Game Host Income Fund

2008 Interim
Management Discussion & Analysis
for the six and three months ended June 30, 2008

To Our Unit Holders

Management and Trustees of Gamehost Income Fund (the "Fund") are pleased to report results for the three months ended June 30, 2008 (the "Quarter"). Results for the Quarter were mixed. Quarter over quarter growth was provided by eleven days of operation of the new Stampede Casino, otherwise revenues were lower year over year. The gaming and hospitality industries are working their way through changes in the general business environment. Non-smoking legislation enforced as of January 1, 2008, a tempering of the hot Alberta energy sector and inflationary factors have combined to create a few pot holes that need to be negotiated.

Revenues on the Rise

Revenues for the Quarter totaled \$13.5 million down 5.6% from the \$14.3 million posted in Q2 2007 but up 1.6% from the previous quarter when revenue totaled \$13.3 million. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the Quarter totaled \$6.3 million down 11.0% from \$7.1 million recorded in Q2 2007 and flat to the previous quarter. EBITDA margins for the Quarter fell to 46.7% off 2.9% from the near record 49.5% a year earlier and off 0.6% from 47.2% in the previous quarter. These results include the Fund's participating share of eleven days of operations from the new Stampede Casino.

The Fund's regular monthly distributions were increased by 10% during the Quarter. The Fund made consistent payments at the higher rate of \$0.0733 per unit throughout the Quarter. Investors should be confident in the sustainability of this higher rate especially as the new Stampede Casino gains in profitability.

Successful Opening

The new Stampede Casino had a smooth opening on June 19, 2008 and then fifteen days to 'warm up' before the ten day Calgary Exhibition & Stampede. Early results are favourable. It will take a number of months before we understand what a normal month at the facility looks like. Similar to our experience opening the Deerfoot Joint Venture we will continue to adjust our marketing efforts and product offering to appeal to what is quite clearly a different customer base within the same city. The addition of a 20% stake in the Stampede Joint Venture will help put the Fund back onto the revenue growth path we are accustomed too. We are excited about this new property and it's potential. Immediately next door to the new Stampede Casino, the Exhibition is nearing completion of an expansion to its trade and convention space and talks continue on the timing for development of a hotel on the opposite side of the Stampede Casino.

Meanwhile…Back at the Ranch

Quarterly results were mixed at the rest of the Fund's properties. With the exception of Fort McMurray, a general trend is emerging consistent with signals in the broader Canadian economy. Customers appear to be scaling back on discretionary expenditures. Gloomy media coverage on the state of local and world economies is hard to tune out. This message gets reinforced every time Albertan's fill up their vehicles. Alberta is not immune from the inflationary factors impacting other economic areas of the country. We see this in stays at our northern hotel, gaming traffic through our casinos and visits to our food and beverage outlets.

Grande Prairie has been the hardest hit. The city and surrounding areas have a large dependence on the forestry and forest products industry which is suffering from the collapse of the USA home building industry. Oil and predominantly natural gas also play a major role in the lives of consumers in the region. Uncertainty in this sector caused by volatile commodity prices and the recent review of royalties paid to energy producers, have slowed the sectors activities in the region significantly. Sentiments in the energy industry have turned more optimistic of late with improvements to the price of natural gas. Activity is picking up and is expected to continue to do so into the last half of the year.

The Deerfoot hotel in is a bright spot in the Calgary market. Occupancies and revenues continue to grow. Spending at the Deerfoot on food and beverage service is flat year over year. Gaming activities at the property have suffered from the general cautionary spending described earlier, but also from the opening of a First Nations casino on the western edge of the city. While we generally view the recent conversion to non-smoking as a non-issue at this point, it does factor into the equation in Calgary because smoking is still allowed on First Nations reserves. As a member of the Casino Operators Association of Alberta we are pursuing remedies to what we view as an unlevel playing field.

The commitment to world scale projects in the oil sands provides the Fort McMurray area with stability difficult to locate elsewhere today's economic environment. Planned and ongoing projects in the area are measured in decades and billions of dollars. Our Boomtown casino quickly dispensed with any fallout from a switch to non-smoking and returned to the growth curve just two quarters following its implementation. Revenue and EBITDA records were set yet again for the property during this most recent Quarter.

Moving East

In April 2008 the Fund's units were split three for one in anticipation of a graduation from the Toronto Stock Exchange Venture Exchange ("TSX-V"). The first day of trading for units of the Fund on the larger Toronto Stock Exchange ("TSX") was May 16, 2008. We expect these moves to be advantageous for our investors in improved liquidity and greater exposure of the Fund in the market.

Reality Check

There are benefits to the new economic reality we are operating in. Instead of our former preoccupation with growth we have taken a hard look at expenses and have discovered efficiencies sustainable even into the next growth phase. We want to take this opportunity to thank our property management for their commitment to this exercise. We can be optimistic about the last half of the year as a result.

Have an enjoyable summer!

August 14, 2008

On behalf of all management and trustees, sincerely,

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

Darcy J. Will
Vice President
Gamehost Management Inc.

This Management's Discussion and Analysis ("MD&A") of the business, operating results, liquidity and capital resources and other financial information of Gamehost Income Fund (the Fund") is dated August 14, 2008. This MD&A should be read in conjunction with the audited annual consolidated financial statements of the Fund and accompanying notes to those audited annual consolidated financial statements for the year ended December 31, 2007.

Interim Financial Statements of the Fund for the 6 months ended June 30, 2008 (the "Period") and 3 months ended June 30, 2008 (the "Quarter") have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and include the operating results of the Fund, its subsidiaries and a proportionate share of its joint ventures.

Certain prior year figures have been reclassified to conform to the current year presentation. 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 results for the Quarter compared to results in the immediately preceding quarter. Readers are directed to prior MD&A for specific discussion of results of previous quarters. Earlier financial statements and management discussion and other disclosures of the Fund can be found on SEDAR at www.sedar.com.

Caution to the Reader

Auditor Review

Three and six month figures and comparisons contained in this MD&A have been independently reviewed by the Fund's external auditors.

