



Management Discussion & Analysis
for the three months ended March 31, 2010

To Our Unit Holders

Management and Trustees of Gamehost Income Fund (the "Fund") present results for the three months ended March 31, 2010 (the "Quarter").

Support Building

Q1 is cyclically the strongest quarter for the Fund, with revenues traditionally boosted by the effects of spring breakup in the oil patch. Quarterly revenues from continuing operations totaled \$11.7 million, still down \$1.2 million or 9.0% from \$12.9 million posted in Q1 2009. Q1 results from the prior year included a very strong January before results began a 14 month retreat resulting in unfavourable comparative results for the Quarter. Despite lower year over year results we continue to see support forming for top line results. Revenues for the Quarter were only marginally lower than the previous quarter's revenue of \$11.8 million.

EBITDA from continuing operations for the Quarter totaled \$5.5 million down \$0.9 million or 14.6% from \$6.4 million for the same quarter in 2009. EBITDA margins for the Quarter were lower at 46.5% versus 49.6% in 2009. The decline in year over year results is skewed by an unfavourable swing in table hold % from a much higher than average 23.3% in Q1 2009 to a much lower than average 16.5% for the Quarter. Hold percentages should normalize to approximately 18% over time.

Turning the Corner

The Northern half of the province is seeing resurgence in activity. A number of oil sands projects are ramping up again as is conventional drilling activity further to the south. Continued weakness in natural gas pricing and volatility in crude oil prices will temper growth.

Occupancy levels are rising in our hotels and forward convention bookings have improved as well. Our gaming floors are busier and individuals are spending more on entertainment, food, and beverage activities.

The bottom of the revenue trough has been forming for some months now and in April we are experiencing our first year over year increases in gross revenues in fourteen months. We are cautiously optimistic that April's experience will become a trend. We expect growth to be moderate at best over the remainder of the year. Larger benefits will appear on the bottom line as cost cutting measures implemented during the recessionary period should result in improved year over year operating margins.

Approval Received

At the Annual Special General Meeting of the Fund held April 30, 2010 in Calgary, the Fund received overwhelming unitholder approval on two special resolutions: the first, a plan of arrangement that will see the Fund convert to a corporation ("Gamehost Inc") no later than January 2011, and the second being the acquisition of a further 51% interest in the Deerfoot Joint Venture. The adoption of these two resolutions is significant from a unitholder perspective in that the acquisition will provide accretive cash flow for the Fund. Furthermore, as a corporation, distributions will receive the more favourable tax treatment afforded to eligible dividends as compared to income distributions as is the current scenario.

Stability and Security

Throughout the Quarter, and for the month of April 2010, the Fund declared regular monthly cash distributions of \$0.0733 per unit. We anticipate continued improvement in the Fund's operating results consistent with the improvements now being reported for the general Canadian and Alberta economies. Furthermore, the accretive acquisition of a further 51% of the Deerfoot Joint Venture, will allow the Fund to continue current rates of distributions uninterrupted. The payout ratio for continuing operations on distributable cash from regular monthly distributions was 102.6% for the Quarter. This ratio will improve in ensuing quarters from the accretive acquisition.

Despite the blast of winter received in Western Canada the final week of April, spring is evident along with the optimism that comes with the greening of the landscape. We are equally optimistic for the benefits of an economy returning to a period of growth. Thank you for staying with us during this recession and let's all now look forward to some green in our results as well.

May 11, 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 three months ended March 31, 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 May 11, 2010.

Consolidated Financial Statements of the Fund for the three months ended March 31, 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 proportionate share of 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. 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. A reconciliation between EBITDA and net earnings as defined by GAAP can be found on page 16 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 24 of this MD&A.

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

Forward-looking Statements

This MD&A 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.

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.

On April 19, 2010, 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.

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. The Fund is a 40% joint venture partner in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture"), in Calgary.

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

Gaming operations of the Fund include Fund owned and operated table games and the operation of 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 \$85.4 million in total assets up from \$84.9 million at the start of the year. Cash and cash equivalent balances of \$10.5 million were \$0.5 million more than the start of 2010. The payout ratio on Standardized Distributable Cash for continuing operations was 102.6% 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 99.0%.

