



# **BOYD GROUP INCOME FUND**

**INTERIM REPORT TO UNITHOLDERS**

**Third Quarter and Nine Months Ended September 30, 2017**

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To our Unitholders,

The third quarter of 2017 began with the completion of the acquisition of Assured Automotive Inc. (“Assured”), which positioned Boyd as the largest non-franchise provider of collision repair services in Canada. As the quarter unfolded, we did face significant headwinds in the form of a strengthening Canadian dollar as well as an active hurricane season, which meaningfully impacted operating performance, primarily in the states of Florida and Georgia. In spite of these headwinds, Boyd was able to deliver growth in sales and Adjusted EBITDA<sup>1</sup>, demonstrating the resilience of our business model and the competitive advantage Boyd has created by building a large and diversified network of collision repair centres. We are also pleased to report that we successfully added a total of 76 locations to our network during the quarter and 10 more locations subsequent to the quarter end. We now have added 99 locations year-to-date.

Prior to Hurricanes Irma and Harvey making landfall, we made the decision to temporarily close 63 locations in Florida and Georgia so that our employees and customers could focus on ensuring that they and their families were prepared and safe. These closures, along with the business disruptions both before and after the closures, significantly impacted sales and operating margins due to the de-leveraging of our fixed operating expenses. Further, we incurred additional expenses associated with these storms and closures, including compensating our employees during the closures. In addition to being impacted in Florida, Georgia and Texas, our glass business was also impacted more broadly by supply chain disruption that impacted both sales and margins.

Despite these challenges, total sales in the quarter increased 13.5%, to \$391.9 million from \$345.3 million in the third quarter of 2016. This increase is primarily the result of the contributions from 121 new locations added since July 1, 2016, including the 68 locations added with the acquisition of Assured. Acquisition momentum has continued into the fourth quarter with ten locations added, including entering the state of Tennessee through the acquisition of a multi-store operation with nine locations, as well as leveraging the Fund’s acquisition of Assured with a single location acquired in Ontario.

In the third quarter of 2017, Adjusted EBITDA<sup>1</sup> grew to \$35.6 million, or 9.1% of sales, compared with Adjusted EBITDA<sup>1</sup> of \$31.6 million, or 9.2% of sales, in the prior year. Acquisitions and new locations, including Assured, contributed to the 12.5% increase, but these gains were partially offset by the impact of the hurricanes, which we estimate at \$2.8 million, as well as changes in the currency exchange rates, which also decreased Adjusted EBITDA<sup>1</sup> by \$1.2 million.

Net earnings were \$19.8 million during the third quarter of 2017, compared to net earnings of \$6.5 million in the same quarter in 2016. Net earnings were positively affected by \$12.3 million in fair value adjustments, offset by acquisition and transaction costs of \$0.4 million (net of tax) and accelerated amortization of the discount on the convertible debt of \$4.5 million (net of tax). The accelerated amortization of the discount on the convertible debt was a result of the notice provided by the Fund during the quarter that it would be redeeming the 5.25% Convertible Unsecured Subordinated Debentures due October 31, 2021 on November 2, 2017. Excluding the impact of these adjustments, adjusted net earnings<sup>1</sup> were \$12.5 million compared with \$13.1 million in the third quarter of 2016. On a per unit basis, adjusted net earnings<sup>1</sup> for the third quarter of 2017 were \$0.671 per unit, compared to \$0.724 in the same period in 2016. Adjusted net earnings<sup>1</sup> and adjusted net earnings per unit<sup>1</sup> was positively impacted by new locations, including Assured; however, these were more than offset

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<sup>1</sup> 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 sales, 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, 2017, which can be accessed via the SEDAR Web site ([www.sedar.com](http://www.sedar.com)).

by the negative impact of Hurricane Irma and Hurricane Harvey, currency headwinds as well as tax true-up adjustments.

The Fund generated adjusted distributable cash<sup>1</sup> of \$6.5 million in the third quarter of 2017, compared to \$8.1 million in the same quarter of 2016, and declared distributions and dividends of \$2.4 million, resulting in a payout ratio based on adjusted distributable cash<sup>1</sup> of 37.2%. This compares with a payout ratio of 28.4% in the same period of 2016. On a trailing four-quarter basis, the payout ratio was 10.8% as at September 30, 2017.

Based on our continued growth and strength of our business, the Board of Trustees has announced a 2.3% increase in distributions to \$0.528 per unit, on an annualized basis, effective this November. This is the 10th consecutive year that we have increased distributions to our unitholders.

Total debt, net of cash was \$264.4 million at September 30, 2017, compared to \$93.8 million at June 30, 2017 and \$110.8 million at December 31, 2016. The increase in debt during the quarter was a result of increased acquisition activity, including the acquisition of Assured. Cash flow from operations, before considering working capital changes, was \$27.7 million for the three months ended September 30, 2017 compared with \$23.6 million for the same period in 2016. The 17.2% increase in cash flow was primarily the result of growth in the business. Management believes that the Fund's capital resources remain sufficient to meet growth, working capital, capital expenditure and distribution requirements.

To conclude, notwithstanding the unusual challenges that we faced in the third quarter of 2017, it was yet another quarter where we made strides towards our stated goal of doubling the business by 2020. This included making significant acquisitions that bring additional scale and also position us in new geographies that enhance our growth potential. The North American collision repair industry remains highly fragmented and we see many opportunities for both individual single store and MSO acquisitions. Growth in sales on a same-store basis remains a priority and we will continue to drive this through a focus on excellent operational performance. This and other positive industry trends that drive organic growth, along with our strong balance sheet and financing options, including over \$400 million in "dry powder", will continue to position Boyd for success into the future.

On behalf of the Trustees of the Boyd Group Income Fund and Boyd Group employees, I would like to 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 locations in five Canadian provinces under the trade names Boyd Autobody & Glass and Assured Automotive, as well as in 21 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 locations across 31 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.

	<b>45</b> locations		<b>377</b> locations		
Alberta	16	Florida	58	Maryland	10
Manitoba	14	Illinois	54	Oregon	9
British Columbia	13	Michigan	47	Tennessee	9
Saskatchewan	2	North Carolina	30	Oklahoma	5
		Indiana	24	Pennsylvania	5
		Ohio	23	Utah	5
		Georgia	22	Nevada	4
		Washington	22	Idaho	1
		Arizona	20	Kansas	1
		Colorado	17	Kentucky	1
		Louisiana	10		
	<b>71</b> locations				
Ontario	71				
					
					
					

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, 2017, including material transactions and events up to and including November 7, 2017, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2017, 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, 2016 as filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## SIGNIFICANT EVENTS

On January 4, 2017, the Fund announced the appointment of Tim O'Day as President & Chief Operating Officer.

On May 26, 2017, the Fund increased its existing revolving credit facility to US\$300 million, with an accordion feature which can increase the facility to a maximum of US\$450 million.

On May 29, 2017, the Company entered into a definitive agreement to acquire the assets and business of Assured Automotive Inc. and related entities ("Assured"), a multi-location collision repair company operating 68 locations in the province of Ontario, including 30 intake centers co-located at automotive dealerships. The acquisition of the assets and business of Assured closed on July 4, 2017, effective July 1, 2017. Assured generated sales of approximately \$150 million for the trailing twelve months ended March 31, 2017.

In addition to the Assured acquisition, which added 68 locations, the Fund added 31 new collision locations since January 1, 2017 as follows:

Date	Location	Previously operated as
January 6, 2017	Monroe, NC	Griffin Motors Collision Center
January 13, 2017	Phoenix, AZ (4 locations)	Brighton Collision
March 17, 2017	Portland, OR (2 locations)	True Form
March 31, 2017	Hinesville, GA	n/a start-up
April 19, 2017	Salem, OR	C.E. Miller Auto Body
April 27, 2017	Orem, UT	Adams G3 Collision Repair
May 30, 2017	St. Augustine, Florida	n/a start-up
June 14, 2017	Greensboro, GA	Rodfather's Collision Center & Sales
June 27, 2017	Spokane, WA	City South Auto Body of Spokane
August 4, 2017	Calgary, AB (4 locations)	Concours Collision Centres
September 1, 2017	Westerville, OH	Glassburn Body Shop Inc.
September 8, 2017	Lafayette, LA	Prestige Auto Body & Customs of Lafayette
September 18, 2017	Galt, ON	n/a intake center
September 20, 2017	Issaquah, WA	Gilman Autobody
October 18, 2017	Toronto, ON	Birchmount Collision
October 27, 2017	Nashville, TN (9 locations)	Auto Art Body Shop

On September 6, 2017 the Fund provided notice that it would be redeeming the 5.25% Convertible Unsecured Subordinated Debentures (the "Debentures") due October 31, 2021 on November 2, 2017.

On September 8, 2017, the Fund announced the temporary closure of Florida and coastal Georgia collision repair centers and on September 25, 2017, the Fund announced that all affected collision repair centers had been re-opened.

On September 15, 2017, certain key executives provided irrevocable notice that the unit options issued to executives January 2, 2008 would be exercised, which will result in the issuance of 150,000 units at an exercise price of \$2.70 on January 2, 2018.

On September 29, 2017, Gerber Glass LLC, a subsidiary of the Fund, exercised its' call option, as provided for in the Amended and Restated Limited Liability Company Agreement of Glass America LLC dated June 1, 2013 (the "GA Company Agreement"), to acquire the 30% non-controlling interest in Glass America LLC held by GAJV Holdings Inc. The exercise price has been calculated in accordance with the terms of the GA Company Agreement. The calculation of certain material changes under the GA Company Agreement could impact the valuation, timing and settlement of the call liability. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. As at November 7, 2017, the acquisition of the non-controlling interest in Glass America has not been completed.

On November 2, 2017, the Fund completed the early redemption of its 5.25% Convertible Unsecured Subordinated Debentures due October 31, 2021. Subsequent to the initial announcement of the early redemption, \$52,376 principal amount of the Debentures were converted into 853,027 units of the Fund using a conversion price of \$61.40 per trust unit as stated in the Trust Indenture dated as of September 29, 2014. Debentures not converted were redeemed in accordance with the provisions of the Trust Indenture dated as of September 29, 2014. On November 2, 2017, the remaining \$2,547 in Debentures were redeemed through the issuance of 28,995 units of the Fund. As a result of redemption and cancellation, the Debentures previously listed on the Toronto Stock Exchange under the symbol “BYD.DB.A” were de-listed.

## **OUTLOOK**

Boyd continues to execute on its growth strategy. During 2017, the Company has added 31 locations in addition to the 68 locations added as part of the Assured acquisition for a total of 99 locations added to date, representing location count growth of 25% since the beginning of 2017. The third quarter of 2017 was impacted by the temporary closure of 63 locations in Florida and Georgia due to Hurricane Irma, and to a lesser degree Hurricane Harvey. These temporary closures contributed to a same-store sales decline of 0.5% compared to the third quarter of 2016. In spite of the challenges faced in the third quarter, management remains confident in its ability to double the size of the business and revenues (on a constant currency basis) during the five-year period ending in 2020, although the extent and timing of acquisition activity is expected to vary from quarter to quarter.

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 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.