Use of Non-GAAP Financial Measures

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

EBITDA is a commonly used measure of financial performance by the broader financial community. Management believes that EBITDA provides information to the reader on the Fund's performance in generating cash from normal operations before any financing costs associated with generating those earnings. The Fund's means of financing can change over time at the discretion of management. As such, EBITDA can assist the reader in assessing not only the Fund's performance in generating cash, but also the Fund's ability to meet current or future financing obligations. There is no standardized meaning prescribed by GAAP for EBITDA. Comparing EBITDA of the Fund to EBITDA reported by other issuers can be misleading. EBITDA should not be relied upon as a sole measure of performance. A reconciliation between EBITDA and net earnings as defined by GAAP can be found on page 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 22 of this MD&A.

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

Forward Looking Statements

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

Internal Control over Financial Reporting

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

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

Organizational Structure

The Fund

Gamehost Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003 (the "Fund Agreement").

The Trust

Gamehost Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned by the Fund. The trustees of the Trust are the trustees of the Fund.

The Limited Partnership

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

The Manager

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

Units

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

Overview of the Fund

The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement to the hotel, the Fund owns a retail complex (the "Strip Mall") that leases space to separate liquor store, pub and full service restaurant operations. The Fund is a 40% joint venture partner in Deerfoot Inn & Casino Inc. (the "Deerfoot Joint Venture") in Calgary and a 20% joint venture partner in Calgary West Hospitality Inc. (the "Stampede Joint Venture") which opened in Calgary on June 19, 2008

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, beverage and entertainment are offered at each of the Fund's casino locations.

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

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

Selected Annual Information

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

(in thousands of dollars unless stated otherwise)

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

2 Basic and fully diluted

Over the selected annual periods organic growth has played a major role in the ongoing success of the Fund. All business segments of the Fund including food & beverage, hotel and gaming operations have made significant contributions. The Fund is a 40% joint venture owner of Deerfoot Inn & Casino which celebrated its grand opening in November of 2005. On June 19, 2008, as a 20% joint venture partner, the Fund constructed and opened the new Stampede Casino. In early 2006, the Fund completed an expansion of Boomtown Casino effectively doubling its size. These expansions and organic growth coincided with the Fund's interest in slot machines increasing from 499 machines to 1,206 machines and gaming tables increasing from 32 tables to 52 tables. Hotel rooms increased from 123 to 198 over the same period and food, beverage and entertainment services grew in relation to these expansions. The Fund's success has been assisted by a strong Alberta economy, a growing population and higher than average disposable incomes.

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

Overall Financial Results and Condition of the Fund

At the end of the Quarter the Fund had $102.4 million in total assets $10.2 million greater than at the start of the year. Cash and cash equivalent balances of $12.9 million were largely unchanged from the start of the year. For the Quarter, the Fund's payout ratio on Standardized Distributable Cash was 101%. For the Period this figure stands at 90.4%. The Fund made regular monthly cash distributions on $0.0733 per unit throughout the Quarter.

In the Grande Prairie area the Fund operates the Great Northern Casino, Service Plus Inns & Suites hotels and a multi-tenant strip mall. A major downturn in USA home building is affecting the local forestry and forest products industry. The area is also a significant oil and natural gas producing region. The local energy industry is showing signs of recovery with higher commodity prices.

A provincial wide smoking ban was implemented on January 1, 2008 and continues to adversely impact traditional gaming centres in the province.

The new Stampede Casino opened June 19, 2008. Pre-opening costs for the new Stampede Casino are treated as operating costs and have resulted in some short term downward pressure on the Fund's earnings.

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

Quarterly Performance Summary

Quarterly Performance	2008		2007				2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	**13,545**	13,333	14,912	14,280	14,345	14,083	13,485	12,673
Expenses	**7,221**	7,033	7,605	7,347	7,239	7,079	7,144	6,486
EBITDA [1 2]	**6,324**	6,300	7,307	6,933	7,106	7,004	6,341	6,186
EBITDA %	**46.7%**	47.2%	49.0%	48.5%	49.5%	49.7%	47.0%	48.8%
Net earnings before minority interest	**5,586**	5,471	6,558	259	6,268	6,186	5,445	5,264
Net earnings % before minority interest	**41.2%**	41.0%	44.0%	1.8%	43.7%	43.9%	40.4%	41.5%
Net earnings per unit [3]	**$0.265**	$0.259	$0.311	$0.012	$0.297	$0.293	$0.258	$0.249

(in thousands of dollars unless stated otherwise)

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

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

3 Basic and fully diluted, all classes

A January 1, 2008 provincial wide smoking ban had an adverse impact on traditional gaming operators in the province and that of the Fund which continued into the Quarter. The opening of the new Stampede Casino in Calgary is putting some mild pressure on overall EBITDA margins.

Revenues

Total Revenue

Total Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total Revenue	**26,877.8**	28,428.3	(5.5%)	**13,544.8**	14,345.0	(5.6%)	13,333.0	1.6%

(in thousands of dollars unless stated otherwise)

Transitioning to a non-smoking environment has had an adverse impact on all gaming operators other than First Nations gaming operators since it came into effect on January 1, 2008. The Quarter includes ten and a half days of initial operations of the new Stampede Casino.

Hotel Rooming Revenue

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

Hotel - Rooming	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Rooming	**4,059.7**	4,281.5	(5.2%)	**1,989.3**	2,044.2	(2.7%)	2,070.4	(3.9%)
Occupancy	**75.2%**	80.7%	(5.4%)	**74.1%**	76.7%	(2.5%)	76.3%	(2.2%)
ADR	**$147.62**	$147.47	0.1%	**$146.55**	$148.53	(1.3%)	$148.65	(1.4%)

(in thousands of dollars unless stated otherwise)

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

Occupancy levels at Service Plus over the Period and during the Quarter respectively were down 9.5% and 5.0% respectively to 73% and 67% from the year earlier. Softening in the local economy and additional room capacity resulting from a number of new hotel projects is to blame. ADR's have remained relatively flat to down marginally.