Quarterly Performance Summary

Quarterly Performance	2010		2009			2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Before minority interest								
Revenue - Continuing	11,717	11,788	11,316	12,105	12,873	13,326	13,309	13,381
Expenses- Continuing	6,951	7,154	13,532	5,619	7,140	7,623	7,804	7,635
Income (Loss) - Continuing	4,766	4,634	(2,216)	6,486	5,733	5,702	5,505	5,746
Income (Loss) - Discontinued	-	-	1,543	(5,863)	(308)	(490)	(319)	(160)
Income (Loss)	4,766	4,634	(673)	623	5,425	5,212	5,186	5,586
² Income (Loss)/Unit - Continuing	\$ 0.226	\$ 0.220	\$(0.105)	\$ 0.307	\$0.272	\$ 0.270	\$0.261	\$0.272
² Income (Loss)/Unit - Discontinued	\$ -	\$ -	\$ 0.073	\$(0.278)	\$(0.015)	\$(0.023)	\$(0.015)	\$(0.008)
² Income (Loss)/Unit	\$ 0.226	\$ 0.220	\$(0.032)	\$ 0.030	\$ 0.257	\$ 0.247	\$ 0.246	\$ 0.265
Before minority interest								
¹ EBITDA (Loss) - Continuing	5,453	5,371	(77)	5,387	6,383	6,142	6,372	6,484
EBITDA (Loss) Margin - Continuing	46.5%	45.6%	(0.7%)	44.5%	49.6%	46.1%	47.9%	48.5%
¹ EBITDA (Loss) - Discontinued	-	-	15	(52)	(43)	(52)	(143)	(160)
¹ EBITDA (Loss)	5,453	5,371	(62)	5,335	6,340	6,091	6,229	6,324
^{1, 2} EBITDA (Loss)/Unit - Continuing	\$ 0.258	\$ 0.254	\$(0.004)	\$ 0.255	\$ 0.302	\$ 0.291	\$ 0.302	\$ 0.307
^{1, 2} EBITDA (Loss)/Unit - Discontinued	\$ -	\$ -	\$ 0.001	\$(0.002)	\$(0.002)	\$(0.002)	\$(0.007)	\$(0.008)
^{1, 2} EBITDA (Loss)/Unit	\$ 0.258	\$ 0.254	\$(0.003)	\$ 0.253	\$ 0.300	\$ 0.289	\$ 0.295	\$ 0.300

(in thousands of dollars unless stated otherwise)

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

² Basic and fully diluted, all classes

The strip mall in Grande Prairie recorded year over year gains in revenue and EBITDA for the Quarter, but all other properties reported varying declines in both revenue and EBITDA.

Revenues

Total Revenue

Total Revenue (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total Revenue	11,717.1	12,873.2	(9.0%)	11,788.4	(0.6%)

(in thousands of dollars unless stated otherwise)

Hotel revenues were soft during the Quarter partially offset by some better food and beverage results. Gaming showed encouraging results for activity levels though poor table holds in the Quarter negated any potential gains.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Rooming	1,673.6	2,012.1	(16.8%)	1,443.1	16.0%
Occupancy	67.7%	75.3%	(7.6%)	55.5%	12.2%
ADR	\$138.65	\$148.69	(6.8%)	\$142.96	(3.0%)

(in thousands of dollars unless stated otherwise)

The prior year's January 2009 was a strong month for room revenue following which we recorded steady monthly declines. As a result, on a year over year comparative basis, the current Quarter does not appear as favourable as individual comparative results for February and March. There is some very encouraging signs when the Quarter is analyzed: this year over year gap in comparative room sales shrunk rapidly. April recorded a net gain in room sales. Forward bookings are also looking positive. Should this become a clear trend it will eventually translate into an improved ADR.

At Service Plus, occupancy declined slightly year over year by 4%. In two of the three most recent months including April 2010, however, we have recorded year over year gains in occupancy. An increase in oil and gas activity explains the improved occupancy.

Year over year the occupancy rates were lower by 14%. The year over year decline was in excess of 25% in January 2010 with steady improvement in subsequent months including a year over year increase in occupancy for the Month of April 2010. It should be added that comparable 2009 results for the Quarter do not include the impact, if any, from the opening of a limited service hotel property across the street. Forward bookings into May are encouraging. Corporate bookings are improving but still lagging the pickup seen in other sectors.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
General and High Limit	1,480.1	1,860.9	(20.5%)	1,453.4	1.8%
Poker Rake	334.7	334.8	(0.0%)	311.1	7.6%
Caribbean Stud	15.7	18.5	(15.2%)	11.2	40.1%
	1,830.5	2,214.3	(17.3%)	1,775.7	3.1%

(in thousands of dollars unless stated otherwise)

Table Drop and Hold (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Drop	15,233.3	13,769.5	10.6%	14,398.1	5.8%
Hold %	16.5%	23.3%	(6.8%)	17.1%	(0.6%)

(in thousands of dollars unless stated otherwise)

# of Tables (Continuing Operations)	end of Period			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
All Others	34.8	34.8	0.0	34.8	0.0
Poker	9.2	9.2	0.0	9.2	0.0
Caribbean Stud	1.0	1.0	0.0	1.0	0.0
	45.0	45.0	0.0	45.0	0.0

Despite lackluster Hold during the Quarter, activity levels are certainly continuing a trend to higher that began as early as Q2 2009. Hold percentages typically average over the long term in the range of 18%. Unfortunately, the low Hold percentage during the Quarter more than offset any increases in table Drop or Rake.