With respect to the fourth quarter, we do expect that we will continue to face headwinds from the lower value of the U.S. dollar relative to the Canadian dollar in comparison to the fourth quarter of 2016. 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 7, 2017, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund’s 2016 annual MD&A.

## **CAUTION CONCERNING FORWARD-LOOKING STATEMENTS**

Statements made in this interim 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:

<b>Forward-looking Information</b>	<b>Key Assumptions</b>	<b>Most Relevant Risk Factors</b>
The stated objective of generating growth sufficient to double the size of the business over the five-year period ending in 2020	<p>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>
Boyd remains confident in its business model to increase market share by expanding its presence in both the U.S. and Canada through strategic and accretive acquisitions alongside organic growth from Boyd's existing operations	<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>
Stated objective to gradually increase distributions over time	<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>
The Company expects that remaining capital expenditures in the area of technology upgrades will be approximately \$3 to \$4 million over the next eight months, which will be in excess of historical maintenance capital expenditure levels. Additionally, in the fourth quarter of 2017, the Company intends to invest \$4 to \$5 million in specialized collision repair equipment related to new vehicle technologies.	<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>The amounts identified are subject to foreign exchange rates fluctuation</p> <p>No other new capital requirements are identified or required during the period</p>	<p>Expected actual expenditures could be beyond the \$7 to \$9 million estimated</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>

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. 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 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 represents an indication of an entity’s capacity to generate income from operations before taking into account management’s financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and management’s estimate of their useful life. Accordingly, standardized EBITDA comprises sales less operating expenses before finance costs, capital asset amortization and impairment charges, and income 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 convertible debenture conversion features, the fair value adjustments to the non-controlling interest put options and the fair value adjustments to the non-controlling interest call liability. 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. 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:

<i>(thousands of Canadian dollars)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net earnings	\$ 19,835	\$ 6,474	\$ 35,268	\$ 21,968
Add:				
Finance costs (net of Finance income)	8,199	2,427	13,713	7,267
Income tax expense	7,933	7,392	23,130	20,266
Depreciation of property, plant and equipment	6,918	5,986	19,631	16,669
Amortization of intangible assets	4,268	2,512	9,930	7,416
Standardized EBITDA	\$ 47,153	\$ 24,791	\$ 101,672	\$ 73,586
Add (less):				
Fair value adjustments	(12,262)	6,218	867	16,924
Acquisition and transaction costs	670	611	1,286	1,111
Adjusted EBITDA	\$ 35,561	\$ 31,620	\$ 103,825	\$ 91,621



## 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 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 per unit amounts)</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Net earnings	\$ 19,835	\$ 6,474	\$ 35,268	\$ 21,968
Add (less):				
Accelerated amortization of discount on convertible debt (net of tax)	4,491	-	4,491	-
Fair value adjustments (non-taxable)	(12,262)	6,218	867	16,924
Acquisition and transaction costs (net of tax)	409	377	784	615
Amortization of acquired brand names (net of tax)	-	-	-	23
Adjusted net earnings	\$ 12,473	\$ 13,069	\$ 41,410	\$ 39,530
Weighted average number of units	18,597,708	18,058,588	18,245,027	18,020,015
Adjusted net earnings per unit	\$ 0.671	\$ 0.724	\$ 2.270	\$ 2.194

## Distributions and Distributable Cash

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, 2017	February 24, 2017	\$ 0.0430	\$ 776	\$ 10
February 28, 2017	March 29, 2017	0.0430	777	10
March 31, 2017	April 26, 2017	0.0430	777	10
April 30, 2017	May 29, 2017	0.0430	777	10
May 31, 2017	June 28, 2017	0.0430	777	10
June 30, 2017	July 27, 2017	0.0430	777	10
July 31, 2017	August 29, 2017	0.0430	800	10
August 31, 2017	September 27, 2017	0.0430	801	10
September 30, 2017	October 27, 2017	0.0430	801	10
		\$ 0.3870	\$ 7,063	\$ 90

<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, 2016	February 25, 2016	\$ 0.0420	\$ 757	\$ 11
February 29, 2016	March 29, 2016	0.0420	757	11
March 31, 2016	April 27, 2016	0.0420	757	11
April 30, 2016	May 27, 2016	0.0420	758	10
May 31, 2016	June 28, 2016	0.0420	758	10
June 30, 2016	July 27, 2016	0.0420	758	10
July 31, 2016	August 29, 2016	0.0420	758	10
August 31, 2016	September 29, 2016	0.0420	759	10
September 30, 2016	October 27, 2016	0.0420	759	10
		\$ 0.3780	\$ 6,821	\$ 93

## **Maintaining Productive Capacity**

Productive capacity is defined by Boyd as the maintenance of the Company's facilities, equipment, signage, courtesy cars, 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 courtesy car fleets 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.

During 2016 and continuing into 2017, the Company embarked on further transformation of its information technology infrastructure. That program includes upgrading its management information systems as well as hardware, network and security. In 2017, the Company spent \$6.0 million on this technology infrastructure. The Company expects that remaining capital expenditures in these areas will be approximately \$3 to \$4 million over the next eight months, which will be in excess of historical maintenance capital expenditure levels. Additionally, in the fourth quarter of 2017, the Company intends to invest \$4 to \$5 million in specialized collision repair equipment related to new vehicle technologies in addition to the \$0.3 million spent on this specialized collision repair equipment so far in 2017. These proactive investments will better position the Company to meet anticipated market needs.

In many circumstances, large equipment expenditures including automobiles, shop equipment and computers can be financed using either operating or finance leases. Cash spent on maintenance capital expenditures plus the repayment of operating and finance leases, including the interest 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.

## **Debt Management**

In addition to finance 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 2017 and 2016:

<b>Standardized and Adjusted Distributable Cash <sup>(1)</sup></b>					
<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>	<b>For the three months ended</b>		<b>For the nine months ended</b>		
	<b>September 30,</b>		<b>September 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	
Cash flow from operating activities before changes in non-cash working capital items	\$ 27,659	\$ 23,597	\$ 77,908	\$ 70,193	
Changes in non-cash working capital items	(13,865)	(10,873)	(7,309)	(16,118)	
Cash flows from operating activities	13,794	12,724	70,599	54,075	
Less adjustment for:					
Sustaining expenditures on plant, software and equipment <sup>(2)</sup>	(6,942)	(4,011)	(15,017)	(9,710)	
<b>Standardized distributable cash</b>	<b>\$ 6,852</b>	<b>\$ 8,713</b>	<b>\$ 55,582</b>	<b>\$ 44,365</b>	
Standardized distributable cash per average unit and Class A common share					
Per average unit and Class A common share	\$ 0.364	\$ 0.476	\$ 3.009	\$ 2.430	
Per diluted unit and Class A common share <sup>(5)</sup>	\$ 0.337	\$ 0.467	\$ 2.973	\$ 2.382	
Standardized distributable cash from above	\$ 6,852	\$ 8,713	\$ 55,582	\$ 44,365	
Add (deduct) adjustments for:					
Acquisition and transaction costs <sup>(3)</sup>	670	611	1,286	1,111	
Proceeds on sale of equipment and software	104	150	363	505	
Principal repayments of finance leases <sup>(4)</sup>	(1,082)	(1,285)	(3,460)	(4,009)	
Payment to non-controlling interest <sup>(6)</sup>	(81)	(67)	(221)	(156)	
<b>Adjusted distributable cash</b>	<b>\$ 6,463</b>	<b>\$ 8,122</b>	<b>\$ 53,550</b>	<b>\$ 41,816</b>	
Adjusted distributable cash per average unit and Class A common share					
Per average unit and Class A common share	\$ 0.343	\$ 0.444	\$ 2.899	\$ 2.290	
Per diluted unit and Class A common share <sup>(5)</sup>	\$ 0.318	\$ 0.435	\$ 2.864	\$ 2.245	
Distributions and dividends paid					
Unitholders	\$ 2,378	\$ 2,275	\$ 7,039	\$ 6,767	
Class A common shareholders	29	31	88	93	
Total distributions and dividends paid	\$ 2,407	\$ 2,306	\$ 7,127	\$ 6,860	
Distributions and dividends paid					
Per unit	\$ 0.129	\$ 0.126	\$ 0.387	\$ 0.378	
Per Class A common share	\$ 0.129	\$ 0.126	\$ 0.387	\$ 0.378	
Payout ratio based on standardized distributable cash	35.1%	26.5%	12.8%	15.5%	
<b>Payout ratio based on adjusted distributable cash</b>	<b>37.2%</b>	<b>28.4%</b>	<b>13.3%</b>	<b>16.4%</b>	

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

<sup>(2)</sup> 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 2017 the Company acquired a further \$1.7 million (2016 - \$3.5 million) in capital assets which were financed through finance leases and did not affect cash flows in the current period.

<sup>(3)</sup> The Company has added back to distributable cash the costs related to acquisitions excluding non-cash other gains.

<sup>(4)</sup> Repayments of these leases represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating adjusted distributed cash.

(5) 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.

(6) The transfer of cash during the period to the external partners of Glass America, associated with the taxable income and tax liabilities being allocated to them.

## RESULTS OF OPERATIONS

Results of Operations <i>(thousands of Canadian dollars, except per unit amounts)</i>	For the three months ended September 30,			For the nine months ended September 30,		
	2017	% change	2016	2017	% change	2016
Sales - Total	<b>391,933</b>	13.5	345,309	<b>1,154,829</b>	12.5	1,026,670
Same-store sales - Total (excluding foreign exchange)	<b>334,329</b>	(0.5)	335,842	<b>992,142</b>	1.0	982,600
Gross margin %	<b>45.7</b>	(0.9)	46.1	<b>45.9</b>	0.2	45.8
Operating expense %	<b>36.6</b>	(0.8)	36.9	<b>36.9</b>	0.3	36.8
Adjusted EBITDA <sup>(1)</sup>	<b>35,561</b>	12.5	31,620	<b>103,825</b>	13.3	91,621
Acquisition and transaction costs	<b>670</b>	9.7	611	<b>1,286</b>	15.8	1,111
Depreciation and amortization	<b>11,186</b>	31.6	8,498	<b>29,561</b>	22.7	24,085
Fair value adjustments	<b>(12,262)</b>	N/A	6,218	<b>867</b>	N/A	16,924
Finance costs	<b>8,199</b>	237.8	2,427	<b>13,713</b>	88.7	7,267
Income tax expense	<b>7,933</b>	7.3	7,392	<b>23,130</b>	14.1	20,266
Adjusted net earnings <sup>(1)</sup>	<b>12,473</b>	(4.6)	13,069	<b>41,410</b>	4.8	39,530
Adjusted net earnings per unit <sup>(1)</sup>	<b>0.671</b>	(7.3)	0.724	<b>2.270</b>	3.5	2.194
Net earnings	<b>19,835</b>	N/A	6,474	<b>35,268</b>	N/A	21,968
Basic earnings per unit	<b>1.067</b>	N/A	0.358	<b>1.933</b>	N/A	1.219
Diluted earnings per unit	<b>0.396</b>	N/A	0.158	<b>1.598</b>	N/A	1.020
Standardized distributable cash <sup>(1)</sup>	<b>6,852</b>	(21.4)	8,713	<b>55,582</b>	25.3	44,365
Adjusted distributable cash <sup>(1)</sup>	<b>6,463</b>	(20.4)	8,122	<b>53,550</b>	28.1	41,816
Distributions and dividends paid	<b>2,407</b>	4.4	2,306	<b>7,127</b>	3.9	6,860

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

### 3<sup>rd</sup> Quarter Comparison – Three months ended September 30, 2017 vs. 2016

#### Sales

Sales totaled \$391.9 million for the three months ended September 30, 2017, an increase of \$46.6 million or 13.5% when compared to 2016. The increase in sales was the result of the following:

- \$62.0 million of incremental sales were generated from 121 new locations, including 68 Assured locations.
- Same-store sales excluding foreign exchange decreased \$1.5 million or 0.5% and decreased a further \$12.3 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. The decrease in same-store sales percentage was negatively impacted by approximately 1.5 percentage points or \$5.0 million due to the temporary closure of 63 locations in Florida and Georgia due to Hurricane Irma and Hurricane Harvey and approximately 0.7 percentage points due to the loss of a significant customer in GNCS during 2017. Same-store sales were also negatively impacted by approximately 1.6 percentage points due to one less production day in the third quarter of 2017 when compared to the same period in 2016.
- Sales were affected by the closure of four under-performing facilities which decreased sales by \$1.6 million.

