



GAMEHOST INC. – Update  
November 27, 2014

## Highlights

- Organized as an Income Trust – June 2003
- Conversion to a corporation - December 31, 2010
- \$177.8M or \$8.3671 per share distributed since inception
- 544% return on original investment of \$3.33 per share (at March 31, 2013)
- Current Dividend of \$0.0733 per share paid monthly (6.7% yield at March 31, 2013)
- Low risk, “utility like” cash flow
- Portfolio of recently developed, expanded or upgraded assets



## Reasons Gamehost should be in your portfolio

- ✓ Low-risk organic growth
- ✓ Sustainable, high yield dividend rate
- ✓ Stable, diversified revenue base
- ✓ 100% Alberta investment with oil sands exposure
- ✓ 'Hands on' management with significant ownership interest (39.6%)
- ✓ Highly supportive regulatory environment/Significant barriers to entry
- ✓ High quality assets in premier locations with minimal Capex requirements
- ✓ Solid financial performance

## Low-risk organic growth

- No expected changes to competitive environment with capacity to grow
  - Boomtown Casino - Monopoly market.
    - 2014 revenues at pre-recession 2008 record revenues.
    - Exploring potential for redevelopment and expansion with landlord.
  - Great Northern Casino - Near monopoly market.
    - 2014 revenue nearing pre-recession 2007 record revenues.
  - Service Plus – Competitive market, but AAA location
    - 2014 revenue exceeds pre-recession 2007 record revenues.
    - Operating at near capacity
  - Deerfoot Inn & Casino – Unique SE Calgary market
    - 2014 revenue approx. 8% below pre-recession 2007 record revenue.
    - Fastest growing quadrant of the city
    - South Health Campus, Quarry Park
- Low cost general and administrative expenses at 4% of operating revenue



## Sustainable, High Yield Dividend

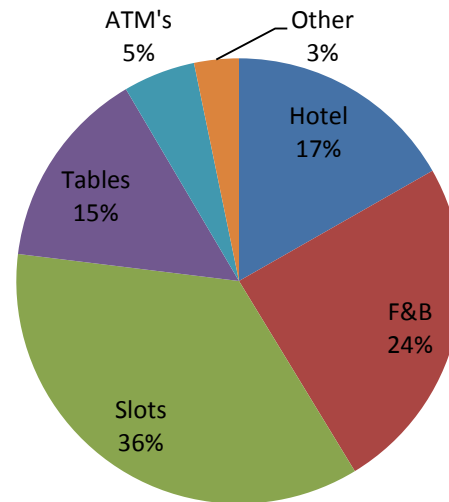
- Assertions based on:
  - Conservative annual 2% topline growth and 1% EBITDA growth through 2015
  - Minimal debt service costs on \$22M in traditional debt and \$13M in convertible debentures maturing July/15
  - Planned \$9.0M NCIB (12 months ended April 2014) using revolving debt.
  - Known tax deferrals and estimated tax installments



## Notes - Sustainable, High Yield Dividend

	per share	total paid	Paid as:
<u>since inception</u>	<u>8.3671</u>	<u>\$ 177,846,052</u>	
2003	0.2683	\$ 5,663,860	Income
2004	0.5733	\$ 12,101,664	Income
2005	0.6767	\$ 14,282,778	Income
2006	0.9267	\$ 19,559,666	Income
2007	1.1567	\$ 24,414,405	Income
2008	1.0271	\$ 21,679,568	Income
2009	0.8796	\$ 18,566,204	Income
2010	0.8796	\$ 18,566,204	Income
2011	0.8796	\$ 18,639,039	Dividend
2012	0.8796	\$ 19,348,736	Dividend
2013 Q1	0.2199	\$ 5,023,930	Dividend

## Stable, diversified revenue base



- Operations cater to local markets
  - Not destination based casinos, so more stable in market downturns
  - Proximity to local population is key
- Non-casino operations account for approximately 50% of revenues
  - Gamehost's model is to attract the 'social occasional gamer' through live entertainment and other non-gaming offerings