Boomtown table Drop is up 15% in year over year comparisons. In March of the prior year settlement of an AGLC claim resulted in correction of an accrued liability in favour of the casino of \$144,466 and moved that quarter's Hold percentage to 26.1%. Comparatively, the Hold percentage for the Quarter at a more normal 18.0% results in an 8.1 percentage point drop year over year for the Quarter. Poker revenues for the Quarter climbed by 21% over comparative 2009 levels.

Great Northern table Drop and Hold percentages remained largely even in year over year comparisons. Hold percentage climbed slightly from 20.1% in Q1 2009 to 20.5% in 2010. The net results provided a very minimal increase (less than 1%) to net revenues. Poker revenues climbed 11% over 2009 levels.

Deerfoot Joint Venture table results suffered even though Drop rose 10.6% in year over year comparisons. The Hold percentage fell by almost 7 percentage points to 16.5% from 23.3% recorded in 2009. The net results provided a \$277,700 decrease in table revenue compared to Q1 2009. Poker revenues fell by 21.3% causing a reduction of \$30,500 in poker revenue from 2009 levels.

Slot Machine Revenue

In Alberta, slot machine odds are regulated by the Alberta Gaming and Liquor Commission (the "AGLC"). The revenue sharing arrangement for amounts won by the slot machines is also set by the AGLC. Under the current arrangement casino operators, charities and the provincial government share the machine win on a 15/15/70 split respectively. Slot machine revenue, therefore, is determined by the above arrangements

as well as the number of hours each machine operates and how much money is played on a machine ('Cash Play') during hours of operation.

Slot Revenue (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Revenue	4,500.3	4,783.1	(5.9%)	4,516.2	(0.4%)

(in thousands of dollars unless stated otherwise)

Slot Statistics (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Drop	402.3	423.3	(5.0%)	394.8	1.9%
Machines ¹	1,126.8	1,092.8	34.0	1,096.8	30.0

(in millions of dollars unless stated otherwise)

¹ At the end of the Period or Quarter

Cash Play, while lower on a year over year basis, was almost 2% higher than the final Quarter of 2009. A Fund total of 30 additional machines were placed in the three casinos during the quarter.

Boomtown Cash Play is down 4% in year over year comparisons. However when compared to Q4 2009 Cash Play is up 3.7%. Revenues are 5% lower versus Q1 2009 but held fairly level from Q4 2009 with only a 0.8% decline.

Great Northern Cash Play is down 9.6% in year over year comparisons with a corresponding 10% reduction in revenues. Results are close to even when compared to Q4 2009 as the Cash Play declined only 0.4% and revenues increased by 0.6%.

Deerfoot Joint Venture Cash Play is even in year over year comparisons with a 1.7% reduction in revenues. Cash Play rose 1.3% compared to Q4 2009 and revenues remained fairly level dropping only 0.6%.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Food & mix	823.0	865.0	(4.9%)	1,052.8	(21.8%)
Liquor	1,847.4	1,923.6	(4.0%)	1,976.7	(6.5%)
	2,670.4	2,788.6	(4.2%)	3,029.5	(11.9%)

(in thousands of dollars unless stated otherwise)

A similar pattern is emerging in all three gaming properties. F&B sales are leading the way from year over year monthly declines to year over year monthly gains. All three properties posted year over year improvements in F&B sales in March 2010. In the month leading up to March we witnessed a continuous narrowing of the year over year monthly shortfalls.

Boomtown earns commissions from on site premises leased to a third party. F&B sales, therefore, are heavily weighted to liquor. Year over year liquor sales report declines of 7.3%. However, sales were even compared to Q4 2009.

Great Northern earns commissions from on site premises leased to a third party. Food sales at the facility are far more significant than at Boomtown. Still, F&B sales are weighted strongly to liquor. Year over year food sales increased 5.4%. Compared to Q4 2009 sales are down 16.2% due to Q4 being the busy Christmas banquet season. Liquor sales posted similar results with the Quarterly revenue up 2.2% compared to Q1 2009, but 9.3% lower than last quarter.

