommendation with special consideration of other factors such as strategic plans of the Fund and Fund unit trading performance.

Following the Fund's announced conversion to a corporation, Gamehost Inc expects to continue monthly cash distributions at the current rate of \$0.0733 per Gamehost Inc Common share.

Productive capacity

The Fund's assets are in land, land improvements, buildings, leasehold improvements, and furniture fixtures and equipment. As of June 30, 2010, productive capacity of the Fund consisted of 123 guest rooms and 1 meeting room at Service Plus, 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and a lounge at the Deerfoot Joint Venture and ancillary amenities for all facilities. Also included in productive capacity are the Fund's interests in three gaming licenses, one each for Boomtown Casino, Great Northern Casino and the Deerfoot Joint Venture. Together these licenses provide a revenue stream for the Fund from an equivalent 1,608 electronic gaming devices, 65 table games and other ancillary equipment. 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
2003	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	13	
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					8		
	Stampede Joint Venture Receivership	(19,200)	(480)		(60)	(120)	(8)	
2010	AGLC adds slot machines					60		
	AGLC adds VLT's					3		
	Acquisition of an additional interest in the Deerfoot Joint Venture	31,212	10,200	113	153	448	20	
	Quarter ended June 30, 2010	108,356	19,400	311	523	1,608	65	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 paying for liquor orders electronically prior to delivery from AGLC wholesale.

Gaming operations of the Fund require minimal capital outlay by the Fund. Slot machines are owned and maintained by the Alberta Gaming and Liquor Commission. Tables are owned and maintained by the 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 following the JV Additional Interest should approximate \$600,000 per year

Discretionary and other items

From time to time, at their discretion, management or Trustees may elect to use or reserve cash for other purposes. Discretionary uses of cash reduce the availability of cash for distribution to unit holders.

Long-term unfunded contractual obligations

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

Capital Strategy

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. All of the Fund's traditional bank debt instruments allow for additional payments without penalty. Debt maintenance includes regular amortized monthly principal payments, extra payments when surplus cash is available 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.

Convertible debentures of the Fund issued April 16, 2010, pay interest semi-annually in arrears allowing the Fund to use excess cash for short term credit line reductions.

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 intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay distributions in the manner described in our Distribution policy and practice. Current interest rates allow for scheduled amortization periods of between 10 and 15 years in meeting distribution objectives.

Financing restrictions on distributions caused by debt covenants

The Limited Partnership has a term loan secured by assets owned by the Fund. The loan has two segments, the first requires blended principal and interest payments and is scheduled to term out over 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 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

The Deerfoot Joint Venture is in compliance will all covenants

Alberta Gaming and Liquor Commission requires all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses and one month's interest costs on debt facilities. The Funds internal working capital requirements typically exceed that of MCNWCP.

Working Capital

Working capital, by definition, is current assets minus current liabilities. The Fund's term debt held by Gamehost Limited Partnership and the Deerfoot Joint Venture includes a demand clause in the event certain performance covenants are not met. Term loans are presented as current liabilities for financial reporting purposes to recognize demand clauses in the loans. The Fund's and the Deerfoot Joint Venture'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, 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 interest cost on traditional debt facilities, one month's interest costs on convertible debentures and one month's regular distribution to the holders of Fund Units less amounts due to related parties. Unused 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.

Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one months operating expenses and one month's interest costs on debt facilities. The Funds internal working capital requirements typically exceed that of MCNWCP.