The hotel at the Deerfoot Joint Venture had an exceptional Quarter with occupancy rising 4% over the same quarter in 2007. ADR's were higher by 8% to $172.50 when compared to Q2 2007.

Table Game Revenue

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

Table Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
General and High Limit	**3,058.8**	3,437.2	(11.0%)	**1,515.9**	1,682.3	(9.9%)	1,542.9	(1.7%)
Poker	**635.6**	540.2	17.7%	**305.5**	263.4	16.0%	330.1	(7.4%)
Caribbean Stud	**66.2**	104.4	(36.6%)	**28.9**	52.3	(44.8%)	37.3	(22.7%)
	3,760.6	4,081.8	(7.9%)	**1,850.3**	1,998.0	(7.4%)	1,910.3	(3.1%)

(in thousands of dollars unless stated otherwise)

Table Drop and Hold	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Drop	**30,368.0**	29,250.8	3.8%	**15,358.0**	14,800.2	3.8%	15,010.0	2.3%
Hold %	**17.8%**	19.7%	(1.9%)	**17.4%**	18.9%	(1.5%)	18.1%	(0.7%)

(in thousands of dollars unless stated otherwise)

Tables (# of)	at the end of Q2			vs. previous quarter	
	2008	2007	+(-)	Q1 2008	+(-)
All Others	**39.8**	33.0	6.8	35.4	4.4
Poker	**11.2**	9.2	2.0	9.2	2.0
Caribbean Stud	**1.2**	2.4	-1.2	1.4	(0.2)
	52.2	44.6	7.6	46.0	6.2

Net table revenue fell during the Quarter despite an increase in table Drop. Hold percentages on the tables declined significantly enough to negate the increase in table activity over the Quarter and are slightly below the average expected for the Period and Quarter. A shortage of experienced dealers and higher skilled players are factors. Poker activity, however, continues to grow at a steady pace. Results for the Quarter include eleven days of operations at the new Stampede Casino.

Boomtown Casino reported a 16.9% increase in table Drop year over year for the Quarter and a 2.6% increase in the Hold percentage over the same time period. This resulted in Net table revenues climbing by 37.0% for the Quarter over the same quarter in 2007. Poker rakes were also higher by 16.6% year over year for the Quarter.

Great Northern Casino reported a 5.3% reduction in table Drop year over year for the Quarter and a 1.4% decline in the Hold percentage over the same time period. This resulted in Net table revenues falling 11.8% for the Quarter over the same quarter in 2007. Poker rakes, however, were higher by 19.7% year over year for the Quarter.

The Deerfoot Joint Venture reported a 9.6% reduction in table Drop year over year for the Quarter and a 3.1% decline in the Hold percentage over the same time period. This resulted in Net table revenues falling 23.5% for the Quarter over the same quarter in 2007. Poker rakes were essentially flat year over year for the Quarter.

Total figures include eleven days of operations for the new Stampede Casino for which there are no year over year comparative results.

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 Statistics	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Cash Play	**930.1**	985.0	(5.6%)	**482.8**	515.4	(6.3%)	447.3	7.9%
Machines [1]	**1,205.6**	1,057.6	148.0	**1,205.6**	1,057.6	148.0	1,069.6	136.0

(in millions of dollars unless stated otherwise)

[1] At the end of the Period or Quarter

Slot Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Revenue	**10,720.8**	11,437.9	(6.3%)	**5,537.3**	5,952.1	(7.0%)	5,183.5	6.8%

(in thousands of dollars unless stated otherwise)

Overall results include the Fund's 20% participation in ten and a half days of operations at the Stampede Joint Venture. Slot revenues, fell year over year for the Quarter in concert with cash play.

Slot play was down 18.0% year over year for the Quarter at the Deerfoot Joint Venture. The Deerfoot Joint Venture is contending with a Calgary consumer that has become more cautionary in their discretionary spending which is broadly affecting many consumer industries. The Deerfoot Joint Venture and all other traditional gaming operators in the city are also being adversely impacted by a native gaming competitor that is still able to offer a smoking environment.

Slot activity was also down at Great Northern Casino by 16.7% year over year for the Quarter. Great Northern Casino is, however, beginning to show a modest recovery from the initial impact of the January 1, 2008 provincial non-smoking regulations.

Boomtown Casino has completely regained stride from the impact of a municipal non-smoking bylaw implemented in September 2007. Slot play and corresponding revenues set a new quarterly record for the property during the Quarter. Slot play during the Quarter rose 5.5% over the same period in 2007.

Food & Beverage ("F&B") Revenue

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

F&B Revenue	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Food & mix	**1,856.2**	1,893.5	(2.0%)	**958.8**	937.2	2.3%	897.4	6.8%
Liquor	**3,941.3**	4,205.2	(6.3%)	**1,942.9**	2,082.5	(6.7%)	1,998.4	(2.8%)
	5,797.5	6,098.7	(4.9%)	**2,901.7**	3,019.7	(3.9%)	2,895.7	0.2%

(in thousands of dollars unless stated otherwise)

The Stampede Joint Venture contributed ten and a half days of F&B revenues to the Quarter, but it was not enough to lift the overall Fund into positive territory. Consumers, province wide, appear to be pulling back on their discretionary F&B spending.

F&B revenues at Great Northern Casino were 13% lower year over year for the Quarter, a continuation of results posted in Q1.

Boomtown Casino recorded a marginal year over year decrease in F&B revenue for the Quarter of 2.1%, but remains higher year over year for the Period by 3.4%.

The Deerfoot Joint Venture F&B revenues were 4% lower for the Quarter year over year and 7% lower year over year for the Period.

Lease and Rental Revenue

Lease and rental revenue is derived predominantly from three leases in the Strip Mall as well as lease and rental revenues generated within the casinos from 3rd party providers of on-premise food services.

Lease & Rental	**Q2 (six months)**			**Q2 (three months)**			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**163.7**	159.3	2.8%	**79.5**	79.7	(0.2%)	84.2	(5.5%)

(in thousands of dollars unless stated otherwise)

All three tenants at the Strip Mall are nearing the end of their final renewal term of their leases. Current lease terms expire in Q4 2008 and Q1 2009. Management is currently negotiating new leases with existing tenants at market rates which have moved higher. Management believes these negotiations will be successful.

