



BOYD GROUP INCOME FUND

INTERIM REPORT TO UNITHOLDERS
Third Quarter and Nine Months Ended September 30, 2019

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INTERIM REPORT TO UNITHOLDERS

Third Quarter and Nine Months Ended September 30, 2019

To our Unitholders,

During the third quarter of 2019, the Fund once again achieved meaningful year-over-year growth, with revenue of \$567.0 million and Adjusted EBITDA¹ of \$50.7 million. Our growth remains on track to reach our long term goal of doubling the size of the business based on revenues on a constant currency basis during the five-year period ending in 2020.

On January 1, 2019, the Fund adopted IFRS 16, *Leases*. The new standard has brought most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. The adoption of this standard had a significant impact on the consolidated statement of financial position, through recognition of right of use assets of \$452.9 million and lease liabilities of \$488.0 million. In the third quarter of 2019, the Fund recorded a \$26.7 million decrease in operating expenses, as well as a \$22.7 million increase in depreciation expense and a \$5.7 million increase in finance costs as a result of the adoption of the new standard. Notwithstanding the adoption of IFRS 16, *Leases*, the Fund has continued to report Adjusted EBITDA¹ and Adjusted net earnings¹ on a pre-adoption of IFRS 16, *Leases* basis in 2019 to provide for comparability to the prior year's results.

Total sales in the third quarter of 2019 were \$567.0 million, a 23.4% increase over the \$459.6 million achieved in the same period of 2018. The increase in sales was largely the result of contributions from new locations, along with same-store sales growth of 3.3%. After adjusting for one additional selling/production day in the U.S. and Canada, same-store sales increased 1.7% on a days adjusted basis.

Adjusted EBITDA¹ grew to \$50.7 million, or 8.9% of sales, compared with \$41.2 million, or 9.0% of sales in the same period of 2018. Contributions from new locations and modest same-store sales growth were offset by a slight reduction in gross margin percentage. Operating expenses had a modest improvement of 0.1% or 10 basis points. As previously stated, for 2019 reporting we have chosen to adjust out the impact of IFRS 16 in reporting our Adjusted EBITDA for comparative purposes. Beginning in Q1 2019, we will no longer be adjusting out the impact of IFRS 16. Had we chosen to include the impact of IFRS 16 in calculating Adjusted EBITDA for Q3, Adjusted EBITDA would have been \$77.4 million or 13.7% of sales.

The Fund had net earnings of \$14.8 million in the third quarter of 2019, compared to \$16.6 million in the same period of 2018. Impacting net earnings were fair value adjustments to financial instruments as a result of unit price increases during the period as well as acquisition and transaction costs (net of tax). The net earnings amount in the third quarter of 2019 was also negatively impacted by the adoption of IFRS 16, *Leases* which reduced net earnings by \$1.2 million. After adjusting for these items, Adjusted net earnings¹ for the third quarter of 2019 was \$21.9

¹ EBITDA, Adjusted EBITDA, distributable cash, Adjusted distributable cash, Adjusted net earnings and Adjusted net earnings per unit are not recognized measures under International Financial Reporting Standards ("IFRS"). Management believes that in addition to revenue, net earnings and cash flows, the supplemental measures of distributable cash, Adjusted distributable cash, Adjusted net earnings, Adjusted net earnings per unit, EBITDA and Adjusted EBITDA are useful as they provide investors with an indication of earnings from operations and cash available for distribution, both before and after debt management, productive capacity maintenance and non-recurring and other adjustments. Investors should be cautioned, however, that EBITDA, Adjusted EBITDA, distributable cash, Adjusted distributable cash, Adjusted net earnings and Adjusted net earnings per unit should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Fund's performance. Boyd's method of calculating these measures may differ from other public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how the Fund's non-GAAP measures are calculated, please refer to the Fund's MD&A filing for the period ended September 30, 2019, which can be accessed via the SEDAR Web site (www.sedar.com).

million or 3.9% of sales. This compares to Adjusted net earnings¹ of \$20.4 million or 4.4% of sales in the same period of 2018. This translated into Adjusted net earnings¹ of \$1.10 per unit, compared to \$1.04 in the same period of 2018. Adjusted net earnings was impacted by increased finance costs based on additional borrowing under the credit facility to fund acquisitions as well as increased tax expense as a result of adjustments related to the completion and filing of U.S. tax returns in the third quarter of 2019.

In the third quarter of 2019, we generated Adjusted distributable cash¹ of \$20.6 million and paid distributions and dividends of \$2.7 million, resulting in a payout ratio based on Adjusted distributable cash¹ of 13.2%. This compares with Adjusted distributable cash¹ of \$7.9 million and distributions and dividends paid of \$2.6 million, resulting in a payout ratio of 33.2% in the same period of the prior year. Maintaining a conservative payout ratio continues to be a priority to ensure that we have the resources to take advantage of the significant consolidation opportunities in our industry. However, based on our continued growth, the strength of and confidence in our business, subsequent to the quarter end, the Fund announced a distribution increase of 2.2% to 55.2 cents per unit annualized, up from 54 cents per unit.

With respect to the balance sheet at September 30, 2019, the Fund held total debt, net of cash, of \$895.0 million, compared to \$804.3 million at June 30, 2019, \$809.6 million at March 31, 2019, \$232.1 million at December 31, 2018 and \$182.2 million at September 30, 2018. Total debt was significantly impacted in 2019 by the adoption of the new leasing standard under IFRS. Excluding the lease liabilities of \$517.7 million at September 30, 2019, debt, net of cash, would have been \$377.3 million. The increase from December 31, 2018 is the result of acquisition activity in 2019.

Cash flow from operations, before considering working capital changes, was \$70.1 million for the three months ended September 30, 2019 compared with \$34.9 million for the same period of 2018. The increase reflects the reduced operating expenses associated with the adoption of IFRS 16, *Leases* as lease payments are reflected as financing activities, as well as higher Adjusted EBITDA. Management believes that the Fund's capital resources are sufficient to meet growth, working capital, capital expenditure and distribution requirements.

During the third quarter of 2019, the Fund announced a proposed conversion from an income trust to a corporate structure effective January 1, 2020 pursuant to a plan of arrangement. If approved, Fund unitholders would receive one publicly traded common share of the new corporation (Boyd Group Services Inc.) for each Fund unit held by the unitholder, subject to unitholder approval at a Special Meeting of unitholders, to be held on December 2, 2019.

The benefits of the proposed conversion from an income trust to a corporate structure have been outlined in detail in the Information Circular that was mailed to all unitholders of the Fund in October 2019, which is also available on SEDAR as well as the Fund's website at www.boydgroup.com. The benefits of the proposed conversion include removal of the non-Canadian ownership restriction, as well as adopting a public company structure that is more typical, more easily understood and therefore more accepted by global investors and capital markets. For these reasons, we believe that under a more typical corporate structure, we should enjoy an expanded shareholder base, contributing to greater liquidity and maximization of value. After due consideration of available information and advice, and after considering their duties and responsibilities to the unitholders and the Fund, the Trustees unanimously concluded that the Arrangement is in the best interests of the Fund and fair to unitholders, and resolved to recommend that unitholders vote in favour of the Arrangement.

We are also pleased to report that, in the third quarter of 2019, the Fund was named to the inaugural TSX30, a flagship program recognizing the 30 top-performing TSX stocks over a three-year period based on dividend-adjusted share price appreciation.

We remain confident in our ability to achieve our long term goal of doubling our business by 2020, compared to 2015 on a constant currency basis. We are well-positioned to take advantage of the industry trends of consolidation and have ample "dry powder" with over \$250 million in cash and availability in our credit facility to act on opportunities. As well, the WOW Operating Way continues to be an important and successful component of our operating model that represents our key to continuous improvement and sustainable operating performance.

As I report this quarter, my last in my role of CEO, I want to once again reiterate my highest level of confidence in Tim O'Day, my successor and incoming CEO in January 2020. I look forward to Tim's leadership, along with our highly talented and experienced senior leadership team, continuing to drive our growth and success into the future, and I look forward to continuing to be part of our team as Executive Chair and Board Member.

On behalf of the Trustees of the Boyd Group Income Fund and Boyd Group employees, thank you for your continued support.

Sincerely,








(signed)

Brock Bulbuck
Chief Executive Officer

Management’s Discussion & Analysis

OVERVIEW

Boyd Group Income Fund (the “Fund”), through its operating company, The Boyd Group Inc. and its subsidiaries (“Boyd” or the “Company”), is one of the largest operators of non-franchised collision repair centers in North America in terms of number of locations and sales. The Company currently operates 667 locations in North America. These locations operate in five Canadian provinces under the trade name Boyd Autobody & Glass and Assured Automotive, as well as in 27 U.S. states under the trade name Gerber Collision & Glass. The Company uses newly acquired brand names during a transition period until acquired locations have been rebranded. The Company is also a major retail auto glass operator in the U.S. with operations across 34 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates a third party administrator, Gerber National Claims Services (“GNCS”), that offers glass, emergency roadside and first notice of loss services. GNCS has approximately 5,500 affiliated glass provider locations and 4,600 affiliated emergency roadside services providers throughout the U.S. The following is a geographic breakdown of the collision repair locations, including intake centers, and trade names.

 48 locations	 537 locations	
Alberta 15 Manitoba 15 British Columbia 14 Saskatchewan 4	Illinois 64 Florida 62 Michigan 58 New York 37 Washington 36 Indiana 31 Georgia 29 North Carolina 29 Ohio 28 Arizona 24 Colorado 19 Wisconsin 17 Texas 14 Louisiana 13	Oregon 12 Maryland 10 Tennessee 9 Alabama 7 Nevada 7 Pennsylvania 7 Missouri 5 Oklahoma 5 Utah 5 South Carolina 4 Kentucky 3 Idaho 1 Kansas 1
 82 locations		
Ontario 82		AUTO GLASS SERVICE
		
		
		
<i>The above numbers include 34 intake locations.</i>	<i>The above numbers include 16 intake locations and two fleet locations co-located with collision repair centers.</i>	

Boyd provides collision repair services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company’s revenue being derived from insurance-paid collision repair services. In Canada, government-owned insurers operating in Manitoba, Saskatchewan and British Columbia dominate the insurance-paid collision repair markets in which they operate. In the U.S. and Canadian markets other than Manitoba and Saskatchewan, private insurance carriers compete for consumer policyholders, and in many cases significantly influence the choice of collision repairer through Direct Repair Programs (“DRP’s”).

The Fund’s units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN.

The following review of the Fund's operating and financial results for the three and nine months ended September 30, 2019, including material transactions and events up to and including November 12, 2019, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 as well as the annual audited consolidated financial statements, management discussion & analysis ("MD&A") and annual information form ("AIF") of Boyd Group Income Fund for the year ended December 31, 2018, as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

On January 1, 2019, the Fund adopted IFRS 16, *Leases* using the modified retrospective approach. The new standard has brought most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases. The adoption of this standard had a significant impact on the consolidated statement of financial position, through recognition of right of use assets of \$452.9 million and lease liabilities of \$488.0 million. During 2019, the Fund will recognize a decrease in operating expenses, as well as increases in depreciation expense and finance costs as a result of the adoption of the new standard.

On January 31, 2019, the call option transaction to acquire the 30% non-controlling interest in Glass America LLC held by GAJV Holdings Inc. was completed, and Gerber Glass LLC acquired the 30% non-controlling interest in Glass America LLC.

On April 3, 2019, the Fund amended its credit agreement to expand the facility to \$400.0 million U.S. through the exercise of \$100.0 million of the \$150.0 million available under the accordion feature.

On July 2, 2019, the Fund reported that on June 27, 2019, it detected a ransomware cyber-attack on a subset of its information technology systems. The Fund immediately implemented countermeasures and was able to fully recover from the cyber-attack with minimal financial impact. A forensic investigation has confirmed that there is no evidence of exfiltration or breach of any data.

On August 13, 2019, the Fund announced its CEO succession plan, which will have current CEO, Brock Bulbuck move into an Executive Chair role in 2020 and Tim O'Day, current President and Chief Operating Officer, become President & CEO. These changes are planned to be effective January 2, 2020.

On September 16, 2019, the Fund announced a proposed conversion from an income trust to a corporate structure effective January 1, 2020 pursuant to a plan of arrangement. If approved, Fund unitholders would receive one publicly traded common share of the new corporation (Boyd Group Services Inc.) for each Fund unit held by the unitholder, subject to unitholder approval at a Special Meeting of unitholders, to be held on December 2, 2019.

On September 26, 2019, the Fund announced that it was named to the inaugural TSX30, a flagship program recognizing the 30 top-performing TSX stocks over a three-year period based on dividend-adjusted share price appreciation.