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

## Gross Profit

*Gross Profit* was \$178.9 million or 45.7% of sales for the three months ended September 30, 2017 compared to \$159.1 million or 46.1% of sales for the same period in 2016. Gross profit increased as a result of growth in the business. The gross margin percentage decrease is primarily due to the lower gross margin percentage in the Assured business, partially offset by improved DRP pricing as well as certain cost reductions. Assured has lower gross margins due to some higher sales sourcing costs, which are more than offset by their higher capacity utilization and, in turn, their higher operating leverage.

## Operating Expenses

*Operating Expenses* for the three months ended September 30, 2017 increased \$15.9 million to \$143.4 million from \$127.5 million for the same period of 2016. Excluding the impact of foreign currency translation, which decreased operating expenses by approximately \$5.1 million, expenses increased \$21.4 million from 2016 primarily as a result of new locations. Closed locations lowered operating expenses by \$0.6 million.

Operating expenses as a percentage of sales were 36.6% for the three months ended September 30, 2017, which compared to 36.9% for the same period in 2016. The decrease in operating expenses as a percentage of sales was primarily due to the impact of lower operating expense ratios associated with the Assured business as a result of their higher capacity utilization, partially offset by market challenges in the Glass business that caused it to underperform in comparison to last year.

## 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, convertible debenture conversion features, and non-controlling interest put options and call liability, as well as acquisition and transaction costs (“Adjusted EBITDA”)*<sup>2</sup> for the three months ended September 30, 2017 totalled \$35.6 million or 9.1% of sales compared to Adjusted EBITDA of \$31.6 million or 9.2% of sales in the prior year. The \$4.0 million increase was primarily the result of incremental EBITDA contribution from acquisitions and new locations, including Assured, offset by the temporary closure of 63 locations in Florida and Georgia due to Hurricane Irma and Hurricane Harvey, which decreased Adjusted EBITDA by \$2.8 million and changes in U.S. dollar exchange rates in 2017, which decreased Adjusted EBITDA by \$1.2 million.

## Depreciation and Amortization

*Depreciation* Expense related to property, plant and equipment totaled \$6.9 million or 1.8% of sales for the three months ended September 30, 2017, an increase of \$0.9 million when compared to the \$6.0 million or 1.7% of sales recorded in the same period of the prior year. The increase was primarily due to the growth in the business.

*Amortization* of intangible assets for the three months ended September 30, 2017 totaled \$4.3 million or 1.1% of sales, an increase of \$1.8 million when compared to the \$2.5 million or 0.7% of sales expensed for the same period in the prior year. The increase is primarily the result of the amortization of intangible assets recorded as part of the Assured acquisition.

## Fair Value Adjustments

*Fair Value Adjustment to Convertible Debenture Conversion Features liability* resulted in a non-cash recovery of \$7.9 million for the third quarter of 2017, compared to a non-cash expense of \$4.7 million in the same period of the prior year. The fair value for the convertible debenture conversion feature is estimated using a Black-Scholes valuation model. The decrease in the liability and the movement from a related expense to a related recovery is primarily the result of the decrease in the market value of the Fund’s units over the conversion price for the 5.25% Convertible Unsecured Subordinated Debentures as well as the shortened period to maturity that resulted from the notice of redemption issued on September 6, 2017.

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<sup>2</sup> As defined in the non-GAAP financial measures section of the MD&A

*Fair Value Adjustment to Exchangeable Class A Common Shares liability* resulted in a non-cash recovery of \$0.9 million during the third quarter of 2017 compared to a non-cash expense of \$1.6 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 decrease in the liability and the movement from a related expense to a related recovery is the result of the decrease in the value of the Fund's units during the quarter.

*Fair Value Adjustment to Unit Based Payment Obligation liability* was a non-cash recovery of \$0.8 million for the third quarter of 2017 compared to a non-cash expense of \$3.6 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 decrease in the liability and the movement from a related expense to a related recovery is primarily the result of the decrease in the value of the Fund's units during the quarter offset by further vesting of the liability.

*Fair Value Adjustment to Non-controlling Interest Put Option and Call Liability* resulted in a non-cash recovery of \$2.7 million for the third quarter of 2017 compared to a \$3.6 million non-cash recovery in the same period of the prior year. The value of the put option is determined by discounting the estimated future payment obligation at each statement of financial position date. Continued pricing and market challenges resulted in a reduction in the value of the put option. During the third quarter of 2017, the Fund exercised its call option to acquire the non-controlling interest portion of Glass America, resulting in a non-controlling interest call liability valued using the formula provided for under the GA Company Agreement.

## **Finance Costs**

*Finance Costs* of \$8.2 million or 2.1% of sales for the three months ended September 30, 2017 increased from \$2.4 million or 0.7% of sales for the same period in the prior year. During the third quarter, the Fund provided notice that it would be redeeming the Debentures due October 31, 2021 on November 2, 2017, resulting in a shortened period to maturity which increased finance costs by \$4.9 million. Finance costs also increased during the quarter due to draws on the revolving credit facility to fund acquisitions, including Assured.

## **Income Taxes**

*Current and Deferred Income Tax Expense* of \$7.9 million for the three months ended September 30, 2017 compares to an expense of \$7.4 million for the same period in 2016. Income tax expense was impacted by the recording of tax true-up adjustments on the filing of the 2016 U.S. tax returns during the third quarter, which increased income tax expense by approximately \$1.1 million. Income tax expense is impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income.

## **Net Earnings and Earnings Per Unit**

*Net Earnings* for the three months ended September 30, 2017 was \$19.8 million or 5.1% of sales compared to net earnings of \$6.5 million or 1.9% of sales in the same period of the prior year. The net earnings amount in 2017 was positively impacted by the fair value adjustment recovery of \$12.3 million, offset by acquisition and transaction costs of \$0.4 million (net of tax) and accelerated amortization of the discount on the convertible debt of \$4.5 million (net of tax). Excluding the impact of these adjustments, net earnings would have increased to \$12.5 million or 3.2% of sales. This compares to adjusted net earnings of \$13.1 million or 3.8% of sales for the same period in 2016 if the same items were adjusted. Adjusted net earnings was positively impacted by new locations, including Assured; however, these were more than offset by the impact of Hurricane Irma and Hurricane Harvey, which decreased adjusted net earnings by an estimated \$1.7 million and changes in U.S. dollar exchange rates in 2017, which decreased adjusted net earnings by \$0.7 million. Adjusted net earnings was also negatively impacted by \$1.1 million of tax true-up adjustments associated with the filing of the 2016 U.S. tax returns.

*Basic Earnings Per Unit* was \$1.067 per unit for the three months ended September 30, 2017 compared to basic earnings per unit of \$0.358 in the same period in 2016. Diluted earnings per unit was \$0.396 for the three months ended September 30, 2017 compared to diluted earnings per unit of \$0.158 in the same period of 2016. The increases in these amounts are primarily attributed to fair value adjustments during 2017 resulting in a non-cash recovery compared to a non-cash expense in 2016. Adjusted net earnings was \$0.671 per unit for the three months ended September 30, 2017 compared to adjusted net earnings of \$0.724 in the same period in 2016. Adjusted net earnings was positively impacted by new locations, including Assured; however, these were more than offset by the impact of Hurricane Irma and Hurricane Harvey, which decreased adjusted net earnings per unit by an estimated \$0.091 as well as changes in U.S. dollar exchange rates in 2017, which decreased

adjusted net earnings per unit by \$0.039. Adjusted net earnings per unit was also negatively impacted by \$0.059 of tax true-up adjustments associated with the filing of the 2016 U.S. tax returns.

## **Year-to-date Comparison – Nine months ended September 30, 2017 vs. 2016**

### **Sales**

*Sales* totaled \$1.154 billion for the nine months ended September 30, 2017, an increase of \$128.2 million or 12.5% when compared to 2016. The increase in sales was the result of the following:

- \$132.4 million of incremental sales were generated from 146 new locations, including 68 Assured locations.
- Same-store sales excluding foreign exchange increased \$9.5 million or 1.0%, offset by a decrease of \$10.5 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. The same-store sales percentage was negatively impacted by approximately 0.5 percentage points due to the temporary closure of 63 locations in Florida and Georgia due to Hurricane Irma and approximately 0.7 percentage points due to the loss of a significant customer in GNCS during 2017. Same-store sales was also negatively impacted by approximately 0.5 percentage points due to one less production day in 2017 when compared to 2016.
- Sales were affected by the closure of five under-performing facilities which decreased sales by \$3.2 million.

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

### **Gross Profit**

*Gross Profit* was \$530.3 million or 45.9% of sales for the nine months ended September 30, 2017 compared to \$469.9 million or 45.8% of sales for the same period in 2016. Gross profit increased as a result of growth in the business. The gross margin percentage is impacted by the lower gross margin percentage in the Assured business, offset by improved DRP pricing as well as certain cost reductions. Assured has lower gross margins due to some higher sales sourcing costs, which are more than offset by their higher capacity utilization and, in turn, their higher operating leverage.

### **Operating Expenses**

*Operating Expenses* for the nine months ended September 30, 2017 increased \$48.2 million to \$426.5 million from \$378.3 million for the same period of 2016. Excluding the impact of foreign currency translation, which decreased operating expenses by approximately \$4.6 million, expenses increased \$54.2 million from 2016 primarily as a result of new locations. Closed locations lowered operating expenses by \$1.4 million.

Operating expenses as a percentage of sales were 36.9% for the nine months ended September 30, 2017, which compared to 36.8% for the same period in 2016. The increase in operating expenses as a percentage of sales was primarily due to pricing and market challenges in the glass business that cause it to underperform in comparison to last year partially offset by the impact of improved operating expense ratios associated with recent acquisitions and lower operating expense ratios in the Assured business as a result of their higher capacity utilization.