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	**Q2 (six months)**			**Q2 (three months)**			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**2,375.5**	2,369.1	0.3%	**1,186.5**	1,251.4	(5.2%)	1,189.0	(0.2%)

(in thousands of dollars unless stated otherwise)

Other revenues declined year over year for the Quarter due to substantially reduced cigarette sales resulting from the January 1, 2008 province wide smoking ban. ATM fees also declined following the pattern set by slot cash play.

Expenses

Total Expenses

Total Expenses	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**15,820.6**	15,974.2	1.8%	**7,958.6**	8,077.3	(1.5%)	7,862.0	1.2%
% of Revenues	**58.9%**	56.2%	4.3%	**58.8%**	56.3%	2.5%	59.0%	(0.2%)

(in thousands of dollars unless stated otherwise)

One time expenses associated with the Fund's graduation to the Toronto Stock Exchange (TSX) and pre-opening expenses for the Stampede Joint Venture resulted higher total expenses for the Quarter compared to one year earlier. Reduced economies of scale as a result of revenue pressure pushed up the ratio of overall expenses as a percentage of revenue.

Cost of Sales

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

Cost of Sales	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Food & Mix	**895.3**	916.4	(2.3%)	**454.8**	456.8	(0.4%)	440.4	3.3%
Liquor	**860.8**	931.4	(7.6%)	**425.7**	464.3	(8.3%)	435.1	(2.2%)
Other	**76.1**	169.4	(55.1%)	**38.9**	80.2	(51.5%)	37.2	4.5%
Total	**1,832.2**	2,017.2	(9.2%)	**919.4**	1,001.4	(8.2%)	912.8	0.7%

(in thousands of dollars unless stated otherwise)

Cost of Sales %	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Food & Mix	**48.2%**	48.4%	(0.2%)	**47.4%**	48.7%	(1.3%)	46.0%	2.2%
Liquor	**21.8%**	22.1%	(0.3%)	**21.9%**	22.3%	(0.4%)	21.8%	0.1%
Other	**51.7%**	64.1%	(12.4%)	**51.4%**	59.7%	(8.3%)	52.1%	(0.4%)

(in thousands of dollars unless stated otherwise)

Human Resources

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

Human Resources	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Operations	**6,100.8**	6,296.7	(3.1%)	**3,077.4**	3,250.5	(5.3%)	3,023.4	1.8%
General admin	**201.3**	216.6	(7.1%)	**87.4**	104.6	(16.4%)	113.9	(23.2%)
Trustee fees	**81.5**	71.5	14.0%	**43.5**	35.5	22.5%	38.0	14.5%
Management fees	**597.4**	639.7	(6.6%)	**301.7**	304.9	(1.0%)	295.7	2.1%
Total	**6,981.0**	7,224.5	(3.4%)	**3,510.0**	3,695.5	(5.0%)	3,470.9	1.1%
% of Revenues	**26.0%**	25.4%	0.6%	**25.9%**	25.8%	0.2%	26.0%	(0.1%)

(in thousands of dollars unless stated otherwise)

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

Staffing for operations is being monitored closely and continually adjusted to the revenue realities properties are dealing with. Non-essential positions have been eliminated at certain operations. Operations continue to realize some labour efficiency as a result of TITO implementations completed as late as March 2008. Offsetting some of the above efficiencies, year over year comparisons reflect upward wage adjustments and higher minimum wage rates implemented in the province.

Marketing and Promotions

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

Marketing	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**1,224.6**	1,050.7	16.5%	**672.5**	586.6	14.6%	552.1	21.8%
% of Revenues	**4.6%**	3.7%	0.9%	**5.0%**	4.1%	0.9%	4.1%	0.8%

(in thousands of dollars unless stated otherwise)

Substantial pre-opening marketing expenses for the Stampede Joint Venture were expensed during the later half of the Quarter resulting in an overall increase in the ratio of marketing expenses to overall revenues.

Promotional expenditures at all other Fund properties have been reviewed and scaled back where appropriate including the elimination of a loyalty program at Great Northern Casino. It was felt the loyalty program was not generating the required benefits and is being wound down to provide ongoing cost savings.

Operating Costs

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

Operating	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**3,160.9**	3,071.9	2.9%	**1,637.5**	1,550.2	5.6%	1,523.4	7.5%
% of Revenues	**11.8%**	10.8%	1.0%	**12.1%**	10.8%	1.3%	11.4%	0.7%

(in thousands of dollars unless stated otherwise)

Pre-opening expenses for the new Stampede Joint Venture were a significant contributor to an overall rise in operating costs and operating costs as a percentage of revenue.

All other properties are on programs to reduce discretionary operational spending in line with revenue expectations.

General and Administrative

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

General & Administration	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**1,055.2**	953.4	10.7%	**481.1**	405.0	18.8%	574.1	(16.2%)
% of Revenues	**3.9%**	3.4%	0.6%	**3.6%**	2.8%	0.7%	4.3%	(0.8%)

(in thousands of dollars unless stated otherwise)

Property tax increases, most prominent at Service Plus in Grande Prairie, and one time fees relating to the Fund's graduation to the Toronto Stock Exchange ("TSX") from the TSX Venture Exchange ("TSXV") pushed expenses higher for the Quarter and Period. All property tax assessments have been formally appealed and are proceeding through the appeal processes of their associated municipalities.

Interest

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

Interest	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**661.5**	549.1	20.5%	**358.0**	284.9	25.7%	303.5	18.0%
% of Revenues	**2.5%**	1.9%	0.5%	**2.6%**	2.0%	0.7%	2.3%	0.4%

(in thousands of dollars unless stated otherwise)

Interest costs are higher for the Quarter compared to the prior year and also compared to the prior quarter on higher outstanding loan balances. The Fund's loans are all at variable rates. Year over year, variable rates have fallen 1.5% helping to offset the cost of carrying larger loan balances.