The Fund added 92 new collision locations since January 1, 2019 as follows:

Date	Location	Previously operated as
January 1, 2019	Union City, GA	n/a intake center
January 9, 2019	Cayce, SC	Bob Johnson's Body Shop
January 11, 2019	Peoria, AZ	Lake Pleasant Collision Center
February 28, 2019	New York (18 locations)	Carubba Collision
March 8, 2019	Michigan (11 locations)	Dusty's, Whitney's and Wright Brothers Collision
March 15, 2019	Guelph, ON	Majestic Collision
March 18, 2019	Richland, WA	Atomic Auto Body and Detail
March 25, 2019	Bullhead City, AZ	Gordy's Auto Body
March 29, 2019	Oregon & Washington (7 locations)	Beaverton Auto Rebuilders, Inc.
April 15, 2019	New York (3 locations)	Carubba Collision
April 18, 2019	Holly Springs, GA	n/a intake center
May 14, 2019	Trussville, AL	Myers Auto Collision Repair, Inc.
May 14, 2019	Nevada & Arizona (4 locations)	New Look Collision Center
June 7, 2019	Louisville, KY (2 locations)	Bill Etscorn & Sons Auto & Collision Center
June 10, 2019	Watauga, TX	PlanetPaint Collision Center
June 24, 2019	Austin, TX	Aus-Tex Body & Frame
July 19, 2019	Rochester, NY (16 locations)	Nu-Look Collision Center
July 29, 2019	Steinbach, MB	Stony Brook Collision Center
July 31, 2019	Destin, FL	n/a start-up
August 1, 2019	Ottawa, ON	n/a start-up
August 19, 2019	Moody & Anniston, AL (2 locations)	Auto Collision Experts
September 3, 2019	Lincolnwood, IL	n/a intake center
September 3, 2019	Pasco, WA	n/a intake center
September 6, 2019	Evansville, IN (4 locations)	Lefler Collision & Glass
September 13, 2019	Columbia, Irmo & Lexington, SC (3 locations)	Baker Collision Express
September 16, 2019	Lindenhurst, IL	n/a intake center
September 30, 2019	East Peoria, IL	n/a start-up
September 30, 2019	Port Orchard & Gig Harbor, WA (2 locations)	Rainier Collision
October 8, 2019	Gonzales, LA	Precision Collision Center
November 1, 2019	Huntsville, AL	Quality Body Shop
November 1, 2019	Pelham, AL	Oak Mountain Body Shop

OUTLOOK

Boyd continues to execute on its growth strategy. During 2019, the Company has added 92 locations, while at the same time achieving organic growth through same-store sales increases of 4.6%.

Looking forward, the Company will continue to pursue accretive growth through a combination of organic growth (same-store sales growth) as well as acquisitions and new store development. Acquisitions will include both single location acquisitions as well as multi-location acquisitions. Combined, this strategy is expected to double the size of the business and revenues (on a constant currency basis) during the five-year period ending in 2020, implying an average annual growth rate of 15%. With prudent financial management and its strong balance sheet, Boyd is also well-positioned to take advantage of large acquisition opportunities, should they arise, which could accelerate the time frame to double its size. It is expected that this growth can be achieved while continuing to be disciplined and selective in the identification and assessment of all acquisition opportunities.

As performance based DRP programs with insurance companies continue to develop and evolve, it is becoming increasingly important that top performing collision repairers, including Boyd, continue to drive towards higher levels of operating performance as measured primarily by customer satisfaction ratings, repair cycle times and average cost of repair. To this end, Boyd will continue to make investments to enhance its processes and operational performance.

Entering the fourth quarter, there continues to be healthy demand for Boyd's services in most of the markets in which the Company operates. Technician capacity constraints continue to make it challenging to return to strong organic growth in the face of strong fourth quarter comparatives of 6.8% or 5.2% on a days adjusted basis. Additionally, the continued effects of the GM strike have had some impact on fourth quarter sales to date. Fourth quarter same-store sales levels to date are slightly below but in the range of third quarter levels, still falling short of the strong same-store sales levels experienced in the first half of 2019. Improving upon this level of same-store sales growth as the quarter progresses will be primarily dependent upon achieving increased same-store technician capacity as the quarter unfolds.

Management remains confident in its business model and its ability to increase market share by expanding its presence in North America through strategic acquisitions alongside organic growth from Boyd's existing operations. Accretive growth remains the Company's focus whether it is through organic growth or acquisitions. The North American collision repair industry remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. As a growth company, Boyd's objective continues to be to maintain a conservative distribution policy that will provide the financial flexibility necessary to support growth initiatives while gradually increasing distributions over time. The Company remains confident in its management team, systems and experience. This, along with a strong statement of financial position and financing options, positions Boyd well for success into the future.

BUSINESS ENVIRONMENT & STRATEGY

As at November 12, 2019, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund's 2018 annual MD&A.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this annual report, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like "may", "will", "anticipate", "estimate", "expect", "intend", or "continue" or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on such statements, as actual results may differ materially from those expressed or implied in such statements.

The following table outlines forward-looking information included in this MD&A:

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
<p>The stated objective of generating growth sufficient to double the size of the business over the five-year period ending in 2020</p>	<p>Acquisition opportunities continue to be available and are at acceptable and accretive prices</p> <p>Financing options continue to be available at reasonable rates and on acceptable terms and conditions</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>Anticipated operating results would be accretive to overall Company results</p> <p>Growth is defined as revenue on a constant currency basis</p>	<p>Acquisition market conditions change and repair shop owner demographic trends change</p> <p>Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies</p> <p>Changes in market conditions and operating environment</p> <p>Significant declines in the number of insurance claims</p> <p>Integration of new stores is not accomplished as planned</p> <p>Increased competition which prevents achievement of acquisition and revenue goals</p>
<p>Boyd remains confident in its business model to increase market share by expanding its presence in North America through strategic and accretive acquisitions alongside organic growth from Boyd's existing operations</p>	<p>Continued stability in economic conditions and employment rates</p> <p>Pricing in the industry remains stable</p> <p>The Company's customer and supplier relationships provide it with competitive advantages to increase sales over time</p> <p>Market share growth will more than offset systemic changes in the industry and environment</p> <p>Anticipated operating results would be accretive to overall Company results</p>	<p>Economic conditions deteriorate</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Decline in the number of insurance claims</p> <p>Inability of the Company to pass cost increases to customers over time</p> <p>Increased competition which may prevent achievement of revenue goals</p> <p>Changes in market conditions and operating environment</p> <p>Changes in weather conditions</p> <p>Inability to maintain, replace or grow same-store technician capacity could impact organic growth</p>
<p>Stated objective to gradually increase distributions over time</p>	<p>Growing profitability of the Company and its subsidiaries</p> <p>The continued and increasing ability of the Company to generate cash available for distribution</p> <p>Balance sheet strength and flexibility is maintained and the distribution level is manageable taking into consideration bank covenants, growth requirements and maintaining a distribution level that is supportable over time</p>	<p>The Fund is dependent upon the operating results of the Company and its ability to pay interest and dividends to the Fund</p> <p>Economic conditions deteriorate</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in government regulation</p>
<p>In 2019, the Company expects to make capital expenditures (excluding those related to acquisition and development of new locations) within the range of 1.5% to 1.7% of sales</p>	<p>The actual cost for these capital expenditures agrees with the original estimate</p> <p>The purchase, delivery and installation of the capital items is consistent with the estimated timeline</p> <p>No other new capital requirements are identified or required during the period</p> <p>All identified capital requirements are required during the period</p>	<p>Expected actual expenditures could be above or below 1.5% to 1.7% of sales</p> <p>The timing of the expenditures could occur on a different timeline</p> <p>The Fund may identify additional capital expenditure needs that were not originally anticipated</p> <p>The Fund may identify capital expenditure needs that were originally anticipated; however, are no longer required or required on a different timeline</p>

We caution that the foregoing table contains what the Fund believes are the material forward-looking statements and is not exhaustive. Therefore when relying on forward-looking statements, investors and others should refer to the “Risk Factors” section of the Fund’s Annual Information Form, the “Business Risks and Uncertainties” and other sections of our Management’s Discussion and Analysis and our other periodic filings with Canadian securities regulatory authorities. All forward-looking statements presented herein should be considered in conjunction with such filings.

NON-GAAP FINANCIAL MEASURES

EBITDA AND ADJUSTED EBITDA

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is not a calculation defined in International Financial Reporting Standards (“IFRS”). EBITDA should not be considered an alternative to net earnings in measuring the performance of the Fund, nor should it be used as an exclusive measure of cash flow. The Fund reports EBITDA and Adjusted EBITDA because it is a key measure that management uses to evaluate performance of the business and to reward its employees. Adjusted EBITDA is also a concept utilized in measuring compliance with debt covenants. EBITDA and Adjusted EBITDA are measures commonly reported and widely used by investors and lending institutions as an indicator of a company’s operating performance and ability to incur and service debt, and as a valuation metric. While Adjusted EBITDA is used to assist in evaluating the operating performance and debt servicing ability of the Fund, investors are cautioned that EBITDA and Adjusted EBITDA as reported by the Fund may not be comparable in all instances to EBITDA as reported by other companies.

The CPA’s Canadian Performance Reporting Board defined standardized EBITDA to foster comparability of the measure between entities. Standardized EBITDA comprises sales less operating expenses before finance costs, amortization, depreciation and taxes. Adjusted EBITDA is calculated to exclude items of an unusual nature that do not reflect normal or ongoing operations of the Fund and which should not be considered in a valuation metric or should not be included in assessment of ability to service or incur debt. Included in this category of adjustments are the fair value adjustments to exchangeable Class A common shares, the fair value adjustments to unit based payment obligations, the fair value adjustments to the non-controlling interest put option and call liability, and the fair value adjustments to contingent consideration. These items are adjustments that did not have any cash impact on the Fund. Also included as an adjustment to EBITDA are acquisition and transaction costs which do not relate to the current operating performance of the business units but are typically costs incurred to expand operations. Prior to the adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses were included in operating expenses and were thereby included in the calculation of both standardized and Adjusted EBITDA. On adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses are no longer included in operating expenses. In the first three quarters of 2019, these amounts have been deducted in arriving at Adjusted EBITDA to enhance comparability with prior period. Beginning January 1, 2020, these amounts will no longer be deducted in arriving at Adjusted EBITDA. From time to time, the Fund may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

The following is a reconciliation of the Fund's net earnings to EBITDA and Adjusted EBITDA:

ADJUSTED EBITDA

<i>(thousands of Canadian dollars)</i>	For the three months ended		For the nine months ended	
	2019	2018	2019	2018
Net earnings	\$ 14,766	\$ 16,571	\$ 49,894	\$ 47,735
Add:				
Finance costs	9,647	2,452	28,056	7,372
Income tax expense	7,226	4,780	21,794	17,864
Depreciation of property, plant and equipment	10,771	8,969	29,861	24,793
Depreciation of right of use assets - property	22,699	-	64,832	-
Depreciation of right of use assets - vehicles and equipment	668	-	2,014	-
Amortization of intangible assets	5,436	4,421	15,978	12,924
Standardized EBITDA	\$ 71,213	\$ 37,193	\$ 212,429	\$ 110,688
Add:				
Fair value adjustments	5,029	3,326	19,531	13,460
Acquisition and transaction costs	1,156	684	3,859	1,672
Adjusted EBITDA, post IFRS 16, <i>Leases</i> basis	77,398	41,203	235,819	125,820
Less:				
Lease liability payments - property	(26,742)	-	(76,653)	-
Adjusted EBITDA	\$ 50,656	\$ 41,203	\$ 159,166	\$ 125,820

The 2018 comparative periods have not been restated to reflect the adoption of IFRS 16, *Leases*.