Deerfoot Joint Venture owns and operates all F&B operations on premises. Here, the sales mix is strongly shifted to food versus liquor. Year over year food sales for the Quarter report a decline of 9.1%. Compared to the previous quarter, food sales are lower by 25.1%. Year over year liquor sales were down 3.6% and 15% compared to last quarter. Again, declines from last quarter are due to the ending of the Christmas banquet season.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	98.6	86.4	14.1%	101.5	(2.9%)

(in thousands of dollars unless stated otherwise)

Leases in the Strip Mall have all been renewed with rate increases.

Other Revenue

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

Other Revenue (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	943.8	988.7	(4.5%)	922.3	2.3%

(in thousands of dollars unless stated otherwise)

Year over year interest revenue is lower on declining bank balances and fewer ATM transactions.

Expenses

Total Expenses

Total Expenses (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	6,951.0	7,139.6	(2.6%)	7,154.3	(2.8%)
% of Revenues	59.3%	55.5%	3.9%	60.7%	(1.4%)

(in thousands of dollars unless stated otherwise)

Management has made significant strides in reducing operating expenses. Declining economies of scale, however, work counter to these efforts to minimize the benefits of cost reductions.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Food & Mix	432.6	415.0	4.3%	499.4	(13.4%)
Liquor	382.9	407.9	(6.1%)	407.8	(6.1%)
Other	21.1	33.6	(37.4%)	26.1	(19.3%)
Total	836.6	856.5	(2.3%)	933.3	(10.4%)

(in thousands of dollars unless stated otherwise)

Cost of Sales % (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Food & Mix	52.6%	48.0%	4.6%	47.4%	5.2%
Liquor	20.7%	21.2%	(0.5%)	20.6%	0.1%
Other	46.8%	52.3%	(5.5%)	47.3%	(0.5%)

(in thousands of dollars unless stated otherwise)

Cost of sales is lower on lower sales. Overall cost of sales percentages can vary greatly from month to month based on sales mixes at individual properties and/or the percentage of total sales produced by each property.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Operations	2,710.4	2,760.9	(1.8%)	2,725.2	(0.5%)
<i>% of Revenues</i>	23.1%	21.4%	1.7%	23.1%	0.0%
General admin	126.6	162.7	(22.2%)	116.0	9.1%
Trustee fees	46.0	36.0	27.8%	45.0	2.2%
General & admin	172.6	198.7	(13.2%)	161.0	7.2%
<i>% of Revenues</i>	1.5%	1.5%	(0.1%)	1.4%	0.1%
Management fees	252.1	276.1	(8.7%)	217.6	15.8%
<i>% of Revenues</i>	2.2%	2.1%	0.0%	1.8%	0.3%
Total	3,135.0	3,235.8	(3.1%)	3,103.8	1.0%
% of Revenues	26.8%	25.1%	1.6%	26.3%	0.4%

(in thousands of dollars unless stated otherwise)

Human resource costs are the single largest expense category for the Fund. Efforts to reduce labour costs instep with falling revenue have been successful to the extent possible. Again, economies of scale are working counter to these efforts resulting in a year over year increase in total human resource expenses as a percentage of total revenue.

Operational wages are being tightly managed to fit business volumes without compromising service. Salary based managers often fill in on otherwise hourly shifts to reduce costs.

Management fees are based on a percentage of revenue and/or EBITDA and are correspondingly lower year over year. The increase in management fees in the Quarter over the previous quarter results from a year end adjustment reducing the 2009 annual management fees based on year end audited results.

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 (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	467.8	485.9	(3.7%)	577.0	(18.9%)
% of Revenues	4.0%	3.8%	0.2%	4.9%	(0.9%)

(in thousands of dollars unless stated otherwise)

The advertizing industry has significantly reduced prices during the recession to encourage clients to fill advertising spots. Furthermore, management is spending reduced advertizing budgets on targeted campaigns rather than blanket advertising geared to ensuring existing clientele loyalty. Interestingly, despite the change in marketing strategy, we believe we have grown market share in the competitive Calgary market.

Operating Costs

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

Operating Costs (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	1,413.4	1,456.2	(2.9%)	1,599.6	(11.6%)
% of Revenues	12.1%	11.3%	0.8%	13.6%	(1.5%)

(in thousands of dollars unless stated otherwise)

Variable rate expenses have fallen in step with lower revenues. In addition, entertainment offerings have been scaled back to meet perceived demand levels. Custodial contracts have been re-tendered at lower rates.