The Fund incurred interest on a $15.0 million Limited Partnership loan for the full duration of the Quarter. This loan was originally established to provide the initial capital investment in Boomtown Casino and the Grande Prairie assets as well as working capital for initial operations. The loan includes a $9.0 million segment for scheduled repayment and a $6.0 million operating line. The $6.0 million operating line was used for the fund's investment in the Stampede Joint Venture. During Q2 2007 the outstanding balance of this loan averaged $7.25 million and in Q1 2008 averaged $10.15 million.

The Fund incurred interest on a $1.74 million loan balance from the start of the Quarter to maturity of the loan on June 8, 2008 at which time it was repaid in full. This loan was established as temporary financing for minority partners of the new Stampede Casino. The Fund received a promissory note from the Stampede Joint Venture in return. The promissory note earned interest at the same rate as the loan. This loan did not exist in the comparable period in 2007.

Interest was incurred on the Fund's Participating Interest Responsibility in a Deerfoot Joint Venture loan. The total outstanding balance of the loan at the end of the Quarter was $7.47 million.

The cost of interest on debt of the Stampede Joint Venture was capitalized during the period of construction to completion at the end of June 2008 as is not included in the above figures. The Fund's portion of interest capitalized during the Period totaled $42,000.

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 Period. Future tax expenses are a non-cash charge.

Future Tax	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Total	**(97.2)**	-	(100.0%)	**(121.1)**	-	(100.0%)	23.9	(607.4%)
% of Revenues	**(0.4%)**	0.0%	(0.4%)	**(0.9%)**	0.0%	(0.9%)	0.2%	(1.1%)

(in thousands of dollars unless stated otherwise)

The Fund's investment in the Stampede Joint Venture was the most significant reason for the adjustment to future taxes during the Quarter.

Net Earnings and Reconciliation of EBITA to Net Earnings

EBITA to Net Earnings	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
EBITDA	**12,623.9**	14,110.6	(10.5%)	**6,324.1**	7,004.3	(9.7%)	6,299.8	0.4%
Less:								
Amortization on property, plant and equipment	**1,002.5**	1,107.4	(9.5%)	**501.0**	553.7	(9.5%)	501.5	(0.1%)
Interest charges	**661.5**	549.1	20.5%	**358.0**	264.2	35.5%	303.5	18.0%
Future income tax expense	**(97.2)**	-	(100.0%)	**(121.1)**	-	(100.0%)	23.9	(607.4%)
Allocation to minority interest	**5,413.7**	6,097.6	(11.2%)	**2,735.0**	3,028.9	(9.7%)	2,678.6	2.1%
Net Earnings	**5,643.5**	6,356.5	(11.2%)	**2,851.2**	3,157.5	(9.7%)	2,792.3	2.1%
% of Revenues	**21.0%**	22.4%	(1.4%)	**21.0%**	22.0%	(1.0%)	20.9%	0.1%
Net earnings per unit[2]	**$0.524**	$0.590	($0.066)	**$0.265**	$0.293	($0.028)	$0.259	$0.006

(in thousands of dollars unless stated otherwise)

[2] Basic and fully diluted

Facilities

Capital Expenditures	Q2 (six months)			Q2 (three months)			vs. previous quarter	
	2008	2007	+(-)	**2008**	2007	+(-)	Q1 2008	+(-)
Maintenance	**195.1**	150.6	29.5%	**147.4**	103.1	43.0%	47.6	209.6%
Expansion	**11,444.1**	-	100.0%	**1,893.4**	-	100.0%	9,550.7	(80.2%)
	11,639.1	150.6	7628.5%	**2,040.8**	103.1	1879.4%	9,598.3	(78.7%)

(in thousands of dollars unless stated otherwise)

In addition to routine capital maintenance spending during the Quarter, capital expansion expenditures include the Fund's project to date Contributing Interest Responsibility in the Stampede Joint Venture construction project. The Stampede Joint Venture opened on June 19, 2008, but various project related expenses are still being finalized into the third quarter of 2008.

Financial Condition

Liquidity

Cash provided by operating activities for the Quarter totaled $5.1 million for the Fund, a decrease of 18% compared to $6.2 million in Q2 2007. At the end of the Quarter cash and cash equivalent balances totaled $12.9 million. Factors affecting the Fund's ability to generate cash in the near and longer terms were listed in the section 'Forward Looking Statements'. These factors are discussed in more specific terms in the section 'Business Risks and Outlook'. Management does not believe any of these factors will have an adverse affect on the Fund's ability to sustain current cash distributions with cash flow from operations for the foreseeable future.

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

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

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

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

The Fund has a 40% Participating Interest in the operating activities of the Deerfoot Joint Venture. During the Quarter the Fund received $1.48 million in cash distributions made by the Deerfoot Joint Venture.

The Fund has a 20% Participating Interest in the operating activities of the Stampede Joint Venture. The Stampede Joint Venture had ten and a half days of operations at the end of June which are included in the Quarter. These operations included significant pre-opening expenses which were charged to operating expenses of the Fund.

Commitments

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

The Fund has a 23.1% Contributing Interest Responsibility to the Stampede Joint Venture for any capital requirements. All known capital requirements of the Stampede Joint Venture have been satisfied. There were no requests for capital made by the Stampede Joint Venture during the Quarter.

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

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

The Stampede Joint Venture intends to enter into a management services agreement with 1016312 Alberta Ltd. Terms of the agreement have not yet been established, but are expected to be similar to those of the Deerfoot Joint Venture.

The Fund has certain commitments for equipment, services and premises rent including the Funds Participating Interest Responsibility in commitments of joint ventures. At June 30, 2008 these commitments were;

Operating Leases and service contracts	**2008**	**2009**	**2010**	**2011**	**2012**	**Thereafter**
Total	907,446	1,697,815	1,621,417	1,571,732	1,033,075	6,389,386

Distributable Cash from Operations

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

a) adding the following items: amortization on property, plant & equipment, future income tax expense and losses on dispositions of assets; and

b) Deducting the following items: future income tax credits, gains on dispositions of assets and capital maintenance expenditures.