Standardized Distributable Cash

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

Standardized Distributable Cash	Q2 (six months)		Q2 (three months)		Since Inception
	2010	2009	2010	2009	
Cash provided by operating activities:					
	\$ 11,668	\$ 11,544	\$ 6,287	\$ 5,255	\$ 139,230
Discontinued operations	\$ -	\$ (177)	\$ -	\$ (84)	(706)
Cash provided by (used by) operations	\$ 11,668	\$ 11,367	\$ 6,287	\$ 5,171	\$ 138,524
Adjustment for non-controlling interest	(161)	-	(161)	-	(161)
Adjustment for capital expenditures from operating cash flow:					
Capital maintenance (from cash flow statement)	(65)	(306)	296	(172)	(2,630)
Capital expansion (from cash flow)	(335)	-	(335)	-	(3,104)
Continuing operations	(400)	(306)	(39)	(172)	(5,734)
Discontinued operations	-	-	-	(32)	(11)
Capital expenditures from operating cash flow	(400)	(306)	(39)	(204)	(5,745)
Financing (restrictions) caused by debt covenants:					
Continuing operations	(1,651)	(1,067)	(1,154)	(542)	(6,202)
Discontinued operations	-	(181)	-	(78)	(298)
Financing restrictions caused by debt covenants	(1,651)	(1,248)	(1,154)	(619)	(6,500)
Standardized Distributable Cash					
Continuing operations	\$ 9,456	\$ 10,171	\$ 4,933	\$ 4,541	\$ 127,133
Discontinued operations	\$ -	\$ (358)	\$ -	\$ (193)	(1,015)
	\$ 9,456	\$ 9,813	\$ 4,933	\$ 4,348	\$ 126,118
Standardized Distributable Cash/unit					
Continuing operations	\$ 0.4480	\$ 0.4819	\$ 0.2337	\$ 0.2151	\$ 6.0231
Discontinued operations	\$ -	\$ (0.0170)	\$ -	\$ (0.0092)	(0.0481)
	\$ 0.4480	\$ 0.4649	\$ 0.2337	\$ 0.2060	\$ 5.9750
Cash distributions paid	\$ 9,283	\$ 9,283	\$ 4,642	\$ 4,642	\$ 125,551
Cash distributions paid/unit ¹	\$ 0.4398	\$ 0.4398	\$ 0.2199	\$ 0.2199	\$ 13.1515
Payout ratio					
Continuing operations	98.2%	91.3%	94.1%	102.2%	98.8%
Total operations	98.2%	94.6%	94.1%	106.8%	99.6%

(in thousands of dollars unless stated otherwise)

The Fund adjusts Standardized Distributable Cash for entity specific needs when and if required.

Adjusted Distribution Base (formerly Distributable Cash from Operations)	Q2 (six months)		Q2 (three months)		Since Inception
	2010	2009	2010	2009	
Standardized Distributable Cash	\$ 9,456	\$ 9,813	\$ 4,933	\$ 4,348	\$ 126,118
Adjustment for:					
Change in floats	-	-	-	-	(2,676)
Adjusted Distribution Base	\$ 9,456	\$ 9,813	\$ 4,933	\$ 4,348	\$ 123,442
Adjusted Distribution Base/unit ¹	\$ 0.4480	\$ 0.4649	\$ 0.2337	\$ 0.2060	\$ 5.8482
Cash distributions paid	\$ 9,283	\$ 9,283	\$ 4,642	\$ 4,642	\$ 125,551
Cash distributions paid/unit ¹	\$ 0.4398	\$ 0.4398	\$ 0.2199	\$ 0.2199	\$ 13.1515
Payout ratio	98.2%	94.6%	94.1%	106.8%	101.7%

¹ Weighted average and fully diluted

(in thousands of dollars unless stated otherwise)

Distributions

2010 Distribution Summary

Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	20-Jan-10	27-Jan-10	19-Feb-10	\$0.0733
February	25-Feb-10	05-Mar-10	26-Mar-10	\$0.0733
March	23-Mar-10	06-Apr-10	23-Apr-10	\$0.0733
April	19-Apr-10	30-Apr-10	14-May-10	\$0.0733
May	21-May-10	2-Jun-10	15-Jun-10	\$0.0733
June	14-Jun-10	30-Jun-10	15-Jul-10	\$0.0733
July	20-Jul-10	31-Jul-10	15-Aug-10	\$0.0733
Total				\$0.5131

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	08-Apr-09	30-Apr-09	15-May-09	\$0.0733
May	14-May-09	31-May-09	15-Jun-09	\$0.0733
June	11-Jun-09	30-Jun-09	15-Jul-09	\$0.0733
July	16-Jul-09	31-Jul-09	14-Aug-09	\$0.0733
August	14-Aug-09	31-Aug-09	15-Sep-09	\$0.0733
September	25-Sep-09	30-Sep-09	06-Oct-09	\$0.0733
October	21-Oct-09	31-Oct-09	16-Nov-09	\$0.0733
November	25-Nov-09	30-Nov-09	04-Dec-09	\$0.0733
December	18-Dec-09	31-Dec-09	21-Jan-10	\$0.0733
Total				\$0.8796

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
2009	89.95%	10.05%	100.00%
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

Beginning January 1, 2011, distributions of income trusts will not be deductible in calculating taxable income of the trust; thereby requiring the trust to pay income taxes. 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 assets and liabilities reported on the Fund's financial statements to the extent that these differences will exist at 2011. Future tax is estimated based on assets and liabilities at the end of the year and the expected combined Federal and Alberta tax rate of 25.0% for 2011. Temporary differences and carry-forwards which give rise to future income tax assets and liabilities at the end of the Quarter are as follows:

	June 30, 2010	December 31, 2009
Future income tax asset (liability) arising from:		
Property, plant and equipment	\$(1,065,038)	\$(1,523,866)

A change in the temporary differences giving rise to future tax adjustments is due to the Acquisition.