General and Administrative

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

General & Administration (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	411.1	455.8	(9.8%)	652.2	(37.0%)
% of Revenues	3.5%	3.5%	(0.0%)	5.5%	(2.0%)

(in thousands of dollars unless stated otherwise)

Reductions in Legal and professional services expenses along with new retail banking agreements have resulted in comparative savings over 2009.

Interest

Interest is incurred on term debt held by Gamehost Limited Partnership and a joint venture of the Fund.

Interest (Continuing Operations)	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	220.4	207.5	6.2%	229.2	(3.9%)
% of Revenues	1.9%	1.6%	0.3%	1.9%	(0.1%)

(in thousands of dollars unless stated otherwise)

Following a 2009 annual file review by the Fund's lender, a floor rate of 4% was attached to our term facilities prime + 1% rate resulting in a year over year increase in interest costs despite reductions in the outstanding principal amounts.

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	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Total	32.0	(30.8)	(204.1%)	39.9	(19.8%)
% of Revenues	0.3%	(0.2%)	0.5%	0.3%	(0.1%)

(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.

Reconciliation of EBITDA to Net Earnings

EBITDA to Net Earnings		Q1 (three months)			vs. previous quarter	
		2010	2009	+(-)	Q4 2009	+(-)
1	EBITDA	5,453.1	6,383.1	(14.6%)	5,371.4	1.5%
	EBITDA %	46.5%	49.6%	(3.0%)	45.6%	0.9%
	Less:					
	Amortization on property, plant and equipment	434.6	472.7	(8.0%)	468.3	(7.2%)
	Interest charges	220.4	207.5	6.2%	229.2	(3.9%)
	Future income tax expense	32.0	(30.8)	(204.1%)	39.9	(19.8%)
	Allocation to minority interest	2,107.7	2,807.3	(24.9%)	2,049.3	2.9%
	Net Income (Loss) - Continuing	2,658.4	2,926.4	(9.2%)	2,584.7	2.9%
	Net Income (Loss) - Discontinued	0.0	(157.3)	(100.0%)	0.0	n/a
	Net Income (Loss)	2,658.4	2,769.1	(4.0%)	2,584.7	2.9%
2	Net Income (Loss)/Unit - Continuing	\$ 0.226	\$ 0.249	\$ (0.023)	\$ 0.220	\$ 0.006
2	Net Income (Loss)/Unit - Discontinued	-	(0.013)	0.013	-	-
2	Net Income (Loss)/Unit	\$ 0.226	\$ 0.235	\$ (0.009)	\$ 0.220	\$ 0.006

(in thousands of dollars unless stated otherwise)

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

2 Basic and fully diluted

Facilities

Capital Expenditures	Q1 (three months)			vs. previous quarter	
	2010	2009	+(-)	Q4 2009	+(-)
Maintenance	360.9	103.7	248.0%	86.6	316.7%
Discontinued operations	0.0	9.1	(100.0%)	0.0	n/a
	360.9	112.8	219.9%	86.6	316.7%

(in thousands of dollars unless stated otherwise)

\$322,529 in legal and other expenses related to the Fund's Arrangement to convert to a corporation before January 2011 have been recorded to work-in-progress in capital expenditures. The total of these amounts may or may not be fully eligible as reorganization costs and accordingly may be expensed in a future period.

Financial Condition

Liquidity

Cash provided by operating activities of continuing operations for the Quarter totaled \$5.2 million compared to \$6.2 million in the prior year. At the end of the Quarter cash and cash equivalent balances totaled \$10.5 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 40% Participating Interest in the operating activities of the Deerfoot Joint Venture. During the Quarter the Fund received \$1.03 million in cash distributions from 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 \$57,615,000, plus closing adjustments estimated at \$(5,068,000) for a total purchase price of \$52,547,000.

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.

The 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

The Fund has a 47.75% 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. 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

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.

The Fund's acquisition of an additional 51% interest in the Deerfoot Joint Venture, Effective May 1, 2010, has implications to the total fees paid by the Fund under these agreements. In light of this, management services contracts for both the Deerfoot Joint Venture and the Fund are currently under review.

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.

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 has certain other commitments for equipment, services and premises rent including the Fund's Participating Interest Responsibility in commitments of the Deerfoot Joint Venture. At the end of the Quarter these commitments, including a 91% participating interest in commitments 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>
	1,324,175	1,612,712	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 December 31, 2009, productive capacity of the Fund consisted of 123 guest rooms and 1 meeting room at Service Plus, the Fund's 40% Participating Interest in 188 guest rooms, 10 meeting/banquet rooms, 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 1,097 slot machines and 45 table games. The table below summarizes changes in productive capacity since inception of the Fund.