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

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

<u>Distribution policy and practice</u>

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

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

Productive capacity

The Fund's assets are in land, land improvements, buildings, leasehold improvements, and furniture fixtures and equipment. Current productive capacity of the Fund consists of 123 guest rooms and 1 meeting room at Service Plus, the Fund's 40% Participating Interest in 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and lounge at the Deerfoot Joint Venture, the Fund's 20% interest in 1 banquet room, 1 showroom and 3 restaurants at the Stampede Joint Venture and ancillary amenities for all facilities. Also included in productive capacity are the Fund's interests in four gaming licenses, one each for Boomtown Casino, Great Northern Casino the Deerfoot Joint Venture and the Stampede Joint Venture. Together these licenses provide a revenue stream for the Fund from an equivalent 1,206 slot machines and 52 table games. The table below summarizes changes in productive capacity since inception of the Fund.

Year	Event	Gaming/ Entertainment Sq ft	Banquet/ Convention Sq ft	Guest Rooms	F&B Seating	Slots	Tables
	Inception of Fund	31,864	-	123	165	420	32
2003	Great Northern Casino Expansion	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	1
2008	AGLC adds slot machines					16	
	Stampede Joint Venture	19,200	480		60	120	6
	Current	96,344	9,680	198	430	1,206	52

Productive capacity maintenance

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

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

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

Annual capitalized costs for productive capacity maintenance should approximate $300,000 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.

Debt Strategy

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

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

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

Financing restrictions on distributions caused by debt covenants

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

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

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

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

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

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

<u>Working Capital</u>

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

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

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

Inventory levels and receivable targets vary by operation. Minimum targets include turning combined liquor and food inventories three times per month. Receivables are limited to hotel and banquet operations. Operations are expected to maintain a days sales outstanding (DSO) of not greater than 45 days. The Funds objective is to maintain the highest relationship with suppliers and remits all payables 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 Funds internal working capital requirements typically exceed that of MCNWCP.

Standardized Distributable Cash

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

Standardized Distributable Cash	**Q2 (six months)**		**Q2 (three months)**		
	2008	2007	**2008**	2007	Since Inception
Cash from operating activities (see Statements of Cash Flows)	**$ 11,404**	$ 13,283	**$ 5,086**	$ 5,799	$ 99,007
Less adjustment for:					
Capital expenditures	**195**	151	**147**	103	4,711
Financing restrictions caused by debt covenants	**562**	307	**349**	154	1,558
Standardized Distributable Cash	**$ 10,647**	$ 12,825	**$ 4,589**	$ 5,542	$ 92,738
Standardized Distributable Cash/unit [1]	**$ 0.5044**	$ 0.6076	**$ 0.652**	$ 0.788	$ 4.3936
Cash distributions	**$ 8,863**	$ 8,091	**$ 4,642**	$ 4,222	$ 93,328
Cash distributions/unit [1]	**$ 0.4199**	$ 0.3833	**$ 0.2199**	$ 0.2000	$ 4.4216
Payout ratio	**83.2%**	63.1%	**101.2%**	76.2%	100.6%

[1] Weighted average and fully diluted

(in thousands of dollars unless stated otherwise)

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

Adjusted Distribution Base (formerly Distributable Cash from Operations)	**Q2 (six months)**		**Q2 (three months)**		
	2008	2007	**2008**	2007	Since Inception
Standardized Distributable Cash	**$ 10,647**	$ 12,825	**$ 4,589**	$ 5,542	$ 92,738
Less adjustment for:					
Increased floats	**840**	-	**-**	-	3,120
Adjusted Distribution Base	**$ 9,807**	$ 12,825	**$ 4,589**	$ 5,542	$ 89,618
Adjusted Distribution Base/unit [1]	**$ 0.4646**	$ 0.6076	**$ 0.2174**	$ 0.2625	$ 4.2458
Cash distributions	**$ 8,863**	$ 8,091	**$ 4,642**	$ 4,222	$ 93,328
Cash distributions/unit [1]	**$ 0.4199**	$ 0.3833	**$ 0.2199**	$ 0.2000	$ 4.4216
Payout ratio	**90.4%**	63.1%	**101.2%**	76.2%	104.1%

[1] Weighted average and fully diluted

(in thousands of dollars unless stated otherwise)

2008 Distribution Summary				
Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	17-Jan-08	31-Jan-08	15-Feb-08	$0.0667
February	12-Feb-08	29-Feb-08	14-Mar-08	$0.0667
March	24-Mar-08	2-Apr-08	15-Apr-08	$0.0667
April	17-Apr-08	30-Apr-08	15-May-08	$0.0733
May	16-May-08	31-May-08	13-Jun-08	$0.0733
June	13-Jun-08	30-Jun-08	15-Jul-08	$0.0733
July	7-Jul-08	31-Jul-08	15-Aug-08	$0.0733
Total				$0.4932

Tax attributes of cash distributions to unit holders

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

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

Tax on Income Trusts

On June 12, 2007 Bill C-52 formalizing the Government of Canada's proposal to tax the distributions of income trusts became law. The new tax effectively treats income trusts as corporations for tax purposes beginning January 1, 2011. Distributions, under the rules, will first be taxed at the Fund level at a current rate of 31.5%. The net amount would then be distributable to unit holders and treated as dividends for tax purposes. As a result of the new tax, the Fund was required to recognize the future tax assets and liabilities expected to arise when the new tax becomes applicable. Future tax as a result of the new tax law was reported for the first time in Q3 2007. Future income tax assets and liabilities are based on temporary differences between the tax treatment of assets and liabilities of the Fund and the accounting treatment of these same assets and liabilities reported on the Fund's financial statements to the extent that these differences will exist at 2011. Based on its assets and liabilities at June 30, 2008 and the expected tax rate of 31.5% for 2011, the Fund has estimated a future tax liability of $2.57 million.