Capital ResourcesLimited Partnership

The Limited Partnership has a \$15.0 million demand term loan secured by its land and buildings with the Canadian Western Bank ("CWB"). The Fund is paying interest at a stipulated floor rate of 4.0%; otherwise the rate 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

The Limited Partnership provided a demand promissory note in the amount of \$4.1 million to a related party. The note is unsecured and was obtained as bridge financing to honour guarantee obligations to the Stampede Joint Venture's lender. The note carries interest at 3.25% per annum, paid monthly. The outstanding balance of the demand promissory note at the end of the Quarter is \$4.0 million.

Following the end of the Quarter, the Limited Partnership obtained a \$6.0 million increase to the \$9.0 million loan segment described above. Proceeds of the loan are to be used to repay the related party promissory note described above and to shore up working capital.

The Limited Partnership issued \$55.0 million in convertible debentures on April 16, 2010. The debentures have a coupon rate of 6.25% per annum with semi-annual interest payments in arrears due on July 31 and Jan 31 of each year. The debentures have a conversion privilege to Fund Units anytime prior to maturity date of July 31, 2015 at a price of \$10.65 per Fund Unit approximating 93.8967 Fund Units per \$1,000 principal amount of debentures.

Deerfoot Joint Venture

The Deerfoot Joint Venture has a \$24.0 million demand term loan secured by its land and buildings. The Deerfoot Joint Venture is paying interest at a stipulated floor rate of 4.0%; otherwise the rate on this loan is 1.0% above the CWB Prime Lending Rate. The Deerfoot Joint Venture is making blended monthly principal and interest payments on a \$22.0 million segment of the loan amortized over 15 years. \$2.0 million of this loan is available on a revolving basis.

Credit Facilities	June 30, 2010	December 31, 2009
Authorized Maximum Loan amounts		
Demand loan	9,000,000	9,000,000
Revolving credit lines	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	22,000,000	8,800,000
Deerfoot Joint Venture - demand loan, revolving	2,000,000	800,000
Demand promissory note	4,100,000	4,100,000
Debentures	55,000,000	-
	98,100,000	28,700,000
Outstanding balance		
Demand loan	7,106,168	7,500,793
Revolving credit lines	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	13,205,942	5,748,283
Deerfoot Joint Venture - demand loan, revolving	-	-
Demand promissory note	4,001,000	4,001,000
Debentures	47,687,395	-
	78,000,505	23,250,076
Advances (payments) during the calendar year		
Demand loan	(394,625)	(883,848)
Revolving credit lines	-	2,000,000
Deerfoot Joint Venture - demand loan	7,457,659	(1,200,000)
Demand promissory note	-	4,001,000
Debentures	47,687,395	-
	54,750,429	(4,333,252)
Interest rate		
Demand loan	4.00% (P +1.00%)	4.00% (P +1.00%)
Revolving credit lines	4.00% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan	4.00% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan, revolving	4.00% (P +1.00%)	4.00% (P +1.00%)
Demand promissory note	3.25%	3.25%
Debentures	6.25%	n/a

The Fund provided an \$11.46 million unsecured limited liability guarantee to the lender of 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 \$11.46 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 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.

Financial Instruments

Fair value

The fair value of cash and cash equivalents, restricted cash, accounts receivable, revolving credit lines, accounts payable and accrued liabilities, demand loans, 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.

The fair value of convertible debentures issued April 16, 2010 and the attached conversion privilege were established by discounted cash flow methods using a discount rate of 8%.

Foreign Exchange Risk

The Fund has no material foreign currency risk.