ADJUSTED NET EARNINGS

In addition to EBITDA and Adjusted EBITDA, the Fund believes that certain users of financial statements are interested in understanding net earnings excluding certain fair value adjustments, the impact of IFRS 16, *Leases* adoption and other unusual or infrequent adjustments. This can assist these users in comparing current results to historical results that did not include such items. The following is a reconciliation of the Fund's net earnings to Adjusted net earnings:

<i>(thousands of Canadian dollars, except unit and per unit amounts)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Net earnings	\$ 14,766	\$ 16,571	\$ 49,894	\$ 47,735
Add:				
Fair value adjustments (non-taxable)	5,029	3,326	19,531	13,460
Acquisition and transaction costs (net of tax)	855	506	2,855	1,237
Depreciation of right of use assets - property (net of tax)	16,797	-	47,976	-
Finance cost on lease liabilities - property (net of tax)	4,222	-	12,137	-
Less:				
Lease liability payments - property (net of tax)	(19,789)	-	(56,723)	-
Adjusted net earnings	\$ 21,880	\$ 20,403	\$ 75,670	\$ 62,432
Weighted average number of units	19,873,022	19,671,303	19,860,572	19,667,668
Adjusted net earnings per unit	\$ 1.10	\$ 1.04	\$ 3.81	\$ 3.17

Distributions and Distributable Cash

During the first nine months, distributions to unitholders and dividends to the BGHI shareholders were declared and paid as follows:

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>		Distribution per Unit /	Distribution	Dividend
Record date	Payment date	Dividend per Share	amount	amount
January 31, 2019	February 26, 2019	\$ 0.0450	\$ 891	\$ 10
February 28, 2019	March 27, 2019	0.0450	892	10
March 31, 2019	April 26, 2019	0.0450	894	9
April 30, 2019	May 29, 2019	0.0450	894	10
May 31, 2019	June 26, 2019	0.0450	894	10
June 30, 2019	July 29, 2019	0.0450	895	9
July 31, 2019	August 28, 2019	0.0450	894	10
August 31, 2019	September 28, 2019	0.0450	894	10
September 30, 2019	October 29, 2019	0.0450	895	9
		\$ 0.4050	\$ 8,043	\$ 87

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>				
Record date	Payment date	Distribution per Unit / Dividend per Share	Distribution amount	Dividend amount
January 31, 2018	February 26, 2018	\$ 0.0440	\$ 865	\$ 10
February 28, 2018	March 27, 2018	0.0440	865	10
March 31, 2018	April 26, 2018	0.0440	866	9
April 30, 2018	May 29, 2018	0.0440	865	10
May 31, 2018	June 27, 2018	0.0440	865	10
June 30, 2018	July 27, 2018	0.0440	866	9
July 31, 2018	August 29, 2018	0.0440	865	10
August 31, 2018	September 26, 2018	0.0440	866	10
September 30, 2018	October 29, 2018	0.0440	866	9
		\$ 0.3960	\$ 7,789	\$ 87

Maintaining Productive Capacity

Maintaining productive capacity is defined by Boyd as the maintenance of the Company's facilities, equipment, signage, vehicles, systems, brand names and infrastructure. Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, systems and vehicles forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases.

For 2019, the Company expects to make cash capital expenditures (excluding those related to acquisition and development of new locations) within the range of 1.5% and 1.7% of sales. Emerging vehicle technologies requiring new, specialized repair equipment, as well as image and property upgrades will contribute to this higher level of budgeted spend for 2019.

In many circumstances, property, as well as large equipment expenditures including automobiles, shop equipment and computers can be financed using leases. Cash spent on maintenance capital expenditures plus the repayment of leases, including the finance costs thereon, form part of the distributable cash calculations.

Non-recurring and Other Adjustments

Non-recurring and other adjustments may include, but are not limited to, post closure environmental liabilities, restructuring costs and acquisition and transaction costs. Management is not currently aware of any environmental remediation requirements. Acquisition and transaction costs are added back to distributable cash as they occur. On adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses are no longer included in operating expenses and therefore have been deducted in arriving at Adjusted distributable cash since they represent ongoing cash requirements of the business.

Debt Management

In addition to lease obligations arranged to finance growth and maintenance expenditures on property and equipment, the Company has historically utilized long-term debt to finance the expansion of its business, usually through the acquisition and start-up of collision and glass repair and replacement businesses. Repayments of this debt do not form part of distributable cash calculations. Boyd's bank facilities include restrictive covenants, which could limit the Fund's ability to distribute cash. These covenants, based upon current financial results, would not prevent the Fund from paying future distributions at conservative and sustainable levels. These covenants will continue to be monitored in conjunction with any future anticipated distributions.

The following is a standardized and Adjusted distributable cash calculation for 2019 and 2018:

Standardized and Adjusted Distributable Cash ⁽¹⁾	For the three months ended		For the nine months ended	
<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>	September 30,		September 30,	
	2019	2018	2019	2018
Cash flow from operating activities before changes in non-cash working capital items ⁽²⁾	\$ 70,133	\$ 34,866	\$ 216,119	\$ 109,301
Changes in non-cash working capital items	(11,160)	(15,872)	(8,550)	11,442
Cash flows from operating activities	58,973	18,994	207,569	120,743
Less adjustment for:				
Finance costs	(9,647)	(2,452)	(28,056)	(7,372)
Sustaining expenditures on plant, software and equipment ⁽³⁾	(7,764)	(8,467)	(21,825)	(17,307)
Standardized distributable cash	\$ 41,562	\$ 8,075	\$ 157,688	\$ 96,064
Standardized distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 2.07	\$ 0.41	\$ 7.85	\$ 4.83
Per diluted unit and Class A common share ⁽⁶⁾	\$ 2.07	\$ 0.40	\$ 7.85	\$ 4.79
Standardized distributable cash from above	\$ 41,562	\$ 8,075	\$ 157,688	\$ 96,064
Add (deduct) adjustments for:				
Acquisition and transaction costs ⁽⁴⁾	1,156	684	3,859	1,672
Proceeds on sale of equipment and software	74	150	167	503
Repayments of leases, principal ⁽⁵⁾	(22,237)	(999)	(63,333)	(2,978)
Adjusted distributable cash	\$ 20,555	\$ 7,910	\$ 98,381	\$ 95,261
Adjusted distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 1.02	\$ 0.40	\$ 4.90	\$ 4.79
Per diluted unit and Class A common share ⁽⁶⁾	\$ 1.02	\$ 0.39	\$ 4.89	\$ 4.75
Distributions and dividends paid				
Unitholders	\$ 2,684	\$ 2,597	\$ 8,043	\$ 7,782
Class A common shareholders	29	29	87	88
Total distributions and dividends paid	\$ 2,713	\$ 2,626	\$ 8,130	\$ 7,870
Distributions and dividends paid				
Per unit	\$ 0.14	\$ 0.13	\$ 0.41	\$ 0.40
Per Class A common share	\$ 0.14	\$ 0.13	\$ 0.41	\$ 0.40
Payout ratio based on standardized distributable cash	6.5%	32.5%	5.2%	8.2%
Payout ratio based on adjusted distributable cash	13.2%	33.2%	8.3%	8.3%

(1) As defined in the non-GAAP financial measures section of the MD&A.

(2) The January 1, 2019 modified retrospective adoption of IFRS 16, *Leases*, has resulted in an increase to cash flow from operating activities in the 2019 periods presented, as lease expenses are no longer included in operating expenses. The comparative 2018 periods have not been restated.

- (3) Includes sustaining expenditures on plant and equipment, information technology hardware and computer software but excludes capital expenditures associated with acquisition and development activities including rebranding of acquired locations. In addition to the maintenance capital expenditures paid with cash, during the third quarter of 2019 the Company acquired a further \$1.3 million (2018 - \$2.5 million) in vehicles and equipment which were financed through leases and did not affect cash flows in the current period. On January 1, 2019, the Company recorded \$442.6 million in property leases as right of use assets on adoption of IFRS 16, *Leases*. During the third quarter of 2019, the Company recorded additional property leases of \$42.0 million as right of use assets under this new accounting standard.
- (4) The Company has added back to distributable cash the costs related to acquisitions.
- (5) Lease payments represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating Adjusted distributed cash.
- (6) Per diluted unit and Class A common share amounts have been calculated in accordance with definitions of dilution and antidilution contained in IAS 33, *Earnings per Share*. Diluted distributable cash amounts will differ from average distributable cash amounts on a per unit basis if earnings per unit calculations show a dilutive impact.

RESULTS OF OPERATIONS

Results of Operations	For the three months ended			For the nine months ended		
	September 30,			September 30,		
(thousands of Canadian dollars, except per unit amounts)	2019	% change	2018	2019	% change	2018
Sales - Total	566,957	23.4	459,564	1,697,359	23.9	1,369,482
Same-store sales - Total (excluding foreign exchange)	470,663	3.3	455,586	1,394,383	4.6	1,333,067
Gross margin %	45.3	(0.2)	45.4	45.5	0.0	45.5
Operating expense %	31.7	(13.2)	36.5	31.6	(12.9)	36.3
Adjusted EBITDA ⁽¹⁾	50,656	22.9	41,203	159,166	26.5	125,820
Adjusted EBITDA (post IFRS 16, <i>Leases</i> basis) ⁽¹⁾	77,398	N/A	N/A	235,819	N/A	N/A
Acquisition and transaction costs	1,156	69.0	684	3,859	130.8	1,672
Depreciation and amortization	39,574	195.5	13,390	112,685	198.8	37,717
Fair value adjustments	5,029	51.2	3,326	19,531	45.1	13,460
Finance costs	9,647	293.4	2,452	28,056	280.6	7,372
Income tax expense	7,226	51.2	4,780	21,794	22.0	17,864
Adjusted net earnings ⁽¹⁾	21,880	7.2	20,403	75,670	21.2	62,432
Adjusted net earnings per unit ⁽¹⁾	1.10	6.1	1.04	3.81	20.0	3.17
Net earnings	14,766	(10.9)	16,571	49,894	4.5	47,735
Basic earnings per unit	0.74	(12.1)	0.84	2.51	3.4	2.43
Diluted earnings per unit	0.74	(1.6)	0.75	2.39	0.5	2.38
Standardized distributable cash ⁽¹⁾	41,562	414.7	8,075	157,688	64.1	96,064
Adjusted distributable cash ⁽¹⁾	20,555	159.9	7,910	98,381	3.3	95,261
Distributions and dividends paid	2,713	3.3	2,626	8,130	3.3	7,870

⁽¹⁾ As defined in the non-GAAP financial measures section of the MD&A.

3rd Quarter Comparison – Three months ended September 30, 2019 vs. 2018

Sales

Sales totaled \$567.0 million for the three months ended September 30, 2019, an increase of \$107.4 million or 23.4% when compared to the same period in 2018. The increase in sales was the result of the following:

- \$89.5 million of incremental sales were generated from 139 new locations that were not in operation for the full comparative period.
- Same-store sales excluding foreign exchange increased \$15.1 million or 3.3% and increased a further \$4.2 million due to the translation of same-store sales at a higher U.S. dollar exchange rate. Same-store sales excluding foreign exchange increased 1.7% on a days adjusted basis, recognizing one additional selling and production day in the U.S. and Canada in the third quarter of 2019.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$1.4 million.

Same-store sales are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was \$257.0 million or 45.3% of sales for the three months ended September 30, 2019 compared to \$208.7 million or 45.4% of sales for the same period in 2018. Gross profit increased primarily as a result of higher sales due to acquisition and same-store sales growth compared to the prior period. The gross margin percentage is primarily impacted by a higher mix of parts sales in relation to labour as well as decreased DRP pricing, partially offset by a higher mix of retail glass sales. Certain DRP performance pricing arrangements have recently changed in a way that is resulting in slightly greater pricing variability. While not a factor in this comparison to prior year, these arrangements are resulting in slightly greater variability quarter to quarter. The gross margin percentage is within normal ranges for mix and margin changes period to period.

Operating Expenses

Operating Expenses for the three months ended September 30, 2019 increased \$12.1 million to \$179.6 million from \$167.5 million for the same period of 2018. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the three months ended September 30, 2019, operating expenses would have increased \$38.9 million to \$206.4 million. The increase in operating expenses adjusted for the impact of IFRS 16, *Leases* adoption, is primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation which increased operating expenses by \$1.8 million, expenses increased \$37.1 million from 2018. Closed locations lowered operating expenses by a combined \$0.6 million.

Operating expenses were 31.7% of sales for the three months ended September 30, 2019. Operating expenses, adjusted for the impact of IFRS 16, *Leases* adoption, as a percentage of sales were 36.4% for the three months ended September 30, 2019, which compared to 36.5% for the same period in 2018.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the three months ended September 30, 2019 were \$1.2 million compared to \$0.7 million recorded for the same period of 2018. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, non-controlling interest put option and call liability and contingent consideration, as well as acquisition and transaction costs and the impact of adoption of IFRS 16, Leases (“Adjusted EBITDA”)*¹ for the three months ended September 30, 2019 totaled \$50.7 million or 8.9% of sales compared to Adjusted EBITDA of \$41.2 million or 9.0% of sales in the same period of the prior year. The \$9.5 million increase was primarily the result of incremental EBITDA contribution from new location and same-store sales growth, as well as changes in U.S. dollar exchange rates in 2019, which increased Adjusted EBITDA by \$0.5 million. Adjusted EBITDA on a post IFRS 16, *Leases* basis was \$77.4 million or 13.7% of sales for the three months ended September 30, 2019.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$10.8 million or 1.9% of sales for the three months ended September 30, 2019, an increase of \$1.8 million when compared to the \$9.0 million or 2.0% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment.

Depreciation related to right of use assets totaled \$23.4 million or 4.1% of sales for the three months ended September 30, 2019.

Amortization of intangible assets for the three months ended September 30, 2019 totaled \$5.4 million, or 1.0% of sales, an increase of \$1.0 million when compared to the \$4.4 million, or 1.0% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from recent acquisitions.