### **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, convertible debenture conversion features and non-controlling interest put options and call liability, as well as acquisition and transaction costs (“Adjusted EBITDA”)*<sup>3</sup> for the nine months ended September 30, 2017 totaled \$103.8 million or 9.0% of sales compared to Adjusted EBITDA of \$91.6 million or 8.9% of sales in the prior year. The \$12.2 million increase was primarily the result of improvements in same-store sales along with incremental EBITDA contribution from acquisitions and new locations. Changes in U.S. dollar exchange rates in 2017 decreased Adjusted EBITDA by \$0.8 million.

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<sup>3</sup> As defined in the non-GAAP financial measures section of the MD&A.

## Depreciation and Amortization

*Depreciation* Expense related to property, plant and equipment totaled \$19.6 million or 1.7% of sales for the nine months ended September 30, 2017, an increase of \$2.9 million when compared to the \$16.7 million or 1.6% of sales recorded in the same period of the prior year. The increase was primarily due to the growth in the business.

*Amortization* of intangible assets for the nine months ended September 30, 2017 totaled \$9.9 million or 0.9% of sales, an increase of \$2.5 million when compared to the \$7.4 million or 0.7% of sales expensed for the same period in the prior year. The increase is primarily the result of the amortization of intangible assets recorded as part of the Assured acquisition.

## Fair Value Adjustments

*Fair Value Adjustment to Convertible Debenture Conversion Features* resulted in a non-cash expense of \$0.2 million for the first nine months of 2017, compared to a non-cash expense of \$9.6 million in the same period last year. The fair value for the convertible debenture conversion feature is estimated using a Black-Scholes valuation model. The decrease in the liability and the related expense is primarily the result of the shortened period to maturity that resulted from the notice of redemption issued on September 6, 2017 as well as conversions from January 1, 2017 to September 6, 2017, offset by the increase in the market value of the Fund's units over the conversion price for the 5.25% Convertible Unsecured Subordinated Debentures.

*Fair Value Adjustment to Exchangeable Class A Common Shares liability* resulted in a non-cash expense of \$1.3 million for the first nine months of 2017 compared to \$3.4 million in 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 years, is the result of increases in the value of the Fund's units.

*Fair Value Adjustment to Unit Based Payment Obligation* was a non-cash expense of \$5.2 million for the first nine months of 2017 compared to \$7.1 million in 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 increase in the liability and the related expense for both years is primarily the result of the increase in the value of the Fund's units and further vesting of the liability.

*Fair Value Adjustment to Non-controlling Interest Put Option and Call Liability* resulted in a non-cash recovery of \$5.8 million for the first nine months of 2017 compared to a non-cash recovery of \$3.2 million in the same period of the prior year. The value of the put option is determined by discounting the estimated future payment obligation at each statement of financial position date. Continued pricing and market challenges resulted in a reduction in the value of the put option. During the third quarter of 2017, the Fund exercised its call option to acquire the non-controlling interest portion of Glass America, resulting in a non-controlling interest call liability valued using the formula provided for under the GA Company Agreement.

## Finance Costs

*Finance Costs* of \$13.7 million or 1.2% of sales for the nine months ended September 30, 2017 increased from \$7.3 million or 0.7% of sales for the prior year. During the third quarter, the Fund provided notice that it would be redeeming the Debentures due October 31, 2021 on November 2, 2017, resulting in a shortened period to maturity which increased finance costs by \$4.9 million. Finance costs also increased due to draws on the revolving credit facility to fund acquisitions, including Assured.

## Income Taxes

*Current and Deferred Income Tax Expense* of \$23.1 million for the nine months ended September 30, 2017 compares to an expense of \$20.3 million for the same period in 2016. Income tax expense was impacted by the recording of tax true-up adjustments on the filing of the 2016 U.S. tax returns during the third quarter, which increased income tax expense by approximately \$1.1 million. Income tax expense is impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income.



## Net Earnings and Earnings Per Unit

*Net Earnings* for the nine months ended September 30, 2017 was \$35.3 million or 3.1% of sales compared to \$22.0 million or 2.1% of sales last year. The net earnings amount in 2017 was negatively impacted by the fair value adjustments to financial instruments of \$0.9 million which are primarily due to the increase in unit price during the period, acquisition and transaction costs of \$0.8 million (net of tax) and accelerated amortization of the discount on the convertible debt of \$4.5 million (net of tax). Excluding the impact of these adjustments, net earnings would have increased to \$41.4 million or 3.6% of sales. This compares to adjusted net earnings of \$39.5 million or 3.9% of sales for the same period in 2016 if the same items were adjusted. Adjusted net earnings was positively impacted by new locations, including Assured, as well as increases in same-store sales; however, these were partially offset by the impact of Hurricane Irma and Hurricane Harvey and tax true-up adjustments associated with the filing of the 2016 U.S. tax returns.

*Basic Earnings Per Unit* was \$1.933 for the first nine months ended September 30, 2017 compared to \$1.219 in the same period in 2016. Diluted earnings per unit was \$1.598 for the nine months ended September 30, 2017 compared to diluted earnings of \$1.020 per unit in the same period in 2016. The increases in these amounts are primarily attributed to fair value adjustments during 2017 resulting in a lower non-cash expense when compared to the non-cash expense in 2016. Adjusted net earnings was \$2.270 per unit for the nine months ended September 30, 2017 compared to adjusted net earnings of \$2.194 in the same period in 2016. Adjusted net earnings was positively impacted by new locations, including Assured, as well as increases in same-store sales; however, these were partially offset by the impact of Hurricane Irma and Hurricane Harvey and tax true-up adjustments associated with the filing of the 2016 U.S. tax returns.

Summary of Quarterly Results								
<i>(in thousands of Canadian dollars, except per unit amounts)</i>								
	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sales	\$ 391,933	\$ 383,981	\$ 378,915	\$ 360,449	\$ 345,309	\$ 331,005	\$ 350,356	\$ 312,505
Adjusted EBITDA <sup>(1)</sup>	\$ 35,561	\$ 35,478	\$ 32,786	\$ 32,646	\$ 31,620	\$ 30,511	\$ 29,490	\$ 28,552
Net earnings (loss)	\$ 19,835	\$ 421	\$ 15,012	\$ 8,397	\$ 6,474	\$ 15,212	\$ 282	\$ (2,704)
Basic earnings (loss) per unit	\$ 1.067	\$ 0.023	\$ 0.831	\$ 0.465	\$ 0.358	\$ 0.843	\$ 0.016	\$ (0.161)
Diluted earnings (loss) per unit	\$ 0.396	\$ (0.078)	\$ 0.699	\$ 0.399	\$ 0.158	\$ 0.683	\$ (0.010)	\$ (0.161)
Adjusted net earnings <sup>(1)(2)</sup>	\$ 12,473	\$ 15,010	\$ 13,927	\$ 13,116	\$ 13,069	\$ 13,633	\$ 12,828	\$ 10,446
Adjusted net earnings per unit <sup>(1)(2)</sup>	\$ 0.671	\$ 0.831	\$ 0.771	\$ 0.726	\$ 0.724	\$ 0.756	\$ 0.714	\$ 0.622

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

<sup>(2)</sup> Adjusted net earnings for 2015 have been revised to reflect the impact of tax on adjustments, consistent with presentation in subsequent periods.

Sales and adjusted EBITDA have increased in recent quarters due to the acquisitions of J&M Auto, Collision Cure, Collision Care, Adrian's Collision Centers, Assured and other new locations as well as same-store sales increases and the impact of foreign currency. The loss in the fourth quarter of 2015 is primarily due to the fair value adjustments for exchangeable Class A common shares, unit options, convertible debenture conversion features and non-controlling interest put options, which reduced net earnings, as well as due to expensing acquisition and transaction costs. Adjusted net earnings in the third quarter of 2017 was positively impacted by new locations, including Assured; however, these were more than offset by the impact of Hurricane Irma and Hurricane Harvey as well as changes in U.S. dollar exchange rates in 2017 and tax true-up adjustments associated with the filing of the 2016 U.S. tax returns.

## 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, 2017, the Fund had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$41.0 million (December 31, 2016 - \$53.5 million). The net working capital ratio (current assets divided by current liabilities) was 0.99:1 at September 30, 2017 (December 31, 2016 - 1.03:1).

At September 30, 2017, the Fund had total debt outstanding, net of cash, of \$264.4 million compared to \$93.8 million at June 30, 2017, \$114.1 million at March 31, 2017, \$110.8 million at December 31, 2016 and \$119.7 million at September 30, 2016. Debt, net of cash, increased during the third quarter of 2017 as a result of additional draws on the revolving credit facility to fund acquisitions, including Assured.

<b>Total debt, net of cash</b> <i>(thousands of Canadian dollars)</i>	<b>September 30, 2017</b>	<b>June 30, 2017</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Revolving credit facility	\$ 182,703	\$ 29,003	\$ 39,698	\$ 33,318	\$ 32,525
Convertible debentures	54,923	51,220	51,048	50,808	50,775
Seller notes <sup>(1)</sup>	58,203	62,793	67,167	68,299	68,645
Obligations under finance leases	9,535	10,377	10,855	11,892	12,044
<b>Total debt</b>	<b>\$ 305,364</b>	<b>\$ 153,393</b>	<b>\$ 168,768</b>	<b>\$ 164,317</b>	<b>\$ 163,989</b>
<b>Cash</b>	<b>40,982</b>	<b>59,615</b>	<b>54,715</b>	<b>53,515</b>	<b>44,333</b>
<b>Total debt, net of cash</b>	<b>\$ 264,382</b>	<b>\$ 93,778</b>	<b>\$ 114,053</b>	<b>\$ 110,802</b>	<b>\$ 119,656</b>

<sup>(1)</sup> 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 \$27.7 million for the three months ended September 30, 2017 compared to \$23.6 million in 2016. The increase was primarily due to growth in the business.

In the third quarter of 2017, changes in working capital items used net cash of \$13.9 million compared to using \$10.9 million in 2016. 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 \$77.9 million for the nine months ended September 30, 2017, compared to \$70.2 million for the same period in 2016. The increase was primarily due to growth in the business.

For the nine months ended September 30, 2017, changes in working capital items used net cash of \$7.3 million compared with using \$16.1 million in 2016. 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 \$147.8 million for the three months ended September 30, 2017 compared to cash provided by financing activities of \$20.2 million for the prior year. During the third quarter of 2017, cash was provided by additional draws on the revolving credit facility in the amount of \$158.4 million. Cash was used to repay long-term debt in the amount of \$6.9 million. Cash was also used to repay finance leases in the amount of \$1.1 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$2.5 million. During the third quarter of 2016, cash was provided by a new draw of the revolving credit facility in the amount of \$26.1 million. Cash was used to repay long-term debt in the amount of \$2.3 million and to repay finance leases in the amount of \$1.3 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$2.4 million.

Cash provided by financing activities totaled \$130.1 million for the nine months ended September 30, 2017 compared to cash provided by financing activities of \$15.1 million for the prior year. During 2017, cash was provided by draws of the revolving credit facility in the amount of \$164.9 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$23.0 million and payment of \$0.9 million in financing costs incurred to complete the second amended and restated credit agreement. Cash was also used to repay finance leases in the amount of \$3.5 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$7.3 million. During 2016, cash was provided by draws of the revolving credit facility in the amount of \$54.3 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the

amount of \$28.5 million. Cash was also used to repay finance leases in the amount of \$4.0 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$7.0 million.