Interest Rate Risk

The Fund's interest rate risk arises primarily from its variable rate debt in the aggregate amount of \$26.3 million. The Fund is paying interest at a stipulated floor rate of 4.0% on traditional bank term debt and revolving debt; otherwise the rate on these debt instruments is 1.0% above the bank prime lending rate. A 1% increase in interest rates would have an unfavourable impact on earnings of \$197,341 or \$0.009/unit on an annualized basis.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers. The Fund's day to day commercial banking is with AAA rated Canadian financial institutions. Day to day commercial banking is not concentrated with a single financial institution.

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 the end of the Quarter, past due accounts are minimal and those customers are making regular payments.

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 distribution policy. The Funds payout ratio on Standardized Distributable Cash since inception is 99.6%.

Accounts payable, excluding accrued liabilities, are due in 90 days or less.

The maturity date on the Fund's term debt held by the Limited Partnership is the earlier of the date the loan is paid out and February, 2017. The maturity date on the Deerfoot Joint Venture term debt is the earlier of the date the loan is paid out and January, 2021.

The maturity date on the Fund's convertible debentures is the earlier of the holder's election to convert, the Fund's call for redemption or the final maturity date of the debentures on July 31, 2015.

Alberta Gaming and Liquor Commission require all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one months operating expenses and one month's interest costs on debt facilities. The Funds internal working capital requirements typically exceed that of MCNWCP.

Industry risk

Service Plus in Grande Prairie derives 55% 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 unsecured and non-interest bearing with no specific terms of repayment with one exception noted below.

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 44.1% of the outstanding units of all unit classes of the Fund. Transactions with the Wills include the following:

- The Fund recorded \$501,877 (\$422,007 - 2009) of management services expenses for the Period 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 \$118,176 (\$26,528 - 2009) 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.
- The Fund recorded \$45,224 (\$6,606 – 2009) of charter aircraft rental expenses for the Period which is included in Operating expenses. At the end of the Quarter, \$nil (\$3,964 – 2009) remained in due to/from accounts. 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 \$23,500 (\$23,000 – 2009) in Trustee fees during the Period which are included in Human resources expenses. At the end of the Quarter \$6,750 (\$5,000 – 2009) remained in accounts payable.
- The Fund recorded \$76,174 (\$nil – 2009) in interest charges during the Period which are included in Interest expense. At the end of the Quarter \$10,688 (\$nil – 2009) remained in accounts payable. Interest charges arose from \$4,001,000 (\$nil – 2009) in outstanding amounts on promissory notes during the Period. The loan is unsecured and has a fixed interest rate of 3.25%. Loan proceeds were used to honour obligations under a guarantee the Fund provided to the lender to the discontinued Stampede Joint Venture. The promissory note was repaid in July 2010.
- The Fund acquired a further 51% interest in the Deerfoot Joint Venture on April 30, 2010 for \$52.7 million following approval of an committee of independent trustees (the “Independent Trustees”) of the Funds Board. No amounts remained outstanding at the end of the Period.

The Fund recorded \$66,500 (\$51,500 – 2009) in Trustee fees during the Period 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 \$28,250 (\$26,500 – 2009) remained in accounts payable.

The Fund recorded \$22,338 (\$12,352 – 2009) in professional and administrative fees during the Period paid to companies controlled by other Trustees of the Fund. At the end of the Quarter \$nil (\$10,240 – 2009) remained in due to/from accounts.

The Fund recorded \$106,200 (\$105,000 – 2009) of management services expenses during the Period to other officers which are included under Human resources expenses. At the end of the Quarter \$17,700 (\$nil – 2009) remained in accounts/payable. 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. The weighted average of equivalent units outstanding for the Quarter is equal to the units issued. The Fund issued \$55 million in convertible debentures that would be dilutive during the Quarter. Otherwise, the Fund did not have any options, warrants, rights or convertible instruments that would be potentially dilutive during the Quarter.

Fund Unitholder Equity	June 30, 2010		December 31, 2009	
	Units	\$'s	Units	\$'s
Balance at beginning of period	11,773,153	\$ 30,439,635	10,773,153	\$ 32,018,886
Unit class conversions	-	-	1,000,000	3,193,434
Debenture conversion privilege		2,729,168		-
Net earnings		17,853,926		8,164,099
Net earnings - discontinued operations		-		(2,581,120)
Distributions to Fund Unit holders		(5,177,833)		(10,355,664)
Balance at end of period	11,773,153	\$ 45,844,896	11,773,153	\$ 30,439,635

Non-controlling Interest

A minority partner in the Deerfoot Joint Venture holds a non-controlling interest of 9%.