	Net Value (tax basis)	Net Value (accounting basis)	Temporary Differences
Plant and equipment	33,772,082	40,558,108	6,786,026

Capital Resources

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

The Fund has a 40% Participating Interest Responsibility in the debt facilities of the Deerfoot Joint Venture. The Deerfoot Joint Venture has a loan secured by its land and buildings. Interest on the loan floats at 1.0% above the CWB Prime Lending Rate. The loan is structured in two segments. The Fund's portion of the total outstanding balance of both segments of this loan is $7.5 million.

The Fund has a 20% Participating Interest Responsibility in the debt facilities of the Stampede Joint Venture. The Stampede Joint Venture has a demand construction loan with Bank of Montreal ("BMO") at the lenders prime rate plus 0.75%. The Stampede Joint Venture is currently taking advances on this loan to complete the construction of the new Stampede Casino. A construction take out loan has been arranged to supersede the construction loan on substantial completion of the project. A risk management facility has been arranged to facilitate interest rates swaps once the construction loan has been taken out. Interest on this loan is at the lenders prime rate. The Stampede Joint Venture has also arranged a revolving loan to provide working capital requirements to the new Stampede Casino. Interest on the revolving loan is at the lenders prime rate. The Fund's portion of the total outstanding balance of these loans is $6.3 million.

Term Loans

	June 30, 2008	December 31, 2007
Authorized Maximum Loan amounts		
Limited Partnership - Demand Note	-	9,000,000
Limited Partnership – Segment 1	9,000,000	-
Limited Partnership – Segment 2	6,000,000	-
Limited Partnership – 90 day note	-	-
Deerfoot Joint Venture - Segment 1	8,639,701	8,639,701
Deerfoot Joint Venture - Segment 2	800,000	800,000
Stampede Joint Venture – Revolver	1,400,000	-
Stampede Joint Venture – Risk Management	600,000	-
Stampede Joint Venture – Construction	7,000,000	-
	33,439,701	18,439,701
Outstanding balance		
Limited Partnership - Demand Note	-	5,300,000
Limited Partnership – Segment 1	8,773,891	-
Limited Partnership – Segment 2	6,000,000	-
Limited Partnership – 90 day note	-	-
Deerfoot Joint Venture - Segment 1	7,467,636	7,803,526
Deerfoot Joint Venture - Segment 2	-	-
Stampede Joint Venture – Revolver	-	-
Stampede Joint Venture – Risk Management	-	-
Stampede Joint Venture – Construction	6,347,083	-
	28,588,610	13,103,526

Advances (payments) during the calendar year		
Limited Partnership - Demand Note	(5,300,000)	3,300,000
Limited Partnership – Segment 1	8,773,891	-
Limited Partnership – Segment 2	6,000,000	-
Limited Partnership – 90 day note	-	-
Deerfoot Joint Venture - Segment 1	(335,890)	(593,631)
Deerfoot Joint Venture - Segment 2	-	-
Stampede Joint Venture – Revolver	-	-
Stampede Joint Venture – Risk Management	-	-
Stampede Joint Venture – Construction	6,347,083	-
	15,485,083	2,706,369
Interest rate		
Limited Partnership - Demand Note	-	7% (floating)
Limited Partnership – Segment 1	6.25% (floating)	-
Limited Partnership – Segment 2	6.25% (floating)	-
Limited Partnership – 90 day note	6.25% (floating)	-
Deerfoot Joint Venture - Segment 1	6.25% (floating)	7% (floating)
Deerfoot Joint Venture - Segment 2	6.25% (floating)	7% (floating)
Stampede Joint Venture – Revolver	5.25% (floating + standby fee)	-
Stampede Joint Venture – Risk Management	5.25% (floating + BA/COF)	-
Stampede Joint Venture – Construction	6% (floating)	-

The Fund provided an $11.46 million unsecured limited liability guarantee to the Deerfoot Joint Venture to indemnify it in the event the Deerfoot Joint Venture does not perform its contractual obligations. At June 30, 2008, the maximum potential liability under this guarantee was $8.3 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Deerfoot Joint Venture in regards to this guarantee. No specific assets have been provided as security.

The Fund provided an $11.4 million guarantee to the lender of the Stampede Joint Venture. The guarantee is limited to the Funds Participating Interest percentage in the Stampede Joint Venture. At June 30, 2008, the maximum potential liability under this guarantee was $11.4 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Stampede Joint Venture in regards to this guarantee. A hypothecation/pledge of the Fund’s shares in Calgary West hospitality Inc. was provided as security.

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

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

Financial Instruments

Fair value

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

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

Credit risk

The Fund, in the normal course of operations, monitors the financial condition of its customers. The Fund does not have significant exposure to any individual customer or counterparty. The Fund establishes an allowance for doubtful accounts that corresponds to the credit risk of its specific customers, historical trends or economic circumstances.

Interest rate risk

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

Exchange rate risk

The Fund is exposed, in its normal course of operations, to exchange rate risk from foreign exchange rate fluctuations. Accounts subject to exchange rates are recorded at the exchange rate as at June 30, 2008 which may differ when the accounts are settled. Any differences in the settled amounts are recorded as part of sales, cost of sales or expenses.

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

Industry risk

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

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

Related Party Transactions

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

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

- The Fund recorded $387,459 of management services expenses during the Period which are included in Human resources expenses. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization. At the end of the Period $29,882 remained in accounts payable. As

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

- The Fund recorded $42,063 of charter aircraft rental expenses during the Period which are included in operating expenses. Travel to the Fund's operational centers of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers.

- The Fund recorded a net $124,225 of repairs & maintenance and other expenses during the Period which are included in Operating expenses. Amounts represent reimbursements for costs paid on behalf of the Fund. At the end of the Period $25,696 remained in accounts payable. .At the end of the Period $40,464 remained in due to/from accounts. The Fund often makes use of related party resources when it is not cost effective to bear the full time cost of these resources.

- The Fund recorded $24,942 of cash distributions during the Period on Fund Units which are included under Fund unit holders' equity. At the end of the Period $4,354 remained in Unit holder distributions payable.