## **Debt Financing**

On May 26, 2017, the Company entered into a second amended and restated credit agreement for a term of five years, increasing the revolving credit facility to \$300,000 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 Boyd Group Income Fund and Boyd Group Holdings Inc. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to 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 in Canada and \$20,000 in the U.S.

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 to EBITDA ratio of less than 4.25; a senior debt to EBITDA ratio of less than 3.50 up to March 31, 2018 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt to EBITDA ratio may be increased to less than 4.75 and the senior debt to EBITDA ratio may be increased to less than 4.00 up to March 31, 2018 and less than 3.75 thereafter. The debt calculations exclude the convertible debentures.

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 five to 15 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. In addition to the six new seller notes in the aggregate amount of \$3.2 million that were entered into during the first half of 2017, the Fund entered into three new seller notes for an aggregate amount of \$0.9 million in the third quarter of 2017. The Company repaid seller notes in the third quarter of 2017 totaling approximately \$3.1 million (2016 - \$2.3 million). During the first nine months of 2017, the Company repaid seller notes totaling approximately \$9.7 million (2016 - \$7.2 million).

The Fund has traditionally used capital 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 2017, \$1.7 million (2016 - \$3.5 million) of expenditures for new equipment, technology infrastructure and vehicles were financed through capital leases.

## **Investing Activities**

Cash used in investing activities totaled \$178.7 million and \$210.1 million for the three and nine months ended September 30, 2017, compared to \$36.7 million and \$95.6 used in the three and nine month periods of the prior year. The investing activity in both periods relates primarily to new location growth that occurred during these periods.

## **Acquisitions and Development of Businesses**

On May 29, 2017, the Company entered into a definitive agreement to acquire the assets and business of Assured, a multi-location collision repair company operating 68 locations in the province of Ontario, including 30 intake centers co-located at automotive dealerships. The acquisition of the assets and business of Assured closed on July 4, 2017, effective July 1, 2017. Assured generated sales of approximately \$150 million for the trailing twelve months ended March 31, 2017.

In addition to the Assured acquisition, which added 68 locations, the Fund added 31 new collision locations since January 1, 2017 as follows:

Date	Location	Previously operated as
January 6, 2017	Monroe, NC	Griffin Motors Collision Center
January 13, 2017	Phoenix, AZ (4 locations)	Brighton Collision
March 17, 2017	Portland, OR (2 locations)	True Form
March 31, 2017	Hinesville, GA	n/a start-up
April 19, 2017	Salem, OR	C.E. Miller Auto Body
April 27, 2017	Orem, UT	Adams G3 Collision Repair
May 30, 2017	St. Augustine, Florida	n/a start-up
June 14, 2017	Greensboro, GA	Rodfather's Collision Center & Sales
June 27, 2017	Spokane, WA	City South Auto Body of Spokane
August 4, 2017	Calgary, AB (4 locations)	Concours Collision Centres
September 1, 2017	Westerville, OH	Glassburn Body Shop Inc.
September 8, 2017	Lafayette, LA	Prestige Auto Body & Customs of Lafayette
September 18, 2017	Galt, ON	n/a intake center
September 20, 2017	Issaquah, WA	Gilman Autobody
October 18, 2017	Toronto, ON	Birchmount Collision
October 27, 2017	Nashville, TN (9 locations)	Auto Art Body Shop

The Company completed the acquisition or start-up of 55 locations from the beginning of 2016 until the third quarter reporting date of November 8, 2016.

### 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 courtesy car fleets 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 finance leases, the Company spent approximately \$6.9 million or 1.8% of sales on sustaining capital expenditures during the third quarter of 2017, compared to \$4.0 million or 1.2% of sales during the same period in 2016. These same expenditures were \$15.0 million or 1.3% of sales for the nine months ended September 30, 2017, compared to \$9.7 million or 0.9% of sales during the same period in 2016.

During 2016 and continuing in 2017, the Company embarked on further transformation of its information technology infrastructure. That program includes upgrading its management information systems as well as hardware, network and security. In the nine month period ended September 30, 2017, the Company spent \$6.0 million on this technology infrastructure. Excluding these information technology items as well as expenditures related to acquisition and development, the Company spent \$9.0 million or 0.8% of sales during the nine month period ended September 30, 2017.

### RELATED PARTY TRANSACTIONS

The Fund has not entered into any new related party transactions beyond the items disclosed in the 2016 annual report, except as follows:

On September 15, 2017, certain key executives provided irrevocable notice that the unit options issued to executives January 2, 2008 would be exercised, which will result in the issuance of 150,000 units at an exercise price of \$2.70 on January 2, 2018.

On September 29, 2017, Gerber Glass LLC, a subsidiary of the Fund, exercised its' call option, as provided for in the GA Company Agreement, to acquire the 30% non-controlling interest in Glass America LLC held by GAJV Holdings Inc. The exercise price has been calculated in accordance with the terms of the GA Company Agreement. The calculation of certain material changes under the GA Company Agreement could impact the valuation, timing and settlement of the call liability. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. As at November 7, 2017, the acquisition of the non-controlling interest in Glass America has not been completed.

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. In most cases, the Company assumes these property lease arrangements initially in connection with an acquisition. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the leases are representative of fair market rent values.

The following are the lease expense amounts for facilities under lease with related parties (in thousands of Canadian dollars):

Landlord	Affiliated Person(s)	Location	Lease Expires	September 30, 2017	September 30, 2016
1440298 Ontario Limited	Desmond D'Silva	Richmond Hill, ON	2035	\$ 46	\$ -
242890 Ontario Inc.	Desmond D'Silva	Ottawa, ON	2035	63	-
2440782 Ontario Inc.	Desmond D'Silva	Ajax, ON	2036	21	-
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2027	-	41
861866 Ontario Inc.	Desmond D'Silva	Mississauga, ON	2032	13	-
861866 Ontario Inc.	Desmond D'Silva	Oakville, ON	2035	46	-
D'Silva Real Estate Holdings Inc.	Desmond D'Silva	Barrie, ON	2032	90	-
Gerber Building No. 1 Ptnrp	Eddie Cheskis, & Tim O'Day	South Elgin, IL	2018	90	89
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	26	-
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2036	15	-
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	12	-
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	77	-
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2036	25	-
Kard Properties Ltd.	Desmond D'Silva	Scarborough, ON	2036	22	-
Kard Properties Ltd.	Desmond D'Silva	Toronto, ON	2023	13	-
Kard Properties Ltd.	Desmond D'Silva	Brampton, ON	2036	24	-
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2035	25	-
Kard Properties Ltd.	Desmond D'Silva	Woodstock, ON	2037	17	-
Kard Properties Ltd.	Desmond D'Silva	Etobicoke, ON	2037	53	-
Supreme Auto Collision Inc.	Desmond D'Silva	Milton, ON	2035	28	-

On August 1, 2016, the property owned by 3577997 Manitoba Inc. was sold to an unrelated party.

## 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 2016 annual MD&A, except as follows:

## Fair Value of Call Liability

The call liability has been valued based on the exercise price calculated in accordance with the terms of the GA Company Agreement. The calculation of certain material changes under the GA Company Agreement could impact the valuation, timing and settlement of the call liability. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. The value of the call liability is subject to estimation and the valuation at settlement of the call could result in a material impact on the Fund's consolidated financial statements.

## FUTURE ACCOUNTING STANDARDS

The following is an overview of accounting standard changes that the Fund will be required to adopt in future years:

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board ("IASB") on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. IFRS 15 provides a principles-based five-step model to be applied to all contracts with customers. IFRS 15 requires a company to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. On July 22, 2015, the IASB announced a deferral in the effective date for this standard. The standard is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. A choice of retrospective application or a modified transition approach is provided. On April 12, 2016, the IASB issued clarifying amendments to IFRS 15, *Revenue from Contracts with Customers*. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments also include additional relief to reduce cost and complexity on initial application. The amendments also require application January 1, 2018. The Fund expects to use the modified retrospective approach to adopting IFRS 15 on January 1, 2018. The Fund has reviewed its various revenue streams and contracts with customers to assess the implication of adoption of IFRS 15. The Fund anticipates that revenue will be recognized upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. The Fund has concluded that the adoption of IFRS 15 is not expected to have a material impact on the Fund's consolidated financial statements; however, the Fund will expand disclosures in the notes to the consolidated financial statements as required by IFRS 15.

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund has determined that the adoption of IFRS 9 will result in changes to the classification of the Fund's financial assets but will not change the classification of the Fund's financial liabilities. At this time, the Fund expects there will be a change to the allowance for doubtful accounts; however, the Fund does not expect this change to be material. The Fund does not expect any material changes in the carrying values of its financial instruments as a result of the adoption of IFRS 9. The Fund expects to use the modified retrospective approach to adopting IFRS 9 on January 1, 2018.

IFRS 16, *Leases*, was issued by the IASB on January 13, 2016 and will replace the current guidance found in IAS 17, *Leases* and related interpretations. The new standard will bring most leases on-balance sheet through recognition of related assets and liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases. The new standard will come into effect on January 1, 2019 with early application permitted if IFRS 15, *Revenue from Contracts with Customers* has also been applied. The Fund is currently evaluating the impact of adopting IFRS 16 on its financial statements, but expects this standard will have a significant impact on its consolidated statement of financial position, along with a change to the recognition, measurement and presentation of lease expenses in the consolidated statement of earnings.

On June 20, 2016, the IASB issued narrow-scope amendments to IFRS 2, *Share-based Payment*. The amendments provide requirements on the accounting for: (1) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (2) share-based payment transactions with a net settlement feature for withholding tax obligations; and (3) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled. The amendments become mandatory for annual periods beginning on or after January 1, 2018 with early application permitted. The Fund does not expect a material impact on adoption of these amendments on January 1, 2018.

## **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 third quarter of 2017, there have been no changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting. The design of internal controls at Assured has been considered and based on the pre-existing controls in place and oversight controls implemented, no areas of immediate concern with respect to disclosure controls and procedures or internal controls have been identified. However, due to the short period since the acquisition, a full assessment has not been completed. As a result, the Fund has noted this limitation in the certificates and provides the following summary information with respect to Assured. For the period of July 1, 2017 to September 30, 2017 Assured reported sales of \$40.2 million and net earnings of \$1.7 million. As at September 30, 2017, Assured reported current assets of \$26.5 million, current liabilities of \$24.6 million, long-term assets of \$192.0 million and long-term liabilities of \$nil.

## **BUSINESS RISKS AND UNCERTAINTIES**

Risks and uncertainties affecting the business remain substantially unchanged from those identified in the 2016 annual MD&A.

## **ADDITIONAL INFORMATION**

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN. Additional information relating to the Boyd Group Income Fund is available on SEDAR ([www.sedar.com](http://www.sedar.com)) and our website ([www.boydgroup.com](http://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 (together, the “interim filings”) of **Boyd Group Income Fund** (the “issuer”) for the interim period ended **September 30, 2017**.
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 period covered by the interim filings
    - (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 interim 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:**
  - (a) the fact that the issuer’s other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of
    - i) N/A
    - ii) N/A
    - iii) A business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and
  - (b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer’s financial statements.



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 January 1, 2017 and ended on September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: November 8, 2017

*(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 (together, the “interim filings”) of **Boyd Group Income Fund** (the “issuer”) for the interim period ended **September 30, 2017**.