Year	Event	Gaming/ Entertainment Sq ft	Banquet/ Convention Sq ft	Guest Rooms	F&B Seating	Electronic Gaming Devices	Tables	Lease Retail Sq ft
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					30		
	Quarter ended March 31, 2010	77,144	9,200	198	370	1,127	45	10,530

Productive capacity maintenance

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

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

Gaming operations of the Fund require minimal capital outlay by the Fund. Slot machines 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 \$575,000 per year for the Fund based on a historical review of these costs and vintage of facilities.

Discretionary and other items

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

Long-term unfunded contractual obligations

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

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 19, 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 with 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, 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 month's 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	Q1 (three months)		Since Inception
	2010	2009	
Cash provided by (used for) operating activities:			
Continuing operations	\$ 5,382	\$ 6,289	\$ 132,929
Discontinued operations	\$ -	\$ (93)	\$ (706)
Cash provided by (used by) operations	\$ 5,382	\$ 6,196	\$ 132,223
Adjustment for capital expenditures from operating cash flow:			
Continuing operations	(361)	(134)	(5,695)
Discontinued operations	-	32	(11)
Capital expenditures from operating cash flow	(361)	(102)	(5,706)
Financing (restrictions) caused by debt covenants:			
Continuing operations	(497)	(525)	(5,048)
Discontinued operations	-	(104)	(298)
Financing restrictions caused by debt covenants	(497)	(629)	(5,346)
Standardized Distributable Cash			
Continuing operations	\$ 4,524	\$ 5,630	\$ 122,186
Discontinued operations	\$ -	\$ (165)	\$ (1,015)
	\$ 4,524	\$ 5,465	\$ 121,171
Standardized Distributable Cash/unit ¹			
Continuing operations	\$ 0.2143	\$ 0.2667	\$ 5.7887
Discontinued operations	\$ -	\$ (0.0078)	\$ (0.0481)
	\$ 0.2143	\$ 0.2589	\$ 5.7407
Cash distributions paid	\$ 4,642	\$ 4,642	\$ 120,910
Cash distributions paid/unit ¹	\$ 0.2199	\$ 0.2199	\$ 12.9316
Payout ratio			
Continuing operations	102.6%	82.4%	99.0%
Total operations	102.6%	84.9%	99.8%

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

Adjusted Distribution Base (formerly Distributable Cash from Operations)	Q1 (three months)		
	2010	2009	Since Inception
Standardized Distributable Cash	\$ 4,524	\$ 5,465	\$ 121,171
Adjustment for:			
Change in floats	-	-	(2,676)
Adjusted Distribution Base	\$ 4,524	\$ 5,465	\$ 118,495
Adjusted Distribution Base/unit ¹	\$ 0.2143	\$ 0.2589	\$ 5.6139
Cash distributions paid	\$ 4,642	\$ 4,642	\$ 120,910
Cash distributions paid/unit ¹	\$ 0.2199	\$ 0.2199	\$ 12.9316
Payout ratio	102.6%	84.9%	102.0%

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
Total				\$0.2932

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:

	March 31, 2010	December 31, 2009
Future income tax asset (liability) arising from:		
Property, plant and equipment	<u>\$(1,555,868)</u>	<u>\$(1,523,866)</u>

Capital Resources

Limited Partnership

The Limited Partnership has a \$15.0 million demand term loan secured by its land and buildings with the Canadian Western Bank ("CWB"). 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 and is fully extended at the end of the Quarter.

The Limited Partnership has issued 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.

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 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 Fund's portion of the combined total authorized facility at the end of the Quarter is \$9.6 million amortized over 15 years. The loan includes a \$0.8 million revolver which has a zero outstanding balance at the end of the Quarter. The Fund's portion of scheduled monthly principal payments is \$78,800, but accelerated payments of \$100,000, being the fund's portion, are being made. Deerfoot Joint Venture portions are reported at 40%. In subsequent quarters, the Fund portion will include the JV Additional Interest raising the Fund's portion to 91%.