- The Fund recorded $3,087,016 of cash distributions during the Period on Class B Limited Partnership Units which are included under Minority unit holders' equity. At the end of the Period $674,609 remained in Unit holder distributions payable.

- The Fund recorded $306,000 of cash distributions during the Period to joint venture partners which are included under Fund unit holders' equity. Amounts represent the Fund's portion of joint venture surplus cash paid to joint venture partners.

- The Fund recorded $26,000 in trustee fees during the Period which are included in Human resources expenses. At the end of the Period $7,500 remained in accounts payable.

- The Fund recorded $47,049 of reductions to expenses during the Period which are included under operating expenses. Amounts represent reimbursement for expenses paid by the Fund. Resources of the Fund are charged back to related parties when devoted to related party activities.

The Fund recorded $146,201 of cash distributions during the Period on Fund Units to other trustees which are included under Fund unit holders' equity. At the end of the Period $25,500 remained in Unit holder distributions payable.

The Fund recorded $55,500 in trustee fees during the Period paid to other trustees or companies controlled by other trustees of the Fund which are included under Human resources expenses. At the end of the Period $27,500 remained in accounts payable.

The Fund recorded $79,290 in professional fees during the Period paid to companies controlled by other trustees of the Fund which are included under operating expenses.

The Fund recorded $79,002 of cash distributions during the Period on Fund Units to other officers which are included under Fund unit holders' equity. At the end of the Period $13,791 remained in distributions payable.

The Fund recorded $289,731 of cash distributions during the Period on Class B Limited Partnership Units to other officers which are included under Minority unit holders' equity. At the end of the Period $50,577 remained in Unit holder distributions payable.

The Fund recorded $105,000 of management services expenses during the Period to other officers which are included under Human resources expenses. The Fund's entered into a management services contract with the Chief Operating Officer of the Fund. Formerly the Chief Operating Office was compensated by salary.

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

Outstanding Share Data

Fund Units

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

Fund Units						
	June 30, 2008			**December 31, 2007**		
	Units		**$'s**	**Units**		**$'s**
Balance at beginning of period	10,773,153	$	32,133,482	10,773,153	$	34,758,310
Net earnings			5,643,505			9,836,119
Distributions to Fund Unit holders			(4,523,647)			(12,460,947)
Balance at end of period	10,773,153	$	33,253,340	10,773,153	$	32,133,482

Minority Interest Class B Partnership Units

The Limited Partnership is authorized to issue an unlimited number of Class B Limited Partnership Units ("B Units"). During the Quarter, the B Units of the Fund were split 3 for 1. There were no other changes in the number of B Units issued or outstanding during the Quarter. B Units of the Fund are convertible into Trust Units on a one for one basis at the discretion of the holder.

Minority Interest, Class B Limited Partnership Units						
	June 30, 2008			**December 31, 2007**		
	Units		**$'s**	**Units**		**$'s**
Balance at beginning of period	10,334,400	$	33,065,390	3,444,800	$	35,583,320
Minority interest earnings allocation			5,413,665			9,435,528
Distributions to minority interest unit holders			(4,339,416)			(11,953,458)
Balance at end of period	10,334,400	$	34,139,639	3,444,800	$	33,065,390

Business Risks, Opportunities and Outlook

Economic Outlook

Alberta, with its strong resource base and strength in commodity prices, is in an enviable position to ride out uncertainty in the North American and world market places. Our near term horizon is adversely impacted by uncertainty in the health of the North American economies and volatility in the commodity markets.

Government Regulation

The Alberta Government's recent changes to royalty rates in the energy sector have prompted a significant amount of oil and gas activity to move to Northwestern BC and Saskatchewan.

Stampede Casino

On June 19, 2008 Calgary West Hospitality Inc. ("Hospitality Inc.") opened the new Stampede Casino in downtown Calgary. The Fund is responsible for a Contributing Interest Responsibility of approximately 23.1% which entitles the Fund to receive a 20% Participating Interest in the revenues, expenses, assets and liabilities of the Stampede Joint Venture. The new casino has a highly desirable location on the grounds of the Calgary Exhibition & Stampede with exposure to substantial foot traffic year round.

Taxation

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

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

Competition

Grande Prairie continues to add hotel rooming capacity with an expected 600 new rooms opening between summer and fall of 2008. To this point our Service Plus operation in Grande Prairie has boasted a favourable share of a reduced market. The additional room capacity may put pressure on rates and occupancy towards the end of the year. Grande Prairie is also home to a small horse racing facility that also operates a small number of slot machines. This operation has had a dilutive effect on growth at our Great Northern Casino.

A new First Nations casino opened on the western edge of Calgary on December 23, 2007. The casino, situated on the Tsuu T'ina First Nation reserve, is not subject to the new Alberta provincial smoking ban that came into effect January 1, 2008. This First Nations casino is enjoying the benefits of this exemption at the expense of all other casino operations in the city. The Fund is working through its membership in Alberta

Charitable Casino Operators to appeal to government regulators to level the playing field for all casino operators in the area of smoking and other areas.

The new Stampede Casino is located within blocks of an existing traditional casino operation in Calgary. Operating with competition in such close proximity will pose a new and unique challenge for management. The Fund's business model which focuses on the social occasional gamer by offering live entertainment and numerous quality eating amenities differentiates this new property from the nearby competition.

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

Non-smoking

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

Alberta's new Tobacco Reduction Act took effect January 1, 2008. The Act prohibits smoking within a specified distance from the windows, doorways and air intakes of public places to protect indoor air quality. The negative affects of the new bylaw have been felt in varying degrees by all gaming facility operators in the province not operating on First Nation reserves. Smoking bans are proven to have an immediate adverse impact on gaming activities. This impact diminishes over periods from six to twelve months. Our experience with the implementation of non-smoking at Boomtown Casino in Ft. McMurray gives us optimism that the negative effects can be erased in a relatively brief period. All of the initial reduction to gaming activity at Our Boomtown Casino has been recovered and the property is back on a growth track once again.

Ticket In Ticket Out (TITO)

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

Additional Information

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