Fair Value Adjustments

Fair Value Adjustment to Exchangeable Class A Common Shares liability resulted in a non-cash expense of \$1.9 million during the third quarter of 2019 compared to a non-cash expense of \$1.7 million in the same period of the prior year. The Class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The fair value adjustment, which increased the liability and resulted in the recording of the related expense, is the result of the increase in the value of the Fund’s units.

Fair Value Adjustment to Unit Based Payment Obligation liability resulted in a non-cash expense of \$2.0 million for the third quarter of 2019 compared to a non-cash expense of \$3.3 million in the same period of the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund’s units. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The fair value adjustment, which increased the liability and resulted in the recording of the related expense, is the result of the increase in the value of the Fund’s units.

Fair Value Adjustment to Non-controlling Interest Put Option liability resulted in a non-cash expense of \$1.1 million for the third quarter of 2019 compared to a non-cash recovery of \$1.6 million in the same period of the prior year. The non-controlling interest put option liability has been calculated based on the Gerber Glass LLC Company Agreement. Revisions to the EBITDA amount on which the calculation is based resulted in an increase in the put option liability and a corresponding non-cash expense in the third quarter of 2019.

¹ As defined in the non-GAAP financial measures section of the MD&A.

Fair Value Adjustment to Contingent Consideration resulted in a non-cash expense of \$nil for the third quarter of 2019. Contingent consideration is impacted by changes to the estimated payment due to sellers based on the acquisition meeting predetermined earnings targets during specified periods subsequent to the acquisition date.

Finance Costs

Finance Costs of \$9.6 million or 1.7% of sales for the three months ended September 30, 2019 increased from \$2.5 million or 0.5% of sales for the same period of the prior year, primarily due to the adoption of IFRS 16, *Leases*. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the three months ended September 30, 2019, finance costs would have been \$3.9 million or 0.7% of sales. The increase in finance costs after removing the impact of IFRS 16, *Leases* was due to increased borrowing under the credit facility to fund acquisitions.

Income Taxes

Current and Deferred Income Tax Expense of \$7.2 million for the three months ended September 30, 2019 compares to an expense of \$4.8 million for the same period of 2018. Income tax expense was impacted in the third quarter of 2019 and 2018 by the recording of adjustments related to the completion and filing of the prior year U.S. tax returns, which increased income tax expense by approximately \$0.5 million in the third quarter of 2019 and decreased income tax expense by approximately \$1.1 million in the third quarter of 2018. Income tax expense continues to be impacted by permanent differences such as mark-to-market adjustments which impact the tax computed on accounting income. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the three months ended September 30, 2019, income tax expense would have increased \$0.4 million.

Net Earnings and Earnings Per Unit

Net Earnings for the three months ended September 30, 2019 was \$14.8 million or 2.6% of sales compared to \$16.6 million or 3.6% of sales in the same period of the prior year. The net earnings amount in the third quarter of 2019 was negatively impacted by fair value adjustments to financial instruments of \$5.0 million, which were primarily due to the increase in unit price during the period, and acquisition and transaction costs of \$0.9 million (net of tax). The net earnings amount in the third quarter of 2019 was also negatively impacted by the adoption of IFRS 16, *Leases*, which reduced net earnings by \$1.2 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings¹ for the third quarter of 2019 was \$21.9 million, or 3.9% of sales. This compares to Adjusted net earnings of \$20.4 million or 4.4% of sales in the third quarter of 2018. The increase in the Adjusted net earnings for the period is primarily the result of the contribution of new location and same-store sales growth. Adjusted net earnings was impacted by increased finance costs based on additional borrowing under the credit facility to fund acquisitions as well as increased tax expense as a result of adjustments related to the completion and filing of the prior year U.S. tax returns in the third quarter of 2019.

Basic Earnings Per Unit was \$0.74 per unit for the three months ended September 30, 2019 compared to \$0.84 in the same period of 2018. Diluted earnings per unit was \$0.74 for the three months ended September 30, 2019 compared to \$0.75 in the same period of 2018. Adjusted net earnings per unit¹ was \$1.10 for the three months ended September 30, 2019 compared to \$1.04 in the third quarter of 2018.

¹ As defined in the non-GAAP financial measures section of the MD&A.

Year-to-date Comparison – Nine months ended September 30, 2019 vs. 2018

Sales

Sales totaled \$1,697.4 million for the nine months ended September 30, 2019, an increase of \$327.9 million or 23.9% when compared to the same period of 2018. The increase in sales was the result of the following:

- \$232.2 million of incremental sales were generated from 158 new locations.
- Same-store sales excluding foreign exchange increased \$61.3 million or 4.6% and increased a further \$39.1 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$4.7 million.

Same-store sales are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was \$772.8 million or 45.5% of sales for the nine months ended September 30, 2019 compared to \$623.2 million or 45.5% of sales for the same period in 2018. Gross profit increased primarily as a result of higher sales due to acquisition growth compared to the prior period. The gross margin percentage is impacted by increased DRP pricing as well as improved parts and labour margins, offset by a higher mix of parts sales in relation to labour. Certain DRP performance pricing arrangements have recently changed in a way that is resulting in slightly greater pricing variability. While not a factor in this comparison to prior year, these arrangements are resulting in slightly greater variability quarter to quarter. The gross margin percentage is within normal ranges for mix and margin changes period to period.

Operating Expenses

Operating Expenses for the nine months ended September 30, 2019 increased \$39.6 million to \$536.9 million from \$497.3 million for the same period of 2018. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the nine months ended September 30, 2019, operating expenses would have increased \$116.3 million to \$613.6 million. The increase in operating expenses adjusted for the impact of IFRS 16, *Leases* adoption, is primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation of approximately \$16.5 million, expenses increased \$99.8 million from 2018. Closed locations lowered operating expenses by \$1.9 million.

Operating expenses as a percentage of sales were 31.6% for the nine months ended September 30, 2019. Operating expenses, adjusted for the impact of IFRS 16, *Leases* adoption, as a percentage of sales were 36.2% for the nine months ended September 30, 2019, which compared to 36.3% for the same period in 2018. The decrease in operating expenses as a percentage of sales was primarily due to the impact of higher same-store sales levels leveraging the fixed component of operating expenses.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the nine months ended September 30, 2019 were \$3.9 million compared to \$1.7 million recorded for the same period of 2018. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, non-controlling interest put option and call liability and contingent consideration, as well as acquisition and transaction costs and the impact of adoption of IFRS 16, Leases (“Adjusted EBITDA”)*¹ for the nine months ended September 30, 2019 totaled \$159.2 million or 9.4% of sales compared to Adjusted EBITDA of \$125.8 million or 9.2% of sales in the same period of the prior year. The \$33.4 million increase was primarily the result of incremental EBITDA contribution from new location growth, combined with a lower operating expense ratio. Changes in U.S. dollar exchange rates in 2019 increased Adjusted EBITDA by \$4.3 million. The ransomware cyber-attack during the second quarter of 2019 resulted in an estimated \$0.9 million negative impact on Adjusted EBITDA. Adjusted EBITDA on a post IFRS 16, *Leases* basis was \$235.8 million or 13.9% of sales for the nine months ended September 30, 2019.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$29.9 million or 1.8% of sales for the nine months ended September 30, 2019, an increase of \$5.1 million when compared to the \$24.8 million or 1.8% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment.

Depreciation related to right of use assets totaled \$66.8 million or 3.9% of sales for the nine months ended September 30, 2019.

Amortization of intangible assets for the nine months ended September 30, 2019 totaled \$16.0 million or 0.9% of sales, an increase of \$3.1 million when compared to the \$12.9 million or 0.9% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from recent acquisitions.

Fair Value Adjustments

Fair Value Adjustment to Exchangeable Class A Common Shares liability resulted in a non-cash expense of \$11.9 million for the first nine months of 2019 compared to \$4.9 million in the same period of the prior year. The Class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The fair value adjustment, which increased the liability and the related expense for both periods, is the result of increases in the value of the Fund’s units.

Fair Value Adjustment to Unit Based Payment Obligation liability was a non-cash expense of \$10.4 million for the first nine months of 2019 compared to \$9.1 million in the same period of the prior year. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The fair value adjustment, which increased the liability and resulted in the recording of the related expense, is the result of the increase in the value of the Fund’s units.

¹ As defined in the non-GAAP financial measures section of the MD&A.

Fair Value Adjustment to Non-controlling Interest Put Option and Call liability resulted in a non-cash recovery of \$2.5 million for the first nine months of 2019 compared to a non-cash recovery of \$0.5 million in the same period of the prior year. The non-controlling interest call liability transaction was completed on January 31, 2019, with no fair value adjustment recorded during the nine-month period ended September 30, 2019. The non-controlling interest put option has been calculated based on the Gerber Glass LLC Company Agreement. Revisions to the EBITDA amount on which the calculation is based resulted in a decrease in the put option liability and a corresponding non-cash recovery in the first nine months of 2019.

Fair Value Adjustment to Contingent Consideration resulted in a non-cash recovery of \$0.2 million for the first nine months of 2019. Contingent consideration is impacted by changes to the estimated payment due to sellers based on the acquisition meeting predetermined earnings targets during specified periods subsequent to the acquisition date.

Finance Costs

Finance Costs of \$28.1 million or 1.7% of sales for the nine months ended September 30, 2019 increased from \$7.4 million or 0.5% of sales for same period of the prior year, primarily due to the adoption of IFRS 16, *Leases*. Removing the impact of the adoption of IFRS 16, *Leases* on the nine months ended September 30, 2019, finance costs would have been \$11.7 million or 0.7% of sales. The increase in finance costs after removing the impact of IFRS 16, *Leases* was due to increased borrowing under the credit facility to fund acquisitions.

Income Taxes

Current and Deferred Income Tax Expense of \$21.8 million for the nine months ended September 30, 2019 compares to an expense of \$17.9 million for the same period in 2018. Income tax expense is impacted by permanent differences such as mark-to-market adjustments which impact the tax computed on accounting income. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the nine months ended September 30, 2019, income tax expense would have increased \$1.2 million.

Net Earnings and Earnings Per Unit

Net Earnings for the nine months ended September 30, 2019 was \$49.9 million or 2.9% of sales compared to \$47.7 million or 3.5% of sales in the same period of the prior year. The net earnings amount in 2019 was negatively impacted by the fair value adjustments to financial instruments of \$19.5 million which are primarily due to the increase in unit price during the period, and acquisition and transaction costs of \$2.9 million (net of tax). The net earnings amount in the first nine months of 2019 was also negatively impacted by the adoption of IFRS 16, *Leases*, which reduced net earnings by \$3.4 million (net of tax). Excluding the impact of these adjustments, net earnings would have increased to \$75.7 million or 4.5% of sales. This compares to Adjusted net earnings of \$62.4 million or 4.6% of sales for the same period in 2018. The increase in the Adjusted net earnings for the year is the result of the contribution of new location and same-store sales growth.

Basic Earnings Per Unit was \$2.51 for the nine months ended September 30, 2019 compared to \$2.43 in the same period of 2018. Diluted earnings per unit was \$2.39 for the nine months ended September 30, 2019 compared to diluted earnings of \$2.38 per unit in the same period of 2018. Adjusted net earnings per unit was \$3.81 compared to \$3.17 in the first nine months of 2018.

Summary of Quarterly Results*(in thousands of Canadian dollars, except per unit amounts)*

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Sales	\$ 566,957	\$ 572,505	\$ 557,897	\$ 495,131	\$ 459,564	\$ 456,627	\$ 453,291	\$ 414,619
Adjusted EBITDA ⁽¹⁾	\$ 50,656	\$ 54,335	\$ 54,175	\$ 47,563	\$ 41,203	\$ 42,494	\$ 42,123	\$ 41,810
Adjusted EBITDA, post IFRS 16, <i>Leases</i> basis ⁽¹⁾	\$ 77,398	\$ 80,099	\$ 78,322	N/A	N/A	N/A	N/A	N/A
Net earnings	\$ 14,766	\$ 13,739	\$ 21,389	\$ 29,904	\$ 16,571	\$ 12,828	\$ 18,336	\$ 23,167
Basic earnings per unit	\$ 0.74	\$ 0.69	\$ 1.08	\$ 1.52	\$ 0.84	\$ 0.65	\$ 0.93	\$ 1.21
Diluted earnings per unit	\$ 0.74	\$ 0.63	\$ 0.95	\$ 1.19	\$ 0.75	\$ 0.65	\$ 0.93	\$ 1.19
Adjusted net earnings ⁽¹⁾	\$ 21,880	\$ 24,614	\$ 29,176	\$ 23,174	\$ 20,403	\$ 21,141	\$ 20,888	\$ 17,422
Adjusted net earnings per unit ⁽¹⁾	\$ 1.10	\$ 1.24	\$ 1.47	\$ 1.17	\$ 1.04	\$ 1.07	\$ 1.06	\$ 0.91

⁽¹⁾ As defined in the non-GAAP financial measures section of the MD&A.