Credit Facilities	March 31, 2009	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	8,800,000	8,800,000
Deerfoot Joint Venture - demand loan, revolving	800,000	800,000
Demand promissory note	4,100,000	4,100,000
Continuing Operations	28,700,000	28,700,000
Outstanding balance		
Demand loan	7,303,675	7,500,793
Revolving credit lines	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	5,448,283	5,748,283
Deerfoot Joint Venture - demand loan, revolving	-	-
Demand promissory note	4,001,000	4,001,000
Continuing Operations	22,752,958	23,250,076
Advances (payments) during the calendar year		
Demand loan	(197,118)	(883,848)
Revolving credit lines	-	2,000,000
Deerfoot Joint Venture - demand loan	(300,000)	(1,200,000)
Demand promissory note	-	4,001,000
Continuing Operations	(497,118)	3,917,152
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%

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 \$5.4 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Deerfoot Joint Venture in regards to this guarantee. No specific assets have been provided as security.

The 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, capital leases, demand loan, due to/from related parties and unit holders distributions payable approximate their carrying value due to the short-term maturities of these instruments.

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

The fair value of convertible debentures issued April 16, 2010 and the attached conversion privilege will be 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 \$18.9 million. 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. A 1% increase in interest rates would have an unfavourable impact on earnings of \$46,878 or \$0.002/unit.

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 primarily with a AAA rated Canadian financial institution. 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%.

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.

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 \$198,760 (\$219,958 - 2009) of management services expenses during the Quarter which are included in Human resources expenses. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization. At the end of the Quarter \$70,186 (\$30,210 - 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 \$21,595 (\$nil – 2009) of charter aircraft rental expenses during the Quarter which are included in Operating expenses. At the end of the Quarter \$9,965 (\$nil – 2009) remained in accounts payable. Travel to the Fund's operational centers of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers.
- The Fund recorded \$11,500 (\$11,000 – 2009) in Trustee fees during the Quarter which are included in Human resources expenses. At the end of the Quarter \$8,000 (\$4,000 – 2009) remained in accounts payable.
- The Fund recorded \$32,063 (\$nil – 2009) in interest charges during the Quarter which are included in Interest expense. At the end of the Quarter \$32,063 (\$nil – 2009) remained in accounts payable. Interest charges arose from \$4,001,000 in outstanding amounts on promissory notes during the Quarter. 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 Fund recorded \$34,500 (\$25,000 – 2009) in Trustee fees during the Quarter paid to other Trustees or companies controlled by other Trustees of the Fund which are included under Human resources expenses. At the end of the Quarter \$34,500 (\$25,000 – 2009) remained in accounts payable.

The Fund recorded \$10,333 (\$2,056 – 2009) in professional and administrative fees during the Quarter paid to companies controlled by other Trustees of the Fund. At the end of the Quarter \$nil (\$173 – 2009) remained in accounts payable.

The Fund recorded \$53,300 (\$52,500 – 2009) of management services expenses during the Quarter to other officers which are included under Human resources expenses. Management fees stipulated in management services agreements are based on a flat monthly amount.

Outstanding Share Data

Fund Units

The Fund is authorized to issue an unlimited number of Fund Units. The weighted average of equivalent units outstanding for the Quarter is equal to the units issued. The Fund did not have any options, warrants, rights or convertible instruments that would be potentially dilutive during the Quarter.

Fund Unitholder Equity	March 31, 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
Net earnings		2,658,409		8,164,099
Net earnings - discontinued operations		-		(2,581,120)
Distributions to Fund Unit holders		(2,588,916)		(10,355,664)
Balance at end of period	11,773,153	\$ 30,509,128	11,773,153	\$ 30,439,635

Minority Interest Class B Partnership Units

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

Minority Interest	March 31, 2010		December 31, 2009	
	Units	\$'s	Units	\$'s
Balance at beginning of period	9,334,400	\$ 24,768,951	10,334,400	\$ 32,955,463
Unit class conversions	-	-	(1,000,000)	(3,193,434)
Minority interest earnings allocation		2,107,732		6,472,945
Net earnings - discontinued operations		-		(2,046,454)
Distributions to minority interest unit holders		(2,052,635)		(8,210,540)
Balance at end of period	9,334,400	\$ 24,824,048	9,334,400	\$ 24,768,951

Business Risks, Opportunities and Outlook

Economic Outlook

During the Quarter and continuing to the end of April 2010 a definite pattern of improved economic activity is materializing at the Fund's properties. While we are not yet prepared to say we are witnessing a trend to growth we have recorded pockets of growth where we once experienced only decline. Moods are becoming more optimistic.

Oil sands projects are ramping up as is conventional oil and gas and shale gas drilling activity. The benefits of job growth in these industries are showing up in the doors of our Fort McMurray and Grande Prairie properties.