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 period covered by the interim filings

- (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 interim 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:**

- (b) the fact that the issuer’s other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of
  - i) N/A
  - ii) N/A
  - iii) A business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and
- (c) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer’s financial statements.

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 January 1, 2017 and ended on September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: November 8, 2017

*(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, 2017

**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, 2017	December 31, 2016
	<i>Note</i>		
<b>Assets</b>			
Current assets:			
Cash		\$ 40,982	\$ 53,515
Accounts receivable		100,983	87,822
Income taxes recoverable		2,279	-
Inventory		23,212	23,517
Prepaid expenses		23,488	20,285
		<b>190,944</b>	185,139
Property, plant and equipment	6	184,875	161,813
Deferred income tax asset		342	1,329
Intangible assets	7	250,510	158,514
Goodwill	8	319,217	230,701
		<b>\$ 945,888</b>	<b>\$ 737,496</b>
<b>Liabilities and Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 172,817	\$ 158,794
Income taxes payable		-	2,810
Distributions and dividends payable	9	811	787
Current portion of long-term debt	10	14,580	12,329
Current portion of obligations under finance leases		4,081	4,229
		<b>192,289</b>	178,949
Long-term debt	10	226,326	89,288
Obligations under finance leases		5,454	7,663
Convertible debentures	11,13	54,923	50,808
Convertible debenture conversion features	13	27,064	27,697
Deferred income tax liability		30,035	25,478
Exchangeable Class A common shares	9, 13	18,420	17,471
Unit based payment obligation	14	35,610	30,402
Non-controlling interest put options and call liability	13	21,251	29,202
		<b>611,372</b>	456,958
<b>Equity</b>			
Accumulated other comprehensive earnings		37,168	65,560
Deficit		(67,080)	(95,285)
Unitholders' capital		360,426	306,261
Contributed surplus		4,002	4,002
		<b>334,516</b>	280,538
		<b>\$ 945,888</b>	<b>\$ 737,496</b>

*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	Deficit	Total Equity
		Units	Amount				
Balances - January 1, 2016		16,788,209	\$ 222,331	\$ 4,002	\$ 75,111	\$ (116,517)	\$ 184,927
Issue costs (net of tax of \$nil)			(75)				(75)
Units issued from treasury in connection with options exercised		200,000	12,432				12,432
Retractions		30,843	2,255				2,255
Conversion and redemption of convertible debentures		1,046,008	69,318				69,318
Other comprehensive loss					(9,551)		(9,551)
Net earnings						30,365	30,365
Comprehensive earnings					(9,551)	30,365	20,814
Distributions to unitholders						(9,133)	(9,133)
Balances - December 31, 2016		18,065,060	\$ 306,261	\$ 4,002	\$ 65,560	\$ (95,285)	\$ 280,538
Issue costs (net of tax of \$nil)			(192)				(192)
Units issued in connection with acquisition	5	537,872	51,716				51,716
Retractions		3,275	307				307
Conversion and redemption of convertible debentures	11	25,112	2,334				2,334
Other comprehensive loss					(28,392)		(28,392)
Net earnings						35,268	35,268
Comprehensive earnings					(28,392)	35,268	6,876
Distributions to unitholders	9					(7,063)	(7,063)
Balances - September 30, 2017		18,631,319	\$ 360,426	\$ 4,002	\$ 37,168	\$ (67,080)	\$ 334,516
Balances - January 1, 2016		16,788,209	\$ 222,331	\$ 4,002	\$ 75,111	\$ (116,517)	\$ 184,927
Issue costs (net of tax of \$nil)			(75)				(75)
Units issued from treasury in connection with options exercised		200,000	12,432				12,432
Retractions		29,543	2,148				2,148
Conversion and redemption of convertible debentures		1,042,751	69,044				69,044
Other comprehensive loss					(18,063)		(18,063)
Net earnings						21,968	21,968
Comprehensive earnings					(18,063)	21,968	3,905
Distributions to unitholders	9					(6,821)	(6,821)
Balances - September 30, 2016		18,060,503	\$ 305,880	\$ 4,002	\$ 57,048	\$ (101,370)	\$ 265,560

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,	
		2017	2016	2017	2016
Sales	17	\$ 391,933	\$ 345,309	\$ 1,154,829	\$ 1,026,670
Cost of sales		213,013	186,209	624,509	556,779
Gross profit		178,920	159,100	530,320	469,891
Operating expenses		143,359	127,480	426,495	378,270
Acquisition and transaction costs		670	611	1,286	1,111
Depreciation of property, plant and equipment	6	6,918	5,986	19,631	16,669
Amortization of intangible assets	7	4,268	2,512	9,930	7,416
Fair value adjustments	12	(12,262)	6,218	867	16,924
Finance costs		8,199	2,427	13,713	7,267
		151,152	145,234	471,922	427,657
Earnings before income taxes		27,768	13,866	58,398	42,234
Income tax expense					
Current		4,193	5,105	16,763	13,549
Deferred		3,740	2,287	6,367	6,717
		7,933	7,392	23,130	20,266
Net earnings		\$ 19,835	\$ 6,474	\$ 35,268	\$ 21,968

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

Basic earnings per unit	19	\$ 1.067	\$ 0.358	\$ 1.933	\$ 1.219
Diluted earnings per unit	19	\$ 0.396	\$ 0.158	\$ 1.598	\$ 1.020
Basic weighted average number of units outstanding	19	18,597,708	18,058,588	18,245,027	18,020,015
Diluted weighted average number of units outstanding	19	20,331,777	18,422,510	18,469,364	18,383,937

**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,	
	2017	2016	2017	2016
Net earnings	\$ 19,835	\$ 6,474	\$ 35,268	\$ 21,968
Other comprehensive (loss) earnings				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings				
Change in unrealized earnings on translating financial statements of foreign operations	(15,074)	2,913	(28,392)	(18,063)
Other comprehensive (loss) earnings	(15,074)	2,913	(28,392)	(18,063)
Comprehensive earnings	\$ 4,761	\$ 9,387	\$ 6,876	\$ 3,905

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,	
		2017	2016	2017	2016
	<i>Note</i>				
<b>Cash flows from operating activities</b>					
Net earnings		\$ 19,835	\$ 6,474	\$ 35,268	\$ 21,968
Items not affecting cash					
Fair value adjustments	12	(12,262)	6,218	867	16,924
Deferred income taxes		3,740	2,287	6,367	6,717
Amortization of discount on convertible debt		5,177	237	5,657	694
Amortization of intangible assets	7	4,268	2,512	9,930	7,416
Depreciation of property, plant and equipment	6	6,918	5,986	19,631	16,669
Other		(17)	(117)	188	(195)
		<b>27,659</b>	<b>23,597</b>	<b>77,908</b>	<b>70,193</b>
Changes in non-cash working capital items		<b>(13,865)</b>	<b>(10,873)</b>	<b>(7,309)</b>	<b>(16,118)</b>
		<b>13,794</b>	<b>12,724</b>	<b>70,599</b>	<b>54,075</b>
<b>Cash flows from financing activities</b>					
Fund units issued from treasury					
in connection with options exercised		-	-	-	382
Issue costs		(91)	-	(192)	(75)
Increase in obligations under long-term debt	10	158,362	26,100	164,917	54,332
Repayment of long-term debt	10	(6,866)	(2,268)	(22,989)	(28,479)
Repayment of obligations under finance leases		(1,082)	(1,285)	(3,460)	(4,009)
Dividends and distributions paid		(2,407)	(2,306)	(7,127)	(6,860)
Payment to non-controlling interests	13	(81)	(67)	(221)	(156)
Payment of financing costs	10	-	-	(859)	-
		<b>147,835</b>	<b>20,174</b>	<b>130,069</b>	<b>15,135</b>
<b>Cash flows (used in) from investing activities</b>					
Proceeds on sale of equipment and software	6	104	150	363	505
Equipment purchases and facility improvements		(6,842)	(3,736)	(14,700)	(8,515)
Acquisition and development of businesses					
(net of cash acquired)		(171,830)	(32,847)	(195,458)	(86,383)
Software purchases and licensing		(100)	(275)	(317)	(1,195)
		<b>(178,668)</b>	<b>(36,708)</b>	<b>(210,112)</b>	<b>(95,588)</b>
Effect of foreign exchange rate changes on cash		<b>(1,594)</b>	<b>275</b>	<b>(3,089)</b>	<b>(2,215)</b>
Net decrease in cash position		<b>(18,633)</b>	<b>(3,535)</b>	<b>(12,533)</b>	<b>(28,593)</b>
Cash, beginning of year		<b>59,615</b>	<b>47,868</b>	<b>53,515</b>	<b>72,926</b>
Cash, end of year		\$ <b>40,982</b>	\$ <b>44,333</b>	\$ <b>40,982</b>	\$ <b>44,333</b>
Income taxes paid		\$ 5,939	\$ 5,177	\$ 21,794	\$ 11,407
Interest paid		\$ 2,327	\$ 1,958	\$ 6,854	\$ 6,362

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



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

For the three and nine months ended September 30, 2016 and 2017  
*(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 20 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 locations across 31 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 and convertible debentures of the Fund are listed on the Toronto Stock Exchange and trade under the symbols “BYD.UN” and “BYD.DB.A”. As a result of redemption and cancellation, the convertible debentures listed on the Toronto Stock Exchange under the symbol “BYD.DB.A” were de-listed on November 2, 2017. The head office and principal address of the Fund is located at 3570 Portage Avenue, Winnipeg, Manitoba, Canada, R3K 0Z8.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of November 7, 2017, 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, 2017 could result in restatement of these interim condensed consolidated financial statements.

**2. BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES**

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2017 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, 2016. During the three and nine months ended September 30, 2017, the Fund did not adopt any changes in accounting policies that resulted in a material impact to the financial statements of the Fund. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS.

**3. CRITICAL ACCOUNTING ESTIMATES**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates**

The Fund makes estimates, including the assumptions applied therein, concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical accounting estimates are substantially unchanged from those identified in the consolidated financial statements for the year ended December 31, 2016 except as follows:

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

For the three and nine months ended September 30, 2016 and 2017

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

Fair Value of Call Liability

The call liability has been valued based on the exercise price calculated in accordance with the terms of the Amended and Restated Limited Liability Company Agreement of Glass America LLC dated June 1, 2013 (the “GA Company Agreement”). The calculation of certain material changes under the GA Company Agreement could impact the valuation, timing and settlement of the call liability. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. The value of the call liability is subject to estimation and the valuation at settlement of the call could result in a material impact on the Fund’s consolidated financial statements.

**4. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED**

The following is an overview of accounting standard changes that the Fund will be required to adopt in future years:

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board (“IASB”) on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. IFRS 15 provides a principles-based five-step model to be applied to all contracts with customers. IFRS 15 requires a company to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. On July 22, 2015, the IASB announced a deferral in the effective date for this standard. The standard is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. A choice of retrospective application or a modified transition approach is provided. On April 12, 2016, the IASB issued clarifying amendments to IFRS 15, *Revenue from Contracts with Customers*. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments also include additional relief to reduce cost and complexity on initial application. The amendments also require application January 1, 2018. The Fund expects to use the modified retrospective approach to adopting IFRS 15 on January 1, 2018. The Fund has reviewed its various revenue streams and contracts with customers to assess the implication of adoption of IFRS 15. The Fund anticipates that revenue will be recognized upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. The Fund has concluded that the adoption of IFRS 15 is not expected to have a material impact on the Fund’s consolidated financial statements; however, the Fund will expand disclosures in the notes to the consolidated financial statements as required by IFRS 15.