Sales and Adjusted EBITDA have increased in the majority of recent quarters due to the acquisition of new locations as well as same-store sales increases. During the third quarter of 2019, sales and Adjusted EBITDA decreased when compared to the prior quarter due to the impact of foreign exchange fluctuations. Net earnings fluctuations are primarily due to fair value adjustments to financial instruments.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities, are expected to be sufficient to meet operating requirements, capital expenditures and distributions. At September 30, 2019, the Fund had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$41.1 million (December 31, 2018 - \$64.5 million). The net working capital ratio (current assets divided by current liabilities) was 0.60:1 at September 30, 2019 (December 31, 2018 – 0.81:1). Removing the impact of the adoption of IFRS 16, *Leases* from net working capital, the ratio becomes 0.82:1.

At September 30, 2019, the Fund had total debt outstanding, net of cash, of \$895.0 million compared to \$804.3 million at June 30, 2019, \$809.6 million at March 31, 2019, \$232.1 million at December 31, 2018 and \$182.2 million at September 30, 2018. Debt, net of cash, increased when compared to December 31, 2018 and prior quarters as a result of the adoption of IFRS 16, *Leases*, which resulted in the recognition of additional lease liabilities of \$488.0 million on January 1, 2019, as well as draws on the revolving credit facility and seller notes used to fund acquisitions.

Total debt, net of cash	September 30,	June 30,	March 31,	December 31,	September 30,
<i>(thousands of Canadian dollars)</i>	2019	2019	2019	2018	2018
Revolving credit facility (net of financing costs)	\$ 343,176	\$ 288,928	\$ 296,218	\$ 222,039	\$ 173,322
Seller notes ⁽¹⁾	75,174	70,185	70,450	66,120	51,559
Obligations under finance leases	-	-	-	8,407	8,674
Total debt before lease liabilities	\$ 418,350	\$ 359,113	\$ 366,668	\$ 296,566	\$ 233,555
Cash	41,068	46,296	52,192	64,476	51,348
Total debt, net of cash before lease liabilities	\$ 377,282	\$ 312,817	\$ 314,476	\$ 232,090	\$ 182,207
Lease liabilities	517,735	491,523	495,126	-	-
Total debt, net of cash	\$ 895,017	\$ 804,340	\$ 809,602	\$ 232,090	\$ 182,207

⁽¹⁾ Seller notes are loans granted to the Company by the sellers of businesses related to the acquisition of those businesses.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$70.1 million for the three months ended September 30, 2019 compared to \$34.9 million in the same period of 2018. The increase was primarily due to reduced operating expenses associated with the adoption of IFRS 16, *Leases*, as well as increased Adjusted EBITDA resulting from new location and same-store sales growth.

In the third quarter of 2019, changes in working capital items used net cash of \$11.2 million compared with using net cash of \$15.9 million in the same period of 2018. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Cash flow generated from operations before considering working capital changes, was \$216.1 million for the nine months ended September 30, 2019, compared to \$109.3 million for the same period in 2018. The increase was primarily due to reduced operating expenses associated with the adoption of IFRS 16, *Leases*, as well as higher Adjusted EBITDA due to new location and same-store sales growth.

For the nine months ended September 30, 2019, changes in working capital items used net cash of \$8.6 million compared with providing \$11.4 million in the same period of 2018. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Financing Activities

Cash provided by financing activities totaled \$13.7 million for the three months ended September 30, 2019 compared to cash used in financing activities of \$21.0 million during the same period of the prior year. During the third quarter of 2019, cash was provided by draws of the revolving credit facility in the amount of \$65.1 million, offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$20.6 million. Cash used by financing activities was impacted by the adoption of IFRS 16, *Leases*, which resulted in an additional \$26.7 million used to repay leases being classified as financing activities in the third quarter of 2019. Cash was also used to repay vehicle and equipment leases previously classified as finance leases in the amount of \$1.3 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$2.7 million. During the same period of 2018, cash was used to repay draws as well as long-term debt associated with

seller notes in the amount of \$17.2 million. In the third quarter of 2018, cash was also used to repay finance leases in the amount of \$1.1 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$2.6 million.

Cash used in financing activities totaled \$1.9 million for the nine months ended September 30, 2019 compared to cash used in financing activities of \$59.4 million for the same period of the prior year. During the first nine months of 2019, cash was provided by draws of the revolving credit facility in the amount of \$165.3 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$65.7 million. Cash used by financing activities was impacted by the adoption of IFRS 16, *Leases*, which resulted in an additional \$76.7 million used to repay leases being classified as financing activities in the first nine months of 2019. Cash was also used to repay vehicle and equipment leases previously classified as finance leases in the amount of \$3.5 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$8.1 million. In the first quarter of 2019, the Company completed the call option transaction and paid \$13.2 million to acquire the non-controlling interest in Glass America LLC. During the first nine months of 2018, cash was provided by draws of the revolving credit facility in the amount of \$18.4 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$66.9 million. Cash was also used to repay finance leases in the amount of \$3.4 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$7.9 million.

Debt Financing

The Company has a credit facility agreement expiring in May 2022 which consists of a revolving credit facility of \$400 million U.S. with an accordion feature which can increase the facility to a maximum of \$450 million U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as by guarantees of the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to Adjusted EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$5.0 million U.S. in Canada and \$20.0 million U.S. in the U.S. At September 30, 2019, the Company has drawn \$158.3 million U.S. (December 31, 2018 - \$61.3 million U.S.) and \$134.0 million Canadian (December 31, 2018 - \$139.0 million) on the revolving credit facility.

Under the revolving credit facility, Boyd is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt excluding property leases to Adjusted EBITDA ratio of less than 4.25; a senior debt excluding property leases to Adjusted EBITDA ratio of less than 3.25; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 4.75, the senior debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 3.75.

The Company supplements its debt financing by negotiating with sellers in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to sellers are typically at favourable interest rates and for terms of one to 15 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. During the third quarter of 2019, the Fund entered into five new seller notes for an aggregate amount of \$8.4 million. The Company repaid seller notes in the third quarter of 2019 totaling approximately \$3.5 million (2018 - \$3.6 million). During the nine months ended September 30, 2019, the Fund entered into 15 new seller notes for an aggregate amount of \$24.2 million. The Company repaid seller notes in the first nine months of 2019 totaling approximately \$12.2 million (2018 - \$12.5 million).

The Fund has traditionally used leases to finance a portion of both its maintenance and expansion capital expenditures. The Fund expects to continue to use this source of financing where available at competitive interest rates and terms, although this financing also impacts the total leverage capacity covenants under its debt facility. During the first nine months of 2019, \$2.2 million (2018 - \$2.5 million) of expenditures for new equipment,

technology infrastructure and vehicles were financed through leases, which have been included within right of use assets and lease liabilities.

The Company recognized lease liabilities on property leases of \$479.6 million at January 1, 2019 and additional property leases of \$103.0 million during the first nine months of 2019, based on the adoption of IFRS 16, *Leases*. Cash used by financing activities was impacted by the adoption of IFRS 16, *Leases*, which resulted in an additional \$26.7 million used to repay property leases, consisting of \$21.0 million in principal repayments and \$5.7 million in finance costs during the third quarter of 2019. For the nine months ended September 30, 2019, \$76.7 million of cash was used to repay property leases, consisting of \$60.3 million of principal repayments and \$16.4 in finance costs. These payments were previously classified as operating expenses and included in cash flows from operating activities.

Investing Activities

Cash used in investing activities totaled \$78.4 million and \$227.6 million for the three and nine months ended September 30, 2019, compared to \$19.0 million and \$59.3 million for the three and nine month periods of the prior year. The investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

Since the beginning of 2019, the Company has added 92 collision locations as follows:

Date	Location	Previously operated as
January 1, 2019	Union City, GA	n/a intake center
January 9, 2019	Cayce, SC	Bob Johnson's Body Shop
January 11, 2019	Peoria, AZ	Lake Pleasant Collision Center
February 28, 2019	New York (18 locations)	Carubba Collision
March 8, 2019	Michigan (11 locations)	Dusty's, Whitney's and Wright Brothers Collision
March 15, 2019	Guelph, ON	Majestic Collision
March 18, 2019	Richland, WA	Atomic Auto Body and Detail
March 25, 2019	Bullhead City, AZ	Gordy's Auto Body
March 29, 2019	Oregon & Washington (7 locations)	Beaverton Auto Rebuilders, Inc.
April 15, 2019	New York (3 locations)	Carubba Collision
April 18, 2019	Holly Springs, GA	n/a intake center
May 14, 2019	Trussville, AL	Myers Auto Collision Repair, Inc.
May 14, 2019	Nevada & Arizona (4 locations)	New Look Collision Center
June 7, 2019	Louisville, KY (2 locations)	Bill Etscorn & Sons Auto & Collision Center
June 10, 2019	Watauga, TX	PlanetPaint Collision Center
June 24, 2019	Austin, TX	Aus-Tex Body & Frame
July 19, 2019	Rochester, NY (16 locations)	Nu-Look Collision Center
July 29, 2019	Steinbach, MB	Stony Brook Collision Center
July 31, 2019	Destin, FL	n/a start-up
August 1, 2019	Ottawa, ON	n/a start-up
August 19, 2019	Moody & Anniston, AL (2 locations)	Auto Collision Experts
September 3, 2019	Lincolnwood, IL	n/a intake center
September 3, 2019	Pasco, WA	n/a intake center
September 6, 2019	Evansville, IN (4 locations)	Lefler Collision & Glass
September 13, 2019	Columbia, Irmo & Lexington, SC (3 locations)	Baker Collision Express
September 16, 2019	Lindenhurst, IL	n/a intake center
September 30, 2019	East Peoria, IL	n/a start-up
September 30, 2019	Port Orchard & Gig Harbor, WA (2 locations)	Rainier Collision
October 8, 2019	Gonzales, LA	Precision Collision Center
November 1, 2019	Huntsville, AL	Quality Body Shop
November 1, 2019	Pelham, AL	Oak Mountain Body Shop

The Company completed the acquisition or start-up of 47 locations from the beginning of 2018 until the third quarter reporting date of November 14, 2018.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, computers, software and vehicles forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. Excluding expenditures related to acquisition and development and those funded through leases, the Company spent approximately \$7.8 million or 1.4% of sales on capital expenditures during the third quarter of 2019, compared to \$8.5 million or 1.8% of sales during the same period of 2018. These same expenditures were \$21.8 million or 1.3% of sales for the first nine months of 2019 compared to \$17.3 million or 1.3% of sales during the same period in 2018.

LEGAL PROCEEDINGS

Neither the Fund, Boyd nor any of its subsidiaries are involved in any legal proceedings which are material in any respect.

RELATED PARTY TRANSACTIONS

The Fund has not entered into any new related party transactions beyond the items disclosed in the 2018 annual report.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations requires that the Fund make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

The critical accounting estimates are substantially unchanged from those identified in the 2018 annual MD&A, except as follows:

Leases

The application of IFRS 16, *Leases* requires estimates be made in order to determine the value of the right of use assets and lease liabilities. The key estimates under this new standard relate to the incremental rate of borrowing and the certainty of entering into renewal options.

Contingent Consideration

The Fund's liabilities for contingent consideration associated with the earn out portion of acquisitions is reassessed each period end after the completion of the related acquisition up to the point of the completion of the earn out period. The carrying value of the liability is based on an estimate of both the amount of the potential payment and probability that the earn out will be paid.

CHANGES IN ACCOUNTING POLICIES

IFRS 16, *Leases*, was issued by the IASB on January 13, 2016 and replaced the guidance found in IAS 17, *Leases* and related interpretations. The new standard has brought most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases.

On January 1, 2019, the Fund adopted IFRS 16, *Leases*. The adoption of this standard had a significant impact on the consolidated statement of financial position, through recognition of additional right of use assets of \$452.9 million and lease liabilities of \$488.0 million.