Calgary too is seeing a resurgence in activity. New home construction is picking up and people are finding work again. A conclusion to the operation of the failed Stampede Casino by the receiver is imminent. There is no downside and some potential upside for the Deerfoot Joint Venture dependant on the Stampede Casino's outcome.

Management has had success in reducing spending to the lowest levels possible. The Fund stands to see long term benefits from these cost cutting measures as significant portions of top line growth will add directly to the fund's bottom line. Any return to pre-recession level revenues should translate into even higher profit margins than were produced previously. We will continue to be the highest margin producing gaming operator in the industry.

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, acquisition opportunities may exist where there were none previously. Management will take a highly cautious approach sticking close to the core operating environment we feel have synergy with existing operations and experience.

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.

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

Informal surveys suggest that the Fund’s Service Plus hotel in Grande Prairie continues to maintain a “Top 3” ranking in the market region of 16 competing properties. At current demand levels the market is over supplied. The Service Plus property, however, boasts a long serving management team delivering consistently superior service from a superior location. Our highly skilled, long serving management team remains in place providing a ‘home away from home’ feel most other properties envy.

The continued operation of one of Calgary’s traditional casinos remains in doubt. It is currently being operated by court appointed receivers. Efforts to find new ownership are drawing to a conclusion. With or without this property in operation Calgary will continue to be a highly competitive market place exacerbated by 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.

In April 2009 a limited service hotel opened one block to the north of the Fund’s Deerfoot Joint Venture. The limited service hotel is owned and operated by related parties the Wills. The limited service property augments the services provided by the Deerfoot joint Venture by offering more budget conscious patrons with guest room options in the underserved area. Over the long term the limited service hotel is expected to be a net benefit to the Deerfoot Joint Venture by allowing the Deerfoot Joint Venture to attract larger conventions and by increasing foot traffic through the facilities casino and eating establishments. In fact these benefits are beginning to manifest towards the later part of the quarter and into April 2010.

Located approximately 8 kilometres or 10 minutes north on Deerfoot Trail, construction of a new full service hotel at Deerfoot Meadows shopping Centre is expected to be completed in the spring of 2010. This property’s impact is expected to be minimal.

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 being developed to achieve full compliance with the new reporting standards effective January 1, 2011.

The Fund's IFRS transition plan had been deferred during 2009 pending certain strategic initiatives that would have had a material impact on the transition plan. Management has now set certain corporate directions such that a detailed plan can now be designed. 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 beginning in Q1 2010 as is 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

Plan Component	Status
Project Management	A project management team has been formed including members of management, a third party advisor and the audit committee to ensure progress towards successful implementation is on track.
Training and development	IFRS training for the project management team, key accounting staff and Audit Committee members is ongoing.
Communication	Communication of project status will begin in earnest during Q1 2010. Plans include regular progress meetings by the project management team and approved relevant communication of the impact to financial reporting to external users via the MD&A.
Business impacts	An early assessment includes: project resourcing; ICFR; dual reporting obligations in 2010 when comparative IFRS and Canadian GAAP is required and debt facility financial covenants.
Accounting policy changes	Research is ongoing to determine and document the expected changes to accounting policies that are required to comply with the new standard. IFRS 1- First Time Adoption of International Financial Reporting Standards will be researched in detail to determine the mandatory exceptions and optional exemptions that can be applied at initial implementation of IFRS. Other areas with significant changes include IFRS 3 – Business Combinations, IFRS 7 – Financial Instruments Disclosure, IFRS 8 – Operating Segments, IFRS 9 – Financial Instruments. We will also be significantly impacted by IAS 1 – Presentation of Financial Statements and IAS 24 – Related Party Disclosure. Other areas will be IAS 7 – Cash Flow Statements, IAS 12 – Income Taxes, IAS 16 – Property, Plant and Equipment, IAS 31 – Financial Reporting of Interests in Joint Ventures, IAS 32 – Financial Instruments: Presentation, IAS 33 – Earnings per share, IAS 40 – Investment Property. Ongoing research will continue to ensure that any additional IFRS or IAS that need to be addressed is addressed. The impact of these changes has not been determined yet. As the impact is calculated, additional details will be provided at future dates.
Financial statement presentation	Audit Committee has been advised of the potential impacts to financial statement presentation. Reporting options and exemptions available are to be researched with recommendations presented as they are researched during 2010.
Information technology compliance	Initial assessments indicate that conversion can be accomplished through general ledger modification requiring no significant system changes.

Additional Information

All required public disclosures including material documents, press releases, 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.