Class B Limited Partners' Equity

The Limited Partnership is authorized to issue an unlimited number of Class B Limited Partnership Units. There were no changes in the number of Class B Limited Partnership Units issued or outstanding during the Quarter.

Class B Limited Partners' Equity	June 30, 2010		December 31, 2009	
	Units	\$'s	Units	\$'s
Balance at beginning of period	9,334,400	\$25,977,980	10,334,400	\$ 32,955,463
Unit class conversions	-	-	(1,000,000)	(3,193,434)
Debenture conversion privilege		2,163,833		-
Minority interest earnings allocation		14,155,569		6,472,945
Net earnings - discontinued operations		-		(2,046,454)
Distributions to minority interest unit holders		(4,105,270)		(8,210,540)
Balance at end of period	9,334,400	\$ 38,192,112	9,334,400	\$ 25,977,980

Business Risks, Opportunities and Outlook

Economic Outlook

Following a period in excess of two years of declining operating results, we are now beginning to record occasional monthly gains. While no clear trends have emerged there is evidence the worst is behind us and some optimism for continued improvement. There is still considerable uncertainty in markets and economic data, with declines negating prior gains on a frequent basis.

The Alberta and Canadian gaming industry continues to present very high barriers to entry. Very few growth opportunities at attractive investment levels existed during the pre-recessionary period. Given the fall out from the recent recession, we have recently seen a number of acquisition transactions with rumors of others in the making.

Government Regulation

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 uneven playing field between traditional casino operators and First Nations casino operators also creates compensation issues for charitable groups supported by traditional casino operators.

Negative Media

Recent media coverage of examples of the gaming industry not adequately monitoring Voluntary Self-Exclusion Programs (VSE's) designed to deny access to problem gamblers have potential to damage the image of the gaming industry in general and could impact economic benefits. Furthermore, news coverage of the oil spill in the Gulf of Mexico has increased opposition to oil sands development in northern Alberta. Any detrimental spinoff from this opposition would also have a detrimental impact on our Fort McMurray Casino.

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 eliminating the uneven playing field between traditional casino operators and First Nations casino operators. The Government has heard the concerns of ACCOA as well as those of charitable groups supported by traditional casino operators.

Competition

Current performance of the Fund's Deerfoot Joint Venture hotel suggests that construction of nearby competition is having minimal impact on the facility. Deerfoot has a unique product offering that cannot be matched by other properties in the area.

Of 16 competing properties in Grande Prairie, the Fund's Service Plus hotel property continues to garner an overweight share of the market due to a long serving management team delivering consistently superior service from a superior location.

A troubled casino operating in Calgary's downtown core will continue operations following successful transition to new ownership. Few benefits to the Fund's Deerfoot Joint Venture were anticipated from the casinos expected failure. Significant competition to the Deerfoot Joint Venture in Calgary remains the near proximity of First Nations gaming that can offer smoking to an otherwise smoke free gaming environment.

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

Accretive Acquisition

Gamehost completed the acquisition of a further 51% interest in the Deerfoot Joint Venture (the "JV Additional Interest") following overwhelming unit holder support and all required regulatory consents on May 4, 2010. The Fund now holds, via Gamehost LP, a 91% interest in the Deerfoot Joint Venture. The acquisition is immediately accretive. Gamehost purchased the additional interest at the bottom of a recessionary cycle for a value not likely to be offered to a third party. The purchase was supported by an independent valuation and unanimous support from the Committee of Independent Trustees. The transaction received overwhelming support at the Fund's Annual and Special General Meeting held April 30, 2010.

Conversion to a Corporation

Gamehost announced its intention to convert to a corporation ("Gamehost Inc") not later than January 2011. An Arrangement to effect this transition was approved by an overwhelming majority at the Funds Annual and Special General Meeting held April 30, 2010.