The impact of IFRS 16 on the consolidated statements of earnings and cash flows, and the calculation of standardized and Adjusted distributable cash was as follows:

<i>(thousands of Canadian dollars, except per unit and percentage amounts)</i>	For the three months ended September 30, 2019 IFRS 16			For the nine months ended September 30, 2019 IFRS 16		
	As reported	Adjustment	Pre-IFRS 16	As reported	Adjustment	Pre-IFRS 16
	Sales	\$ 566,957	\$ -	\$ 566,957	\$ 1,697,359	\$ -
Cost of sales	309,934	-	309,934	924,596	-	924,596
Gross profit	257,023	-	257,023	772,763	-	772,763
Operating expenses	179,625	26,742	206,367	536,944	76,653	613,597
<i>Operating expenses %</i>	<i>31.7%</i>		<i>36.4%</i>	<i>31.6%</i>		<i>36.2%</i>
Adjusted EBITDA ⁽¹⁾	77,398	(26,742)	50,656	235,819	(76,653)	159,166
<i>Adjusted EBITDA %</i>	<i>13.7%</i>		<i>8.9%</i>	<i>13.9%</i>		<i>9.4%</i>
Acquisition and transaction costs	1,156	-	1,156	3,859	-	3,859
Depreciation	34,138	(22,699)	11,439	96,707	(64,832)	31,875
Amortization of intangible assets	5,436	-	5,436	15,978	-	15,978
Fair value adjustments	5,029	-	5,029	19,531	-	19,531
Finance costs	9,647	(5,705)	3,942	28,056	(16,401)	11,655
Earnings before income taxes	21,992	1,662	23,654	71,688	4,580	76,268
Income tax expense	7,226	432	7,658	21,794	1,191	22,985
Net earnings	\$ 14,766	\$ 1,230	\$ 15,996	\$ 49,894	\$ 3,389	\$ 53,283
Basic earnings per unit	0.74	0.06	0.80	2.51	0.17	2.68
Adjusted net earnings ⁽²⁾	20,651	1,229	21,880	72,280	3,390	75,670
Adjusted net earnings per unit ⁽³⁾	1.04	0.06	1.10	3.64	0.17	3.81
Cash flows from operating activities	\$ 58,973	\$ (26,742)	\$ 32,231	\$ 207,569	\$ (76,653)	\$ 130,916
Cash flows from financing activities	13,752	26,742	40,494	(1,902)	76,653	74,751
	\$ 72,725	\$ -	\$ 72,725	\$ 205,667	\$ -	\$ 205,667
Standardized distributable cash	\$ 41,562	\$ (26,742)	\$ 14,820	\$ 157,688	\$ -	\$ 157,688
Repayments of leases	\$ 28,077	\$ (26,742)	\$ 1,335	\$ 80,106	\$ (76,653)	\$ 3,453
Adjusted distributable cash	\$ 20,555	\$ -	\$ 20,555	\$ 98,381	\$ -	\$ 98,381
⁽¹⁾ Adjusted EBITDA "as reported" was \$50,656 for the three months ended September 30, 2019 and \$159,166 for the nine months ended September 30, 2019. It is shown above as if property lease payments had not been deducted in arriving at Adjusted EBITDA, for illustrative purposes.						
⁽²⁾ Adjusted net earnings "as reported" was \$21,880 for the three months ended September 30, 2019 and \$75,670 for the nine months ended September 30, 2019. It is shown above as if IFRS 16 adjustments had not been made in arriving at Adjusted net earnings, for illustrative purposes.						
⁽³⁾ Adjusted net earnings per unit "as reported" was \$1.10 for the three months ended September 30, 2019 and \$3.81 for the nine months ended September 30, 2019. It is shown above as if IFRS 16 adjustments had not been made in arriving at Adjusted net earnings per unit, for illustrative purposes.						

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Fund's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the first nine months of 2019, there have been changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. As a result of adoption of IFRS 16, *Leases*, new process and internal controls have been implemented to track and record lease liabilities and right of use assets, as well as to provide the disclosures required by the new standard.

During the second quarter of 2019, the Fund detected a ransomware cyber-attack on a subset of its information technology systems. The Fund immediately implemented countermeasures and was able to fully recover from the cyber-attack with minimal financial impact. A forensic investigation has confirmed that there is no evidence of exfiltration or breach of any data. As a result of the ransomware cyber-attack, some business systems needed to be recovered. Processes and internal controls were designed to provide reasonable assurance regarding the reliability of financial reporting impacted by the recovery of these business systems.

BUSINESS RISKS AND UNCERTAINTIES

Risks and uncertainties affecting the business remain substantially unchanged from those identified in the 2018 annual MD&A.

ADDITIONAL INFORMATION

The Fund's units trade on the Toronto Stock Exchange under the symbols TSX: BYD.UN. Additional information relating to the Boyd Group Income Fund is available on SEDAR (www.sedar.com) and the Company website (www.boydgroup.com).

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Brock Bulbuck**, Chief Executive Officer, **Boyd Group Income Fund**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A, including (together, the “interim filings”) of **Boyd Group Income Fund** (the “issuer”) for the interim period ended **September 30, 2019**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2019 and ended on September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 13, 2019

(signed)

Brock Bulbuck
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Narendra Pathipati, Chief Financial Officer, Boyd Group Income Fund**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A, including (together, the “interim filings”) of **Boyd Group Income Fund** (the “issuer”) for the interim period ended **September 30, 2019**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2019 and ended on September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 13, 2019

(signed)

Narendra Pathipati
Executive Vice President & Chief Financial Officer



BOYD GROUP INCOME FUND

Interim Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2019

Notice: These interim condensed consolidated financial statements have not been audited or reviewed by the Fund's independent external auditors, Deloitte LLP.

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)
(thousands of Canadian dollars)

		September 30, 2019	December 31, 2018
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 41,068	\$ 64,476
Accounts receivable		120,710	105,088
Income taxes recoverable		2,137	3,064
Inventory		39,314	41,804
Prepaid expenses		31,136	30,292
		234,365	244,724
Property, plant and equipment	3,5	280,411	253,103
Right of use assets	3,6	479,951	-
Intangible assets	7	342,462	295,789
Goodwill	8	551,867	439,867
		\$ 1,889,056	\$ 1,233,483
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities	3	\$ 261,859	\$ 267,991
Distributions and dividends payable	9	904	902
Current portion of long-term debt	10	21,784	16,390
Current portion of lease liabilities	3,11	108,556	3,846
Non-controlling interest call liability	14	-	13,651
		393,103	302,780
Long-term debt	10	396,566	271,769
Lease liabilities	3,11	409,179	4,561
Deferred income tax liability	3	35,726	39,882
Unearned rebates	12	9,525	-
Exchangeable Class A common shares	9, 14	32,696	21,549
Unit based payment obligation	15	25,304	14,936
Non-controlling interest put option	14	4,264	6,905
		1,306,363	662,382
Equity			
Accumulated other comprehensive earnings		62,937	77,637
Retained earnings	3	34,208	14,038
Unitholders' capital		481,546	475,424
Contributed surplus		4,002	4,002
		582,693	571,101
		\$ 1,889,056	\$ 1,233,483

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Approved by the Board:

BROCK BULBUCK
Trustee

ALLAN DAVIS
Trustee

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(thousands of Canadian dollars, except unit amounts)

	Note	Unitholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings (Deficit)	Total Equity
		Units	Amount				
Balances - January 1, 2018		19,513,864	\$ 443,463	\$ 4,002	\$ 38,810	\$ (46,432)	\$ 439,843
Issue costs (net of tax of \$nil)			(101)				(101)
Units issued from treasury in connection with options exercised		300,000	31,020				31,020
Retractions		9,611	1,042				1,042
Other comprehensive earnings					38,827		38,827
Net earnings						77,639	77,639
Comprehensive earnings					38,827	77,639	116,466
Adjustment on adoption of IFRS 15 (net of tax of \$1,804)						(6,731)	(6,731)
Distributions to unitholders						(10,438)	(10,438)
Balances - December 31, 2018		19,823,475	\$ 475,424	\$ 4,002	\$ 77,637	\$ 14,038	\$ 571,101
Issue costs (net of tax of \$nil)			(117)				(117)
Units issued in connection with acquisition	4	45,371	5,537				5,537
Retractions		4,554	702				702
Other comprehensive loss					(14,700)		(14,700)
Net earnings						49,894	49,894
Comprehensive earnings					(14,700)	49,894	35,194
Adjustment on adoption of IFRS 16 (net of tax of \$9,663)	3					(21,681)	(21,681)
Distributions to unitholders	9					(8,043)	(8,043)
Balances - September 30, 2019		19,873,400	\$ 481,546	\$ 4,002	\$ 62,937	\$ 34,208	\$ 582,693
Balances - January 1, 2018		19,513,864	\$ 443,463	\$ 4,002	\$ 38,810	\$ (46,432)	\$ 439,843
Issue costs (net of tax of \$nil)			(101)				(101)
Units issued from treasury in connection with options exercised		150,000	15,134				15,134
Retractions		7,520	778				778
Other comprehensive earnings					13,079		13,079
Net earnings						47,735	47,735
Comprehensive earnings					13,079	47,735	60,814
Adjustment on adoption of IFRS 15 (net of tax of \$1,804)						(6,731)	(6,731)
Distributions to unitholders	9					(7,789)	(7,789)
Balances - September 30, 2018		19,671,384	\$ 459,274	\$ 4,002	\$ 51,889	\$ (13,217)	\$ 501,948

The accompanying notes are an integral part of these interim condensed consolidated financial statements

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

(thousands of Canadian dollars, except unit and per unit amounts)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Sales	16	\$ 566,957	\$ 459,564	\$ 1,697,359	\$ 1,369,482
Cost of sales		309,934	250,830	924,596	746,321
Gross profit		257,023	208,734	772,763	623,161
Operating expenses		179,625	167,531	536,944	497,341
Acquisition and transaction costs		1,156	684	3,859	1,672
Depreciation of property, plant and equipment	5	10,771	8,969	29,861	24,793
Depreciation of right of use assets	6	23,367	-	66,846	-
Amortization of intangible assets	7	5,436	4,421	15,978	12,924
Fair value adjustments	13	5,029	3,326	19,531	13,460
Finance costs		9,647	2,452	28,056	7,372
		235,031	187,383	701,075	557,562
Earnings before income taxes		21,992	21,351	71,688	65,599
Income tax expense (recovery)					
Current		5,898	5,559	15,436	14,636
Deferred		1,328	(779)	6,358	3,228
		7,226	4,780	21,794	17,864
Net earnings		\$ 14,766	\$ 16,571	\$ 49,894	\$ 47,735

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Basic earnings per unit	18	\$0.74	\$0.84	\$2.51	\$2.43
Diluted earnings per unit	18	\$0.74	\$0.75	\$2.39	\$2.38
Basic weighted average number of units outstanding	18	19,873,022	19,671,303	19,860,572	19,667,668
Diluted weighted average number of units outstanding	18	19,873,022	19,844,483	19,885,368	19,840,848

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Unaudited)

(thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net earnings	\$ 14,766	\$ 16,571	\$ 49,894	\$ 47,735
Other comprehensive earnings (loss)				
Interim Condensed Consolidated Statements of Earnings				
Change in unrealized earnings on translating financial statements of foreign operations	6,297	(7,906)	(14,700)	13,079
Other comprehensive earnings (loss)	6,297	(7,906)	(14,700)	13,079
Comprehensive earnings	\$ 21,063	\$ 8,665	\$ 35,194	\$ 60,814

The accompanying notes are an integral part of these interim condensed consolidated financial statements

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(thousands of Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
	<i>Note</i>				
Cash flows from operating activities					
Net earnings		\$ 14,766	\$ 16,571	\$ 49,894	\$ 47,735
Adjustments for					
Fair value adjustments	13	5,029	3,326	19,531	13,460
Deferred income taxes		1,328	(779)	6,358	3,228
Finance costs		9,647	2,452	28,056	7,372
Amortization of intangible assets	7	5,436	4,421	15,978	12,924
Depreciation of property, plant and equipment	5	10,771	8,969	29,861	24,793
Depreciation of right of use assets	6	23,367	-	66,846	-
Other		(211)	(94)	(405)	(211)
		70,133	34,866	216,119	109,301
Changes in non-cash working capital items		(11,160)	(15,872)	(8,550)	11,442
		58,973	18,994	207,569	120,743
Cash flows from (used in) financing activities					
Fund units issued from treasury					
in connection with options exercised		-	-	-	405
Issue costs		-	-	(117)	(101)
Increase in obligations under long-term debt	10	65,125	-	165,336	18,427
Repayment of long-term debt, principal	10	(16,806)	(14,954)	(54,543)	(59,968)
Repayment of obligations under property leases, principal		(21,037)	-	(60,252)	-
Repayment of obligations under vehicle and equipment leases, principal		(1,200)	(999)	(3,081)	(2,978)
Interest on long-term debt		(3,777)	(2,271)	(11,190)	(6,919)
Interest on property leases		(5,705)	-	(16,401)	-
Interest on vehicle and equipment leases		(135)	(131)	(372)	(396)
Acquisition of non-controlling interest in Glass America LLC	14	-	-	(13,152)	-
Dividends and distributions paid		(2,713)	(2,626)	(8,130)	(7,870)
		13,752	(20,981)	(1,902)	(59,400)
Cash flows used in investing activities					
Proceeds on sale of equipment and software	5	74	150	167	503
Equipment purchases and facility improvements		(6,837)	(8,154)	(20,232)	(16,702)
Acquisition and development of businesses (net of cash acquired)		(70,714)	(10,692)	(205,911)	(42,465)
Software purchases and licensing	7	(927)	(313)	(1,593)	(605)
		(78,404)	(19,009)	(227,569)	(59,269)
Effect of foreign exchange rate changes on cash		451	(902)	(1,506)	1,443
Net (decrease) increase in cash position		(5,228)	(21,898)	(23,408)	3,517
Cash, beginning of year		46,296	73,246	64,476	47,831
Cash, end of year		\$ 41,068	\$ 51,348	\$ 41,068	\$ 51,348
Income taxes paid		\$ 3,603	\$ 1,103	\$ 14,609	\$ 4,803
Interest paid		\$ 9,617	\$ 2,458	\$ 27,554	\$ 7,390

The accompanying notes are an integral part of these interim condensed consolidated financial statements

BOYD GROUP INCOME FUND

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

1. GENERAL INFORMATION

Boyd Group Income Fund (the “Fund” or “BGIF”) is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba, Canada on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the “Company”). The Company is partially owned by Boyd Group Holdings Inc. (“BGHI”), which is controlled by the Fund. These financial statements reflect the activities of the Fund, the Company and all its subsidiaries including BGHI.