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund has determined that the adoption of IFRS 9 will result in changes to the classification of the Fund’s financial assets but will not change the classification of the Fund’s financial liabilities. At this time, the Fund expects there will be a change to the allowance for doubtful accounts; however, the Fund does not expect this change to be material. The Fund does not expect any material changes in the carrying values of its financial instruments as a result of the adoption of IFRS 9. The Fund expects to use the modified retrospective approach to adopting IFRS 9 on January 1, 2018.

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

For the three and nine months ended September 30, 2016 and 2017

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

IFRS 16, *Leases*, was issued by the IASB on January 13, 2016 and will replace the current guidance found in IAS 17, *Leases* and related interpretations. The new standard will bring most leases on-balance sheet through recognition of related assets and liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases. The new standard will come into effect on January 1, 2019 with early application permitted if IFRS 15, *Revenue from Contracts with Customers* has also been applied. The Fund is currently evaluating the impact of adopting IFRS 16 on its financial statements, but expects this standard will have a significant impact on its consolidated statement of financial position, along with a change to the recognition, measurement and presentation of lease expenses in the consolidated statement of earnings.

On June 20, 2016, the IASB issued narrow-scope amendments to IFRS 2, *Share-based Payment*. The amendments provide requirements on the accounting for: (1) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (2) share-based payment transactions with a net settlement feature for withholding tax obligations; and (3) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled. The amendments become mandatory for annual periods beginning on or after January 1, 2018 with early application permitted. The Fund does not expect a material impact on adoption of these amendments on January 1, 2018.

**5. ACQUISITIONS**

On May 29, 2017, the Company entered into a definitive agreement to acquire the assets and business of Assured Automotive Inc. and related entities ("Assured"), a multi-location collision repair company operating 68 locations in the province of Ontario, including 30 intake centers co-located at automotive dealerships. The acquisition of the assets and business of Assured closed on July 4, 2017, effective July 1, 2017.

The Fund also completed 11 acquisitions that added 18 locations during the nine months ended September 30, 2017 as follows:

Acquisition Date	Location
January 6, 2017	Monroe, North Carolina
January 13, 2017	Phoenix, Arizona (4 locations)
March 17, 2017	Portland, Oregon (2 locations)
April 19, 2017	Salem, Oregon
April 27, 2017	Orem, Utah
June 14, 2017	Greensboro, Georgia
June 27, 2017	Spokane, Washington
August 4, 2017	Calgary, Alberta (4 locations)
September 1, 2017	Westerville, Ohio
September 8, 2017	Lafayette, Louisiana
September 20, 2017	Issaquah, Washington

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

For the three and nine months ended September 30, 2016 and 2017

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

<b>Acquisitions in 2017</b>	Assured	Other acquisitions	Total acquisitions
<b>Identifiable net assets acquired at fair value:</b>			
Other current assets	\$ 16,991	\$ 1,345	\$ 18,336
Property, plant and equipment	12,083	10,975	23,058
Identified intangible assets			
Customer relationships	80,100	9,408	89,508
Brand name	13,500	-	13,500
Non-compete agreements	8,100	381	8,481
Liabilities assumed	(18,786)	(520)	(19,306)
Identifiable net assets acquired	\$ 111,988	\$ 21,589	\$ 133,577
Goodwill	89,974	14,438	104,412
<b>Total purchase consideration</b>	<b>\$ 201,962</b>	<b>\$ 36,027</b>	<b>\$ 237,989</b>
<b>Consideration provided</b>			
Cash paid or payable	\$ 150,246	\$ 31,932	\$ 182,178
Units issued	51,716	-	51,716
Sellers notes	-	4,095	4,095
<b>Total consideration provided</b>	<b>\$ 201,962</b>	<b>\$ 36,027</b>	<b>\$ 237,989</b>

Funding for the Assured transaction was a combination of cash and the issuance of 537,872 units to the sellers at a unit price of \$96.15. The value of the 537,872 units issued as consideration increased from \$88.31 as priced per the Asset Purchase and Sale Agreement prior to the public announcement of the acquisition to \$96.15 at the time of closing.

The preliminary purchase prices for the 2017 acquisitions as disclosed above 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 2017 is expected to be deductible for tax purposes.

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. The revenue and earnings contributed by Assured from July 1, 2017 to September 30, 2017 were \$40,175 and \$1,676 respectively.

If Assured had been acquired on January 1, 2017, the Fund's earnings for the nine months ended September 30, 2017 would have been \$39,128.

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

For the three and nine months ended September 30, 2016 and 2017  
*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

**6. PROPERTY, PLANT AND EQUIPMENT**

As at	<b>September 30, 2017</b>	December 31, 2016
Balance, beginning of year	\$ 161,813	\$ 133,043
Acquired through business combination	23,058	20,979
Additions	31,126	34,501
Proceeds on disposal	(363)	(936)
Gain on disposal	167	574
Depreciation	(19,631)	(23,392)
Foreign exchange	(11,295)	(2,956)
<b>Balance, end of period</b>	<b>\$ 184,875</b>	<b>\$ 161,813</b>

**7. INTANGIBLE ASSETS**

As at	<b>September 30, 2017</b>	December 31, 2016
Balance, beginning of year	\$ 158,514	\$ 143,679
Acquired through business combination	111,489	27,971
Additions	336	1,369
Amortization	(9,930)	(10,698)
Purchase price allocation adjustments within the measurement period	1,109	-
Foreign exchange	(11,008)	(3,807)
<b>Balance, end of period</b>	<b>\$ 250,510</b>	<b>\$ 158,514</b>

The purchase price allocation adjustments represent balance sheet reclassifications between intangible assets, deferred income taxes and goodwill within the measurement period for certain 2016 acquisitions.

**8. GOODWILL**

As at	<b>September 30, 2017</b>	December 31, 2016
Balance, beginning of year	\$ 230,701	\$ 183,623
Acquired through business combination	104,412	51,319
Deferred tax liability on purchase price allocation adjustment	1,107	-
Purchase price allocation adjustments within the measurement period	(1,109)	-
Foreign exchange	(15,894)	(4,241)
<b>Balance, end of period</b>	<b>\$ 319,217</b>	<b>\$ 230,701</b>

The purchase price allocation adjustments represent balance sheet reclassifications between intangible assets, deferred income taxes and goodwill within the measurement period for certain 2016 acquisitions.

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

For the three and nine months ended September 30, 2016 and 2017  
*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

**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:

<b>Record date</b>	<b>Payment date</b>	<b>Distribution per Unit /</b>		
		<b>Dividend per Share</b>	<b>Distribution amount</b>	<b>Dividend amount</b>
January 31, 2017	February 24, 2017	\$ 0.0430	\$ 776	\$ 10
February 28, 2017	March 29, 2017	0.0430	777	10
March 31, 2017	April 26, 2017	0.0430	777	10
April 30, 2017	May 29, 2017	0.0430	777	10
May 31, 2017	June 28, 2017	0.0430	777	10
June 30, 2017	July 27, 2017	0.0430	777	10
July 31, 2017	August 29, 2017	0.0430	800	10
August 31, 2017	September 27, 2017	0.0430	801	10
September 30, 2017	October 27, 2017	0.0430	801	10
		\$ 0.3870	\$ 7,063	\$ 90

<b>Record date</b>	<b>Payment date</b>	<b>Distribution per Unit /</b>		
		<b>Dividend per Share</b>	<b>Distribution amount</b>	<b>Dividend amount</b>
January 31, 2016	February 25, 2016	\$ 0.0420	\$ 757	\$ 11
February 29, 2016	March 29, 2016	0.0420	757	11
March 31, 2016	April 27, 2016	0.0420	757	11
April 30, 2016	May 27, 2016	0.0420	758	10
May 31, 2016	June 28, 2016	0.0420	758	10
June 30, 2016	July 27, 2016	0.0420	758	10
July 31, 2016	August 29, 2016	0.0420	758	10
August 31, 2016	September 29, 2016	0.0420	759	10
September 30, 2016	October 27, 2016	0.0420	759	10
		\$ 0.3780	\$ 6,821	\$ 93

At September 30, 2017, there were 200,918 (December 31, 2016 – 204,193) exchangeable Class A shares outstanding with a carrying value of \$18,420 (December 31, 2016 - \$17,471).

During 2017, a fair value adjustment expense in the amount of \$1,256 (2016 – \$3,437) was recorded to earnings related to these exchangeable Class A shares.

Further distributions and dividends were declared for the month of October 2017 in the amount of \$0.043 per unit/share.

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

For the three and nine months ended September 30, 2016 and 2017  
*(thousands of Canadian dollars, except unit, share and per unit/share amounts)*

**10. LONG-TERM DEBT**

On May 26, 2017, the Company entered into a second amended and restated credit agreement for a term of five years, increasing the revolving credit facility to \$300,000 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 BGIF and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to 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 in Canada and \$20,000 in the U.S.

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 to EBITDA ratio of less than 4.25; a senior debt to EBITDA ratio of less than 3.50 up to March 31, 2018 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt to EBITDA ratio may be increased to less than 4.75 and the senior debt to EBITDA ratio may be increased to less than 4.00 up to March 31, 2018 and less than 3.75 thereafter. The debt calculations exclude the convertible debentures. As at September 30, 2017, \$183,504 (including \$29,250 U.S.) had been drawn under the revolving facility.

Deferred financing costs of \$356 were incurred during 2015 to complete the amended and restated credit agreement. These fees were amortized to finance costs on a straight line basis over the five year term of the amended and restated credit agreement until May 26, 2017 when the second amended and restated credit agreement was signed. At that time, the unamortized deferred financing costs of \$226 were recorded as finance costs. 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 \$801 have been netted against the debt drawn as at September 30, 2017.

As at September 30, 2017, the Company was in compliance with all financial covenants.

Long-term debt is comprised of the following:

As at	<b>September 30, 2017</b>	December 31, 2016
Revolving credit facility (net of financing costs)	\$ <b>182,703</b>	\$ 33,318
Seller notes	<b>58,203</b>	68,299
	<b>\$ 240,906</b>	\$ 101,617
Current portion	<b>14,580</b>	12,329
	<b>\$ 226,326</b>	\$ 89,288

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

For the three and nine months ended September 30, 2016 and 2017  
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

The following is the continuity of long-term debt:

As at	September 30, 2017	December 31, 2016
Balance, beginning of year	\$ 101,617	\$ 66,547
Consideration on acquisition	4,095	13,706
Net draw	164,917	54,332
Repayment	(22,989)	(31,147)
Deferred financing costs	(859)	(321)
Amortization of deferred finance costs	307	71
Foreign exchange	(6,182)	(1,571)
Balance, end of period	\$ 240,906	\$ 101,617

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

Principal Payments	September 30, 2017	December 31, 2016
Less than 1 year	\$ 14,580	\$ 12,329
1 to 5 years	210,057	69,928
Greater than 5 years	16,269	19,360
	\$ 240,906	\$ 101,617

Included in finance costs for the nine month period ended September 30, 2017 is interest on long-term debt of \$5,058 (2016 - \$3,291).