## 100% Alberta investment with exposure to the oil sands

- Alberta is expected to lead Canadian economic growth through 2012
- Operations across Alberta in Calgary, Grande Prairie and Fort McMurray
- Oil sands
  - Canada's has the 3<sup>rd</sup> largest proven oil reserves in the world
    - 97% of these reserves are contained in oil sands
    - 54% of Canada's total oil production (2010)
    - Secure, 'friendly' source of North American supply
  - Canada's economic engine
    - Contributes twice as much as the auto industry to Canada's GDP
    - Thousands of direct and indirect jobs created
    - Production projected to grow from 1.5Mbpd to 4.7Mbpd by 2025





## 'Hands on' management with significant ownership interest

• David Will, Chairman of the Board, President and CEO	25.1%
• Darcy Will, Director, Vice President and Secretary	14.5%
• Elston Noren, COO	3.7%
• Craig Thomas, CFO	0.1%
• Other directors/insiders	<u>1.4%</u>
	<u>44.8%</u>

## Seasoned entrapaneurial management

- David Will, Chairman of the Board, President and CEO since inception
  - Hotelier for 40+ years
  - Founder of Service Plus Inns & Suites
  - Real estate development and self constructed assets
- Darcy Will, Director, Vice President and Secretary since inception
  - Owner/operator of liquor stores
  - Owner/operator of bingos
  - Owner/operator of casinos
  - Real estate development and self constructed assets
- Elston Noren, COO since inception
  - Partner of Darcy Will for 30+ years
- Craig Thomas, CFO since 2004
  - CMA, 30 years

## Highly Supportive Regulatory Environment

- Significant regulatory barriers to new entrants
  - Disclosure and background checks
  - Gaming management experience
  - Requirement for community support
- Alberta Gaming and Liquour Commission (AGLC)
  - Committed to the success of current facilities and operators
  - Careful management of demand/supply
    - Denied 2<sup>nd</sup> application for a casino in Grande Prairie in 2004
  - Currently a moratorium on new casino developments.
  - Licenses are issued for 3 years

## Recently Developed Assets, Premier Locations, Requiring Minimal Capex

- Assets
  - Recently constructed or significantly expanded/upgraded within the 5 years
  - High visibility, excellent access sites from major thoroughfares with ample parking
- Maintenance Capex
  - Average annual maintenance capex of \$440K over the past 5 years expected to increase to \$600K/year
  - Electronic gaming equipment is owned and operated by the Alberta Gaming and Liquor Commission (AGLC).
- Average annual R&M, excluding custodial, of \$950K or 1.2% of revenue

## Deerfoot Inn & Casino - Calgary



<p>Deerfoot Inn &amp; Casino in Calgary, AB New in Nov 2005, major refurbishment in 2010</p>	<p>Full service casino, hotel, convention centre</p>	<p>767 slots, 3 VLT's, 26 tables including private high limit room, 8 table poker room, 400 seat showroom, Wildhorse Pub, Saddle Bar, Sushi Kiosk, hotel with 188 guest rooms, pool, waterslide, Mohave Grill restaurant, Cactus Lounge, 12 conference/banquet rooms</p>	<p>250,000 sq.. ft..</p>	<p>Owned 91%</p>
--	--	--	------------------------------	------------------

## Great Northern Casino, Service Plus Inns & Suites, Retail Strip – Grande Prairie



Great Northern Casino - Grande Prairie, AB – Major refurbishment 2006	Casino, food & beverage services, live entertainment, banquet room	419 slots, 5 VLT's, 15 tables, 3 table poker room, 100 seat banquet room, Jokers Café, 145 seat Platinum Lounge and Showroom, 45 seat piano bar	30,864 sq. ft.	Owned
Service Plus Inns & Suites in Grande Prairie, AB - Major refurbishment 2010	Limited service hotel	123 guest rooms, 40 seat meeting room, 24 seat breakfast room, pool, waterslide		Owned
Retail Strip Mall in Grande Prairie, AB	Retail strip mall leasing space to a restaurant, pub and liquor store	2 leases with 5 year lease terms expire 2014 each with 2 additional 5 year renewal terms	10,530 sq. ft.	Owned