The Company’s business consists of the ownership and operation of autobody/autoglass repair facilities and related services. At the reporting date, the Company operated locations in five Canadian provinces under the trade name Boyd Autobody & Glass and Assured Automotive, as well as in 27 U.S. states under the trade name Gerber Collision & Glass. The Company uses newly acquired brand names during a transition period until acquired locations have been rebranded. The Company is also a major retail auto glass operator in the U.S. with operations across 34 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services (“GNCS”), which offers glass, emergency roadside and first notice of loss services with approximately 5,500 glass provider locations and 4,600 Emergency Roadside Services provider locations throughout the U.S.

The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol “BYD.UN”. The head office and principal address of the Fund are located at 1745 Ellice Avenue, Unit C1, Winnipeg, Manitoba, Canada, R3H 1A6.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of November 12, 2019, the date the Board of Trustees approved the statements. Any subsequent changes to IFRS that are given effect in the Fund’s annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 have been prepared in accordance with IAS 34, *Interim financial reporting* using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16, *Leases*. The date of initial application of IFRS 16 for the Fund is January 1, 2019. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS.

The impact of the adoption of IFRS 16 and the new accounting policies are disclosed in notes 3, 6 and 11. IFRS 16, *Leases*, replaced the guidance found in IAS 17, *Leases* and related interpretations. The new standard brings most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases.

3. CHANGES IN ACCOUNTING POLICIES

Leases

The Fund has adopted IFRS 16, *Leases* on January 1, 2019 using the modified retrospective approach, which recognizes the cumulative effect of initial application as an adjustment to the opening balances of property, plant and equipment, right of use assets, accounts payable and accrued liabilities, lease liabilities, obligations under finance leases, deferred income tax liability and retained earnings at January 1, 2019 without restatement of comparatives. Accounts payable and accrued liabilities were impacted on adoption of IFRS 16 due to the reversal of deferred rent amounts recorded under the previous accounting standard, IAS 17, *Leases*. The impact on the consolidated financial statements as at January 1, 2019 is as follows:

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

	December 31, 2018	Adjustment as a result of IFRS 16	January 1, 2019
Assets			
Property, plant and equipment	\$ 253,103	\$ (10,382)	\$ 242,721
Right of use assets	-	452,938	452,938
	\$ 253,103	\$ 442,556	\$ 695,659
Liabilities			
Accounts payable and accrued liabilities	\$ 267,991	\$ (5,679)	\$ 262,312
Current portion of lease liabilities	-	103,880	103,880
Current portion of obligations under finance leases	3,846	(3,846)	-
	271,837	94,355	366,192
Lease liabilities	-	384,106	384,106
Obligations under finance leases	4,561	(4,561)	-
Deferred income tax liability	39,882	(9,663)	30,219
	316,280	464,237	780,517
Equity			
Retained earnings (deficit)	14,038	(21,681)	(7,643)
	14,038	(21,681)	(7,643)
	\$ 330,318	\$ 442,556	\$ 772,874

As part of the initial application of IFRS 16, the Fund has utilized the following recognition exemptions and practical expedients:

- not to apply the requirements to short term leases and leases for which the underlying asset is of low value;
- not to reassess whether a contract is, or contains, a lease at the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust the right of use asset at the date of initial application by the amount of any provision for onerous leases recognized in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of the right of use asset at the date of initial application;
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and
- not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application.

The following reconciliation to the opening balance for the lease liabilities as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018:

	January 1, 2019
Operating lease obligations at December 31, 2018	\$ 535,533
Finance lease obligations at December 31, 2018	8,407
Discounting	(88,306)
Adjustment for extensions	30,018
Other adjustments	2,334
Lease liabilities at January 1, 2019	\$ 487,986

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

On adoption of IFRS 16, the Fund's right of use assets were measured based on the carrying amount as if the Standard had been applied since the commencement date, discounted at the incremental borrowing rate at the date of initial application. For leases previously classified as finance leases, the carrying amount of the right of use asset and the lease liability at the date of initial application were measured based on the carrying amount of the lease asset and lease liability immediately before that date, measured applying IAS 17.

The right of use assets and lease liabilities were discounted at the incremental borrowing rate as at January 1, 2019. The weighted average discount rate was 4.47%. In order to calculate the incremental borrowing rate, reference interest rates were derived for periods of up to 20 years from the yields of corporate bonds in Canada and the U.S. The reference interest rates were supplemented by a leasing risk premium.

Extension options exist for a number of leases, particularly for property. In determining lease terms, extension options are considered only if they are reasonably certain to be exercised.

Leases are presented in the consolidated statement of earnings as follows:

	For the three months ended September 30, 2019,	For the nine months ended September 30, 2019,
Operating expenses	\$ 1,072	\$ 3,544
Depreciation of right of use assets	\$ 23,367	\$ 66,846
Finance costs	\$ 5,840	\$ 16,773

Under IFRS 16, right of use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

After initial implementation of IFRS 16 on January 1, 2019, the Fund assesses whether a contract is or contains a lease, at inception of the contract. The Fund recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases, defined as leases with a lease term of 12 months or less, and leases of low value assets. For these leases, the Fund recognizes the lease payments as operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

After initial implementation of IFRS 16 on January 1, 2019, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the interest rate implicit in the leases cannot be readily determined, the Fund uses its incremental borrowing rate. In order to calculate the incremental borrowing rate, reference interest rates are derived from the yields of corporate bonds in Canada and the U.S. The reference interest rates are supplemented by a leasing risk premium.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the Fund is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made.

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

The Fund remeasures the lease liability when:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

During the period presented, the Fund made the following such adjustments:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option.
- the lease payments have changed due to changes in an index or rate or a change in expected payment under a guaranteed residual value.

After initial implementation of IFRS 16 on January 1, 2019, right of use assets include the initial measurement of the corresponding lease liability, lease payment made at or before the commencement date and any initial direct costs. Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a straight line basis over the term of the lease.

4. ACQUISITIONS

The Fund completed 20 acquisitions that added 81 locations during the nine months ended September 30, 2019 as follows:

Acquisition Date	Location
January 9, 2019	Cayce, SC
January 11, 2019	Peoria, AZ
February 28, 2019	New York (18 locations)
March 8, 2019	Michigan (11 locations)
March 15, 2019	Guelph, ON
March 18, 2019	Richland, WA
March 25, 2019	Bullhead City, AZ
March 29, 2019	Oregon & Washington (7 locations)
April 15, 2019	New York (3 locations)
May 14, 2019	Trussville, AL
May 14, 2019	Nevada & Arizona (4 locations)
June 7, 2019	Louisville, KY (2 locations)
June 10, 2019	Watauga, TX
June 24, 2019	Austin, TX
July 19, 2019	Rochester, NY (16 locations)
July 29, 2019	Steinbach, MB
August 19, 2019	Moody & Anniston, AL (2 locations)
September 6, 2019	Evansville, IN (4 locations)
September 13, 2019	Columbia, Irmo & Lexington, SC (3 locations)
September 30, 2019	Port Orchard & Gig Harbor, WA

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

The Fund has accounted for the 2019 acquisitions using the acquisition method as follows:

Acquisitions in 2019	Total acquisitions
Identifiable net assets acquired at fair value:	
Cash	\$ 1,332
Other current assets	\$ 7,384
Property, plant and equipment	32,755
Right of use assets	78,399
Identified intangible assets	
Customer relationships	64,540
Non-compete agreements	2,913
Liabilities assumed	(18,804)
Lease liability	(78,399)
Identifiable net assets acquired	\$ 90,120
Goodwill	122,148
Total purchase consideration	\$ 212,268
Consideration provided	
Cash paid or payable	\$ 182,486
Units issued	5,537
Seller notes	24,245
Total consideration provided	\$ 212,268

Funding for the February 28, 2019 transaction was a combination of cash and the issuance of 45,371 units to the sellers at a unit price of \$122.05.

The preliminary purchase prices for the 2019 acquisitions may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

U.S. acquisition transactions are initially recognized in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the Statement of Financial Position date.

A significant part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know-how of key personnel. However, no intangible assets qualified for separate recognition in this respect.

Goodwill recognized during 2019 is expected to be deductible for tax purposes.

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

5. PROPERTY, PLANT AND EQUIPMENT

As at	September 30,	December 31,
	2019	2018
Balance, beginning of year	\$ 253,103	\$ 196,099
Acquired through business combination	32,755	31,836
Additions	43,478	44,510
Proceeds on disposal	(167)	(565)
(Loss) gain on disposal	(64)	210
Depreciation	(29,861)	(34,067)
Reclassification of leased vehicles and equipment to right of use asset on adoption of IFRS 16	(10,382)	-
Foreign exchange	(8,451)	15,080
Balance, end of period	\$ 280,411	\$ 253,103

6. RIGHT OF USE ASSETS

	Property	Vehicles	Equipment	Total
As at January 1, 2019	\$ 442,556	\$ 7,624	\$ 2,757	\$ 452,937
Acquired through business combinations	78,399	-	-	78,399
Additions and modifications	21,188	2,195	-	23,383
Depreciation	(64,832)	(1,799)	(215)	(66,846)
Foreign exchange	(7,499)	(360)	(63)	(7,922)
Net book value	\$ 469,812	\$ 7,660	\$ 2,479	\$ 479,951

7. INTANGIBLE ASSETS

As at	September 30,	December 31,
	2019	2018
Balance, beginning of year	\$ 295,789	\$ 251,902
Acquired through business combination	67,453	45,343
Additions	1,593	909
Amortization	(15,978)	(17,674)
Foreign exchange	(6,395)	15,309
Balance, end of period	\$ 342,462	\$ 295,789

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

8. GOODWILL

As at	September 30, 2019	December 31, 2018
Balance, beginning of year	\$ 439,867	\$ 351,943
Acquired through business combination	122,148	65,381
Purchase price allocation adjustments within the measurement period	(789)	-
Foreign exchange	(9,359)	22,543
Balance, end of period	\$ 551,867	\$ 439,867

The purchase price allocation adjustments represent balance sheet reclassifications between property, plant and equipment and goodwill within the measurement period for certain 2018 acquisitions.

9. DISTRIBUTIONS AND DIVIDENDS

The Fund's Trustees have discretion in declaring distributions. The Fund's distribution policy is to make distributions of its available cash from operations taking into account current and future performance amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves.

Distributions to unitholders and dividends on the exchangeable Class A shares were declared and paid as follows:

Record date	Payment date	Distribution per Unit /		
		Dividend per Share	Distribution amount	Dividend amount
January 31, 2019	February 26, 2019	\$ 0.0450	\$ 891	\$ 10
February 28, 2019	March 27, 2019	0.0450	892	10
March 31, 2019	April 26, 2019	0.0450	894	9
April 30, 2019	May 29, 2019	0.0450	894	10
May 31, 2019	June 26, 2019	0.0450	894	10
June 30, 2019	July 29, 2019	0.0450	895	9
July 31, 2019	August 28, 2019	0.0450	894	10
August 31, 2019	September 28, 2019	0.0450	894	10
September 30, 2019	October 29, 2019	0.0450	895	9
		\$ 0.4050	\$ 8,043	\$ 87

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

Record date	Payment date	Distribution per Unit /		
		Dividend per Share	Distribution amount	Dividend amount
January 31, 2018	February 26, 2018	\$ 0.0440	\$ 865	\$ 10
February 28, 2018	March 27, 2018	0.0440	865	10
March 31, 2018	April 26, 2018	0.0440	866	9
April 30, 2018	May 29, 2018	0.0440	865	10
May 31, 2018	June 27, 2018	0.0440	865	10
June 30, 2018	July 27, 2018	0.0440	866	9
July 31, 2018	August 29, 2018	0.0440	865	10
August 31, 2018	September 26, 2018	0.0440	866	10
September 30, 2018	October 29, 2018	0.0440	866	9
		\$ 0.3960	\$ 7,789	\$ 87

At September 30, 2019, there were 186,230 (December 31, 2018 – 190,784) exchangeable Class A shares outstanding with a carrying value of \$32,696 (December 31, 2018 - \$21,549).