The proposed Arrangement was primarily motivated by the taxes and limitations imposed on SIFTs by the SIFT Rules. The Arrangement provides for an effective and efficient method of converting from a SIFT to a corporation consistent with the SIFT Rules. Upon completion of the Arrangement, the Fund expects that Gamehost Inc will make monthly dividend payments to holders of Gamehost Inc Common Shares of \$0.0733 per Gamehost Inc Common Share (i.e., \$0.8796 per Gamehost Inc Common Share on an annualized basis). On the payment of monthly cash distributions by Gamehost Inc, Canadian taxable shareholders of Gamehost Inc will receive a dividend tax credit compared to the tax treatment of Gamehost's current monthly cash distributions to Canadian taxable Gamehost Unitholders as other income. The exchange of Fund Units and Class B LP Units for Gamehost Inc Common Shares pursuant to the proposed transaction is tax deferred for unit holders based on the current rules for SIFT conversions. The Fund's conversion to a corporation may result in greater access to capital and the removal of the "normal growth" and "undue expansion restrictions" in the SIFT Rules that limited The Fund's ability to consider certain strategic acquisitions. Remaining as a public income trust would have diminished Gamehost's ability to raise capital in the future. Gamehost Inc will be able to access certain tax deferred roll-over provisions under the Tax Act that will assist in the structuring of acquisitions.

Complete details of the terms and conditions of the JV Additional Interest and Arrangement are set out in the management information circular of Gamehost dated March 30, 2010 which is filed on SEDAR (www.sedar.com).

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 evolving 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. Throughout interim reporting periods in 2010, 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 as it becomes known. The Fund will endeavor to provide comparative IFRS qualitative and quantitative information to the reported Canadian GAAP information as it is developed throughout 2010.

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

Phase 1 - Project Planning and IFRS Scoping

Component – Project Management

- Management has assigned a Project Team to ensure a successful transition to IFRS consisting of a Steering Committee, consultants, auditors, members of the Audit Committee and accounting staff.
- Management has engaged a third party consultant to provide guidance and support throughout the conversion period.

Component – Training and Development

- Training of management’s members of the Project Team is ongoing as the project progresses.
- Training for members of the Audit Committee is being initiated.

Component – Communication

- Reporting on the format, content and distribution of communication regarding the Fund’s progress and impact of IFRS conversion has been determined and implemented.
- The Audit Committee will receive quarterly updates or more frequently on request that are specific to the needs of the Audit Committee. Audit Committee needs are evolving.
- Unit holders will receive quarterly updates through the MD&A

Component – Business Impacts

- Transition to IFRS will require changes to some Internal Controls over Financial Reporting (ICFR) still to be determined during policy development.

Component – Accounting/Policy Changes

- IFRS to GAAP conflict summary reports indicate approximately 30% of the IFRS standards create significant conflicts to our current GAAP reporting that need to be addressed.
- An initial scoping document has been completed and distributed to the members of the Project Team for review.

Component – Financial Statement Presentation

- Dual reporting, IFRS and GAAP will be required
- Significant disclosure obligations during transition and on implementation effective Q1 2011.

Component – Information Technology

- Software has been purchased to aid in the conversion plan. The software provides process methodology for the implementation of IFRS and tools for documentation of all elections, policy development and ongoing monitoring of changes to IFRS standards.
- Transition to IFRS can be accomplished with changes to our general ledger accounts. No IT system modifications will be required.

Status - 90% complete. Completion by Q3 2010, pending input from auditors.

Phase 2 - IFRS Draft Policies & Impact Assessment

- Of the significant policy differences, a number pose potentially more significant impact for the Fund. Significant policy differences are being evaluated to determine the magnitude of reporting impact and effort involved to determine their specific impact on the Fund. Policies will be addressed in the order of greatest impact. Draft policies, as developed, will be distributed to the auditor and Audit Committee for review. A number of draft policies have already been distributed and are awaiting comment.
- Impact assessments, by IFRS standard, will be prepared in conjunction with policy development and will be forwarded to the Auditors and Audit Committee auditors for review. From these impact assessments, management will determine opening adjustments to our financial statements for IFRS conversion.

- IAS 16 Property Plant and Equipment (PPE)

Significant differences – IFRS vs. GAAP

- IFRS provides the option of measuring PPE using the cost model or the revaluation model
- GAAP does not allow the revaluation model
- IFRS states where part of an item of PPE has a cost that is significant in relation to the cost of the item as a whole, it must be depreciated separately from the remainder of the item (componentization)
- GAAP is similar; however it has often not been applied to the same extent due to practicality and / or materiality in Canada. The Fund had not componentized assets.