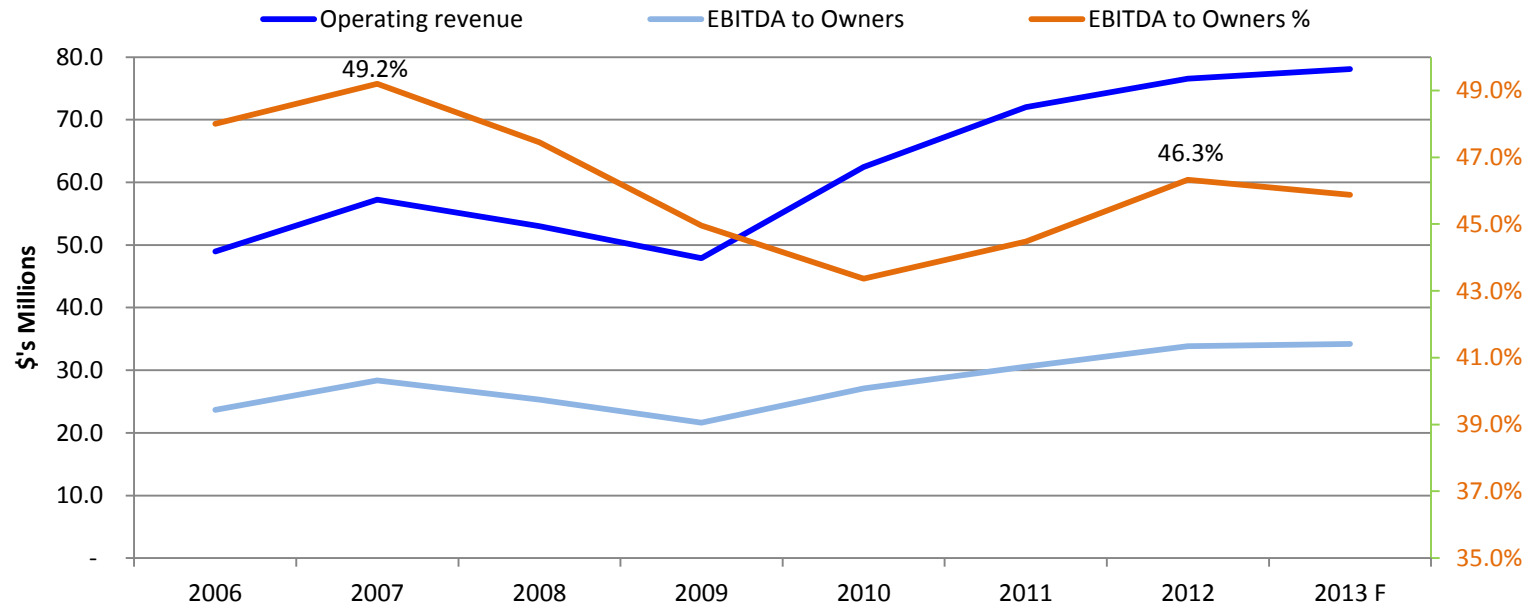
## Boomtown Casino – Fort McMurray



Boomtown Casino - Fort McMurray, AB Major expansion - 2006	Casino, food & beverage services, live entertainment	450 slots, 10 tables, 3 tables poker room, Clearwater Café, 145 seat lounge and Showroom.	23,512 sq. ft.	Leased to 2020 2 - 5 year renewal options
---	---	---	-------------------	--

# Solid Financial Performance

## Gamehost Inc.



- EBITDA preserved through cost control beginning 2008
- Acquisition of additional 51% of Deerfoot - April 30, 2010
- Lower EBITDA % 2010 thru 2011 the result of Deerfoot dilution
- 2013 Forecast based on conservative 2% topline and 1% EBITDA growth