During the first nine months of 2019, a fair value adjustment expense in the amount of \$11,850 (2018 – \$4,858) was recorded against earnings related to these exchangeable Class A shares.

Further distributions and dividends were declared for the month of October 2019 in the amount of \$0.045 per unit/share.

10. LONG-TERM DEBT

The Company has a credit facility agreement expiring in May 2022 which consists of a revolving credit facility of \$400,000 U.S. with an accordion feature which can increase the facility to a maximum of \$450,000 U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to Adjusted EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$5,000 U.S. in Canada and \$20,000 U.S. in the U.S. At September 30, 2019, the Company has drawn \$158,300 U.S. (December 31, 2018 - \$61,300 U.S.) and \$134,000 Canadian (December 31, 2018 - \$139,000) on the revolving credit facility.

Under the revolving facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt excluding property leases to Adjusted EBITDA ratio of less than 4.25; a senior debt excluding property leases to Adjusted EBITDA ratio of less than 3.25; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 4.75, the senior debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 3.75.

Financing costs of \$859 incurred during 2017 to complete the second amended and restated credit agreement have been deferred. These fees are amortized to finance costs on a straight line basis over the five year term of the second amended and restated credit agreement. The unamortized deferred financing costs of \$458 have been netted against the debt drawn as at September 30, 2019.

As at September 30, 2019, the Company was in compliance with all financial covenants.

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

Seller notes payable of \$75,174 (of which \$74,629, or \$56,353 U.S., are U.S. denominated) on the financing of certain acquisitions are unsecured, at interest rates ranging from 1% to 8%. The notes are repayable from October 2019 to January 2027 in the same currency as the related note.

Long-term debt is comprised of the following:

As at	September 30, 2019	December 31, 2018
Revolving credit facility (net of financing costs)	\$ 343,176	\$ 222,039
Seller notes	75,174	66,120
	\$ 418,350	\$ 288,159
Current portion	21,784	16,390
	\$ 396,566	\$ 271,769

The following is the continuity of long-term debt:

As at	September 30, 2019	December 31, 2018
Balance, beginning of year	\$ 288,159	\$ 257,976
Consideration on acquisition	24,245	20,073
Draws	165,336	67,799
Repayments	(54,543)	(66,079)
Amortization of deferred finance costs	134	172
Foreign exchange	(4,981)	8,218
Balance, end of period	\$ 418,350	\$ 288,159

The following table summarizes the repayment schedule of the long-term debt:

Principal Payments	September 30, 2019	December 31, 2018
Less than 1 year	\$ 21,784	\$ 16,390
1 to 5 years	393,864	256,674
Greater than 5 years	2,702	15,095

Included in finance costs for the nine months ended September 30, 2019 is interest on long-term debt of \$11,190 (2018 - \$6,919).

BOYD GROUP INCOME FUND
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and nine months ended September 30, 2019 and 2018
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

11. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	September 30, 2019
Balance, beginning of year	\$ 487,986
Assumed on acquisition	78,399
Additions and modifications	23,383
Repayments	(80,106)
Financing costs	16,773
Foreign exchange	(8,700)
Balance, end of period	\$ 517,735

The following table summarizes the repayment schedule of the lease liability:

Less than 1 year	\$ 108,556
1 to 5 years	284,015
Greater than 5 years	125,164
	\$ 517,735

Included in operating expenses are short-term and low-value asset lease expenses of \$1,038 and \$3,455 for the three and nine months ended September 30, 2019, respectively.

12. UNEARNED REBATES

In connection with a 2019 acquisition, the Company recognized previously received prepaid rebates from a trading partner of \$7,500 U.S.

The terms of the agreement require the Company to repay the unamortized prepaid rebates received in the amount of \$7,500 U.S. Under the terms of the agreement, the Company will make monthly payments of \$51 U.S. per month until the rebate is paid in full.

At September 30, 2019, the Company has unearned rebates of \$9,525 (December 31, 2018 – nil).

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13. FAIR VALUE ADJUSTMENTS

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Exchangeable Class A common shares	1,881	1,692	\$ 11,850	\$ 4,858
Unit based payment obligation	2,032	3,281	10,368	9,141
Non-controlling interest put option and call liability	1,116	(1,647)	(2,467)	(539)
Contingent consideration	-	-	(220)	-
Total fair value adjustments	\$ 5,029	\$ 3,326	\$ 19,531	\$ 13,460

14. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	September 30, 2019		December 31, 2018	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	41,068	41,068	64,476	64,476
Accounts receivable	Amortized cost	n/a	120,710	120,710	105,088	105,088
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	261,859	261,859	267,991	267,991
Distributions and dividends payable	Amortized cost	n/a	904	904	902	902
Unearned rebates	Amortized cost	n/a	9,525	9,525	-	-
Long-term debt	Amortized cost	n/a	418,350	418,350	288,159	288,159
Exchangeable Class A common shares	FVPL ⁽¹⁾	1	32,696	32,696	21,549	21,549
Non-controlling interest put options and call liability	FVPL ⁽¹⁾	3	4,264	4,264	20,556	20,556

(1) Fair Value Through Profit or Loss

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For the Fund's current financial assets and liabilities, including accounts receivable, accounts payable and accrued liabilities, and distributions and dividends payable, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund's long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair value of the unearned rebate is approximately equal to the carrying value. The fair value for the non-controlling interest put option and call liability is based on the estimated cash payment or receipt necessary to settle the contract at the Statement of Financial Position date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk. The fair value of the exchangeable Class A shares is estimated using the market price of the units of the Fund as of the Statement of Financial Position date.

Collateral

The Company's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at September 30, 2019 was approximately \$161,778 (December 31, 2018 - \$169,564).

Non-controlling interest put option and call liability

On May 31, 2013, the Fund entered into a contribution agreement ("GA Company Agreement") whereby Glass America Inc. contributed its auto-glass business to Gerber Glass in exchange for membership representing a 30% ownership interest in a new combined Glass America LLC. The GA Company Agreement contained a put option as well as a call option, which provided the non-controlling interest with the right to require Gerber Glass to purchase their retained interest and Gerber Glass with the right to require the non-controlling interest to sell their retained interest respectively, according to a valuation formula defined in the GA Company Agreement. On September 29, 2017, Gerber Glass exercised its call option to acquire the 30% interest in the Glass America entity. On January 31, 2019, the call option transaction was completed, and Gerber Glass LLC acquired the 30% non-controlling interest in Glass America LLC.

On May 31, 2013, in connection with the acquisition of Glass America, the Fund amended and restated the limited liability company agreement of Gerber Glass LLC (the "Gerber Glass Company Agreement") which provides a member of its U.S. management team the opportunity to participate in the future growth of the Fund's U.S. glass business. Within the agreement was a put option held by the non-controlling member that provided the member an option to put the business back to the Fund according to a valuation formula defined in the agreement. On October 31, 2016, the Fund amended the Gerber Glass Company Agreement. The put option held by the non-controlling member continues to provide the member an option to put the business back to the Fund according to a valuation formula defined in the Gerber Glass Company Agreement; however, the put option was not exercisable until December 31, 2018. All fair value changes in the estimated liability are recorded in earnings.

The liability recognized in connection with both the put option and the call liability have been calculated using formulas defined in the applicable limited liability company agreements. The formula for the Glass America call was based on a multiple of EBITDA, as defined in the agreement, for the trailing twelve months ended August 31, 2017. The formula for the U.S. management team member put option is based on a multiple of EBITDA, as defined in the agreement, for the trailing twelve months ended September 30, 2019.

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The change in the non-controlling interest put option and call liability is summarized as follows:

	September 30, 2019		December 31, 2018	
	Glass-business operating partner	Glass America non-controlling interest	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	\$ 6,905	\$ 13,651	\$ 7,075	\$ 14,167
Fair value adjustments	(2,467)	-	(753)	(1,728)
Payment to non-controlling interests	-	(13,152)	-	-
Foreign exchange	(174)	(499)	583	1,212
Balance, end of period	\$ 4,264	\$ -	\$ 6,905	\$ 13,651

During the first nine months of 2019, a fair value adjustment recovery in the amount of \$2,467 (2018 – recovery of \$539) was recorded to earnings related to the non-controlling interest put option and call liability.

15. UNIT BASED PAYMENT OBLIGATION

Pursuant to the Fund’s Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The following options are outstanding:

Issue Date	Number of Units	Exercise Price	Expiry Date	September 30, 2019	December 31, 2018
				Fair Value	Fair Value
January 2, 2010	150,000	\$ 5.41	January 2, 2020	25,304	14,936

The fair value of each outstanding option is estimated using a Black-Scholes valuation model with the following assumptions used for the outstanding options granted: stock price \$175.57, dividend yield 0.44%, expected volatility 24.18% (determined as a weighted standard deviation of the unit price over the past four years) and risk free interest rate 1.63%.

During the first nine months of 2019, a fair value adjustment expense in the amount of \$10,368 (2018 – \$9,141) was recorded to earnings related to these unit based payment obligations.

On September 19, 2019, certain key executives provided irrevocable notice that the unit options issued to certain executives on January 2, 2010 would be exercised, which will result in the issuance of 150,000 units at an exercise price of \$5.41 between November 14, 2019 and January 2, 2020.

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16. SEASONALITY

The Fund's financial results for any individual quarter are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local weather, market conditions, and in particular, to cyclical variations in economic activity.

17. SEGMENTED REPORTING

The Fund has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, IFRS requires the Fund to provide geographical disclosure. For the periods reported, all of the Fund's revenues were derived within Canada or the United States of America. Reportable assets include property, plant and equipment, right of use assets, goodwill and intangible assets which are all located within these two geographic areas.

Revenues	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Canada	\$ 66,875	\$ 68,798	\$ 215,769	\$ 216,106
United States	500,082	390,766	1,481,590	1,153,376
	\$ 566,957	\$ 459,564	\$ 1,697,359	\$ 1,369,482

Reportable Assets	September 30,	December 31,
As at	2019	2018
Canada	\$ 303,088	\$ 239,504
United States	1,351,603	749,255
	\$ 1,654,691	\$ 988,759

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18. EARNINGS PER UNIT

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Net earnings	\$ 14,766	\$ 16,571	\$ 49,894	\$ 47,735
Less:				
Non-controlling interest put options and call liability	-	(1,647)	(2,467)	(539)
Net earnings - diluted basis	\$ 14,766	\$ 14,924	\$ 47,427	\$ 47,196
Basic weighted average number of units	19,873,022	19,671,303	19,860,572	19,667,668
Add:				
Non-controlling interest put options and call liability	-	173,180	24,796	173,180
Average number of units outstanding - diluted basis	19,873,022	19,844,483	19,885,368	19,840,848
Basic earnings per unit	\$ 0.74	\$ 0.84	\$ 2.51	\$ 2.43
Diluted earnings per unit	\$ 0.74	\$ 0.75	\$ 2.39	\$ 2.38

Exchangeable class A shares and unit options are instruments that could potentially dilute basic earnings per unit in the future, but were not included in the calculation of diluted earnings per unit because they are anti-dilutive for the periods presented.

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19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2018	Cash Flows	Non-cash changes				September 30, 2019
			Acquisition	Other items	Fair value changes	Foreign exchange	
Fund units issued from treasury in connection with options exercised	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	288,159	99,603	24,245	11,324	-	(4,981)	418,350
Obligations under finance leases	8,407	-	-	(8,407)	-	-	-
Lease liabilities	-	(80,106)	78,399	528,142	-	(8,700)	517,735
Dividends and distributions	902	(8,130)	-	8,132	-	-	904
Non-controlling interest put option and call liability	20,556	(13,152)	-	-	(2,467)	(673)	4,264
Issue costs	-	(117)	-	-	-	-	-
	\$ 318,024	(1,902)	102,644	539,191	(2,467)	(14,354)	\$ 941,253

As at	December 31, 2017	Cash Flows	Non-cash changes				September 30, 2018
			Acquisition	Other items	Fair value changes	Foreign exchange	
Fund units issued from treasury in connection with options exercised	\$ -	\$ 405	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	257,976	(48,460)	4,890	7,045	-	3,430	224,881
Obligations under finance leases	8,921	(3,374)	-	2,913	-	214	8,674
Dividends and distributions	869	(7,870)	-	7,876	-	-	875
Non-controlling interest put option and call liability	21,242	-	-	-	(539)	674	21,377
Issue costs	-	(101)	-	-	-	-	-
	\$ 289,008	(59,400)	4,890	17,834	(539)	4,318	\$ 255,807

20. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified in the interim condensed consolidated statements of cash flows to conform with the presentation of the current period.