Impact assessment

- The Fund will need to determine asset components and begin to amortize assets by component.
- The Fund anticipates continued use the cost model to eliminate transition and ongoing Statement of Financial Position (Balance Sheet) variations in the fair value of PPE and the corresponding impact on the Statement of Comprehensive Income (Income Statement).
- ICFR

- IAS 36 Impairment of Assets

Significant differences – IFRS vs. GAAP

- IFRS uses a one-step approach for both testing and measurement of impairment, on asset component carrying values compared directly with the higher of fair value less costs to sell and value in use determined by discounted future cash flows.
- IFRS, impairment charge must be recognized if the recoverable amount, measured as the higher of the estimated fair value less costs to sell or the value-in-use is less than the carrying value. Value-in-use is defined as the present value of estimate future cash flows expected to arise from the planned use of an asset and from its disposal at the end of its life.
- GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying value with undiscounted future cash flows to determine whether impairment exists; and only if step one indicates impairment may exist performing step 2 by comparing asset carrying values with fair values.
- GAAP recognized impairment when the estimated fair value of undiscounted future cash flows from an asset is less than its carrying value.

Impact assessment

- Impairment testing under IFRS may produce different results to the Fund's GAAP impairment tests.
- ICFR

- IAS 40 Investment Property land or a building – or part of a building – or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both

Significant differences – IFRS vs. GAAP

- IFRS gives the option of measuring Investment Property using the cost model or the revaluation model

- GAAP, there is no specific GAAP for investment property, so PP&E rules apply; does not allow the revaluation model

Impact assessment

- Certain Fund assets formerly reported as core operating assets will be classified as investments on the Statement of Financial Position with investment income on the Statement of Comprehensive Income.
- The Fund anticipates continued use the cost model to eliminate transition and ongoing Statement of Financial Position (Balance Sheet) variations in the fair value of PPE and the corresponding impact on the Statement of Comprehensive Income (Income Statement).
- ICFR

o IFRS 3 Business Combinations

Significant differences – IFRS vs. GAAP

- IFRS, transaction cost (including commission, land transfer tax, appraisals, legal fees and third party inspection reports associated with a purchase) are expensed immediately.
- Under GAAP Section 1581, such amounts are included in the cost of the asset and capitalized

Impact assessment

- The Fund early adopted GAAP Section 1582 which is converged with IFRS 3
- The Fund will elect not to restate previous Business Combinations under IFRS 1

o IFRS 1 First-time Adoption of IFRS

Significant differences – IFRS vs. GAAP

- IFRS, prior to the issuance of IFRS 1, first-time adopters were expected (in most cases) to retrospectively apply all IFRS requirement in their first IFRS – compliant financial statements. Recognizing that this often resulted in costs that exceeded the benefits of the financial information generated, IFRS 1 has limited exemptions for first-time adopters from the principles of retrospective application. IFRS 1 significantly eases the burden for first-time adopters.
- GAAP doesn't have any exemptions for first time adoption.

Impact assessment

- Mandatory exemptions to retrospective application:
 - o Accounting estimates
 - o De-recognition of financial assets and liabilities
 - o Hedge accounting
 - o Non-controlling interest

Optional exemptions from the general principle

- o Business combinations
- o Share-based payment transactions
- o Insurance contracts
- o Deemed cost
- o Leases
- o Employee benefits
- o Cumulative translation differences
- o Investment in subsidiaries, jointly controlled entities and associates
- o Assets and liabilities of subsidiaries, associates and joint ventures
- o Compound financial instruments
- o Designation of previously recognized financial instruments
- o Fair value measurement of financial assets or financial liabilities at initial recognition
- o Decommissioning liabilities included in the cost of PPE
- o Financial assets or intangible assets accounted for in accordance with IFRIC 12 Service Concession Arrangements
- o Borrowing costs
- o Transfer of assets from customers

- Status - 20% complete. Completion by Q4 2010

Phase 3 - Financial Statement Restatement & Parallel Reporting

- IFRS translation software will link our current financial statements to the Financial Statement Illustrator which will allow us to enter adjustments with linked supporting documents
- To accommodate parallel reporting additional GL accounts will be added to our chart of accounts

Status - 0% complete. Completion by Q4 2010

Phase 4 - Monitoring & IFRS Policy Updates

- Software purchased to assist in the transition to IFRS will allow us to monitor changes in IFRS policies that affect the Fund. As changes to IFRS are implemented, we will capture the information required and adjust our accounting policies as required.

Status - ongoing

Additional Information

All required public disclosures including material documents, press releases, annual information form 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.