# Income Statement

Consolidated statement of profit							
(In Canadian dollars)	2007	2008	2009	2010	2011	2012	2013 F
Operating revenue	57.2	53.0	47.9	62.4	72.0	76.6	78.1
Cost of sales	(28.7)	(27.8)	(25.7)	(33.8)	(39.8)	(40.8)	(41.6)
Gross profit	28.5	25.2	22.1	28.7	32.2	35.7	36.5
Other income	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Administrative expenses	(6.3)	(2.3)	(2.6)	(4.9)	(5.6)	(5.2)	(5.0)
Profit from operating activities	22.4	23.0	19.7	24.1	26.8	30.8	31.7
Other gains (losses)	-	-	-	27.1	0.0	(0.1)	-
Finance income	0.2	0.2	0.0	0.1	0.1	0.1	0.1
Finance costs	(1.1)	(1.2)	(5.4)	(12.6)	(5.6)	(4.1)	(3.6)
Fair value changes to Class B limited partnership units	-	-	-	(23.3)	-	-	-
Profit before income taxes	21.5	22.0	14.4	15.3	21.3	26.7	28.1
Income tax expense	(2.2)	0.4	0.3	(0.6)	(5.3)	(5.2)	(6.8)
Profit attributable to:							
Owners of the Company	19.3	22.4	14.6	13.9	14.9	20.1	20.0
Non-controlling interest	-	-	-	0.8	1.2	1.4	1.4
Profit for the period	19.3	22.4	14.6	14.7	16.0	21.5	21.3
Weighted average shares o/s	21.1	21.1	21.1	21.1	21.2	21.9	21.9
Earnings per share	\$0.91	\$1.06	\$0.69	\$0.66	\$0.70	\$0.92	\$0.91
EBITDA to Owners	28.4	25.3	21.6	27.1	30.6	33.9	34.2
EBITDA to Owners %	49.2%	47.5%	45.0%	43.4%	44.5%	46.3%	45.9%

## Debt

Gamehost Inc.	2010	2011	2012	2013 F
GLP	12.6	11.3	10.0	8.6
revolver	-	4.0	-	9.0
DFIC	12.7	11.7	10.6	9.6
Demand debt	25.3	26.9	20.5	27.2
Debentures	55.0	49.8	31.7	18.1
Total Debt	80.3	76.7	52.2	45.3
EBITDA	31.5	31.9	35.3	35.7
Debt : EBITDA	2.5 : 1	2.4 : 1	1.5 : 1	1.3 : 1

- Assumes a \$9.0M NCIB program April/13 to April/14



## Payout Ratio

Gamehost Inc. - Dividend Payout Ratio			
<u>YTD</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
EBITDA to Owners	30,589,693	33,854,182	34,192,724
Adjustments (excl NCI)			
Principal on demand debt	(2,398,614)	(2,301,884)	(2,355,828)
Interest on demand debt	(967,117)	(891,017)	(814,917)
Accrued interest on debentures	(3,354,189)	(2,515,041)	(1,209,375)
Taxes	(5,301,001)	(5,184,063)	(6,800,000)
NCIB repurchases	(5,446,935)	(1,967,600)	(9,000,000)
Capex	(295,028)	(451,834)	(1,100,000)
Cash available for dividend distribution	12,826,809	20,542,743	12,912,604
Dividends declared	18,632,856	19,348,733	20,228,333
Dividend payout ratio	145.3%	94.2%	156.7%
Dividend payout ratio w/o NCIB	102.0%	86.0%	92.3%



# Operating Metrics

<b>Operating Information</b>						
<i>(In millions unless stated otherwise)</i>						
	2012	2011	2010	2009	2008	2007
<b>Casino</b>						
Average # of Slot Machines	1608	1608	1453	1094	1082	1058
Total Slot Win	178.3	171.4	151.5	125.2	141.2	155.3
Average Slot Machine Win/Day	\$ 303.37	\$ 292.11	\$ 281.2	\$ 313.58	\$ 356.65	\$ 402.06
Operator % of Slot Win	15%	15%	15%	15%	15%	15%
<b>Table Games</b>						
Average # of Tables	51	51	46	35	35	35
Total Table Drop	94.5	86.4	90.5	57.7	58.3	60.7
Table Hold %	17.8%	17.9%	17.7%	18.3%	18.3%	21.5%
Operator % of Table Hold	50% to 65%	50% to 65%	50% to 65%	50% to 65%	50% to 65%	50% to 65%
<b>Poker</b>						
Average # of Poker Tables	16	16	14	9	9	9
Total Poker Rake	2.1	2.0	<i>nmf</i>	1.7	1.7	1.5
<b>Hotel</b>						
Average # of Rooms	311	311	273	198	198	198
Average Daily Rate (ADR)	\$ 153.39	\$ 151.84	\$ 146.07	\$ 146.08	\$ 151.35	\$ 149.40
Occupancy	73.4%	68.6%	68.1%	62.1%	76.0%	79.3%