**11. CONVERTIBLE DEBENTURES**

On September 29, 2014, the Fund issued \$50,000 aggregate principal amount of convertible unsecured subordinated debentures due October 31, 2021 (the “2014 Debentures”) with a conversion price of \$61.40. On September 29, 2014, as allowed under the provisions of the agreement to issue the 2014 Debentures, the underwriters purchased an additional \$7,500 aggregate principal amount of 2014 Debentures increasing the aggregate proceeds of the 2014 Debenture offering to \$57,500.

The 2014 Debentures bear interest at an annual rate of 5.25% payable semi-annually, and are convertible at the option of the holder into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after October 31, 2017 provided that certain thresholds are met surrounding the weighted average market price of the trust units at that time. On redemption or maturity, the 2014 Debentures may, at the option of the Fund, be repaid in cash or, subject to regulatory approval, units of the Fund. *See note 21.*

Upon issuance, the 2014 Debentures were bifurcated with \$5,124 related to the conversion feature treated as a financial liability measured at fair value due to the units of the Fund being redeemable for cash. Transaction costs of \$2,774 were incurred in relation to issuance of the 2014 Debentures, which included the underwriter’s fee and other expenses of the offering.



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Details of the 2014 Debentures carrying value are as follows:

As at	<b>September 30, 2017</b>	December 31, 2016
Balance, beginning of year	\$ 50,808	\$ 50,916
Adjusted for:		
Accretion charges	5,657	927
Conversion to Fund units	(1,542)	(1,035)
Balance, end of period	\$ 54,923	\$ 50,808

During 2017, a fair value adjustment expense in the amount of \$159 (2016 – \$9,631) was recorded to earnings related to convertible debentures.

During 2017, at the request of the holder, the Fund converted \$1,542 principal amount of the 2014 Debentures into 25,112 units of the Fund. The fair value of the 2014 Debentures at the time of conversion was \$2,334.

During 2017, accelerated amortization of the discount on the convertible debt in the amount of \$4,925 (2016 - \$nil) was recorded to earnings related to the notice of redemption provided by the Fund on September 6, 2017. See note 21.

**12. FAIR VALUE ADJUSTMENTS**

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
Convertible debenture conversion feature	\$ (7,909)	\$ 4,662	\$ 159	\$ 9,631
Exchangeable Class A common shares	(898)	1,564	1,256	3,437
Unit based payment obligation	(781)	3,550	5,208	7,074
Non-controlling interest put options and call liability	(2,674)	(3,558)	(5,756)	(3,218)
Total fair value adjustments	\$ (12,262)	\$ 6,218	\$ 867	\$ 16,924

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**13. FINANCIAL INSTRUMENTS**

**Carrying value and estimated fair value of financial instruments**

	Classification	Fair value hierarchy	September 30, 2017		December 31, 2016	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Cash	FVTPL <sup>(1)</sup>	1	<b>40,982</b>	40,982	53,515	53,515
<b>Financial liabilities</b>						
2014 convertible debenture	Other financial liabilities	2	<b>54,923</b>	82,192	50,808	84,698
2014 convertible debenture conversion feature	FVTPL <sup>(1)</sup>	2	<b>27,064</b>	27,064	27,697	27,697
Exchangeable Class A common shares	FVTPL <sup>(1)</sup>	1	<b>18,420</b>	18,420	17,471	17,471
Non-controlling interest put options and call liability	FVTPL <sup>(1)</sup>	3	<b>21,251</b>	21,251	29,202	29,202

(1) Fair Value Through Profit or Loss

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 for the non-controlling interest put option 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 Fund as of the statement of financial position date. The fair value for the 2014 convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price \$91.68, dividend yield 0.65%, expected volatility 25.16%, risk free interest rate of 0.53%, term of one month. The fair value for the Fund's debentures will change based on the movement in bond rates and changes in the Fund's credit rating.

**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, 2017 was approximately \$141,965 (December 31, 2016 - \$141,337).

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**Foreign currency risk**

The Fund and the Company earn interest on promissory notes issued to The Boyd Group (U.S.) Inc.. As at September 30, 2016 and December 31, 2016, promissory notes denominated in Canadian dollars are as follows:

<b>Promissory notes</b>	<b>September 30,</b>	December 31,
As at	<b>2017</b>	2016
Promissory note at 5.0% due September 29, 2027 (2016 - 3.3% due September 29, 2017)	\$ 108,000	\$ 108,000
Promissory note at 6.5% due January 1, 2020	41,800	41,800
Promissory note at 8.58% due January 1 2024	6,800	6,800
Promissory note at 8.58% due January 1, 2024	25,000	25,000
Promissory note at 8.58% due January 1, 2024	30,000	30,000
	<b>\$ 211,600</b>	<b>\$ 211,600</b>

On September 29, 2017, the \$108,000 note was renewed for a term of 10 years at an interest rate of 5.0%.

**Non-controlling interest put option and call liability**

On May 31, 2013, the Fund entered into a contribution 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 contains a put option as well as a call option, which provide 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. All changes in the estimated liability are recorded in earnings.

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 is not exercisable until December 31, 2018 and is exercisable anytime thereafter by the glass-business operating member. The put option may be exercised before December 31, 2018 upon the occurrence of certain unusual events such as a change of control or resignation of the operating member. 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 have been calculated using formulas defined in the applicable limited liability company agreements. The formula for the Glass America call is based on a multiple of EBITDA for the trailing twelve months. The formula for the U.S. management team member put option is based on multiples of estimated future earnings of the Glass America business and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised in 1.25 years at a probability weighted estimated EBITDA level as at December 31, 2018 of approximately \$7,500 USD using a discount rate of 9%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

During 2017, the Fund made \$221 (2016 - \$156) in payments to the Glass America non-controlling interest.

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The liability for non-controlling interest put option and call liability comprises the following:

As at	<b>September 30, 2017</b>	December 31, 2016
Glass-business operating partner non-controlling interest put option	\$ 7,158	\$ 7,998
Glass America non-controlling interest put option / call liability	<b>14,093</b>	21,204
	<b>\$ 21,251</b>	\$ 29,202

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

	<b>September 30, 2017</b>		December 31, 2016	
	<b>Glass-business operating partner</b>	<b>Glass America non-controlling interest</b>	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	\$ 7,998	\$ 21,204	\$ 10,850	\$ 23,888
Fair value adjustments	(258)	(5,498)	(2,480)	(1,789)
Payment to non-controlling interests	-	(221)	-	(156)
Foreign exchange	(582)	(1,392)	(372)	(739)
Balance, end of period	<b>\$ 7,158</b>	<b>\$ 14,093</b>	\$ 7,998	\$ 21,204

During 2017, a fair value adjustment recovery in the amount of \$5,756 (2016 – \$3,218) was recorded to earnings related to these non-controlling interest put options and call liability.

The exercise price for the call option regarding the Glass America non-controlling interest has been calculated in accordance with the terms of the GA Company Agreement. The calculation of certain material changes under the GA Company Agreement could impact the valuation, timing and settlement of the call liability. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. As at November 7, 2017, the acquisition of the non-controlling interest in Glass America has not been completed.

**14. 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:

<b>Issue Date</b>	<b>Number of Units</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>September 30, 2017 Fair Value</b>	December 31, 2016 Fair Value
January 2, 2008	150,000	\$ 2.70	January 2, 2018	\$ 13,207	\$ 11,301
January 2, 2009	150,000	\$ 3.14	January 2, 2019	<b>11,870</b>	10,138
January 2, 2010	150,000	\$ 5.41	January 2, 2020	<b>10,533</b>	8,963
				<b>\$ 35,610</b>	\$ 30,402

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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 \$91.68, dividend yield 0.65% and expected volatility 25.16% (determined as a weighted standard deviation of the unit price over the past four years). The risk free interest rate assumptions used in the valuation model are as follows: January 2, 2008 issuance – 0.53%, January 2, 2009 issuance – 0.66%, January 2, 2010 issuance - 0.69%.

During 2017, a fair value adjustment expense in the amount of \$5,208 (2016 – \$7,074) was recorded to earnings related to these unit based payment obligations.

On September 15, 2017, certain key executives provided irrevocable notice that the unit options issued to executives January 2, 2008 would be exercised, which will result in the issuance of 150,000 units at an exercise price of \$2.70 on January 2, 2018.

**15. 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.

**16. RELATED PARTY TRANSACTIONS**

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. In most cases, the Company assumes these property lease arrangements initially in connection with an acquisition. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the leases are representative of fair market rent values.

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The following are the lease expense amounts for facilities under lease with related parties:

Landlord	Affiliated Person(s)	Location	Lease Expires	September 30, 2017	September 30, 2016
1440298 Ontario Limited	Desmond D'Silva	Richmond Hill, ON	2035	\$ 46	\$ -
242890 Ontario Inc.	Desmond D'Silva	Ottawa, ON	2035	63	-
2440782 Ontario Inc.	Desmond D'Silva	Ajax, ON	2036	21	-
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2027	-	41
861866 Ontario Inc.	Desmond D'Silva	Mississauga, ON	2032	13	-
861866 Ontario Inc.	Desmond D'Silva	Oakville, ON	2035	46	-
D'Silva Real Estate Holdings Inc.	Desmond D'Silva	Barrie, ON	2032	90	-
Gerber Building No. 1 Ptnrp	Eddie Cheskis, & Tim O'Day	South Elgin, IL	2018	90	89
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	26	-
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2036	15	-
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	12	-
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	77	-
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2036	25	-
Kard Properties Ltd.	Desmond D'Silva	Scarborough, ON	2036	22	-
Kard Properties Ltd.	Desmond D'Silva	Toronto, ON	2023	13	-
Kard Properties Ltd.	Desmond D'Silva	Brampton, ON	2036	24	-
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2035	25	-
Kard Properties Ltd.	Desmond D'Silva	Woodstock, ON	2037	17	-
Kard Properties Ltd.	Desmond D'Silva	Etobicoke, ON	2037	53	-
Supreme Auto Collision Inc.	Desmond D'Silva	Milton, ON	2035	28	-

On August 1, 2016, the property owned by 3577997 Manitoba Inc. was sold to an unrelated party.

**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, goodwill and intangible assets which are all located within these two geographic areas.

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<b>Revenues</b>	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Canada	\$ 64,219	\$ 20,502	\$ 111,335	\$ 63,549
United States	327,714	324,807	1,043,494	963,121
	<b>\$ 391,933</b>	<b>\$ 345,309</b>	<b>\$ 1,154,829</b>	<b>\$ 1,026,670</b>

<b>Reportable Assets</b>	<b>September 30,</b>		<b>December 31,</b>	
<b>As at</b>	<b>2017</b>		<b>2016</b>	
Canada	\$ 229,606	\$ 19,369		
United States	524,996	531,659		
	<b>\$ 754,602</b>	<b>\$ 551,028</b>		

**18. SHARE-BASED COMPENSATION**

Certain executive officers of the Fund, as well as the Board of Directors of the Company and BGHI, participate in share-based compensation plans. These plans are cash-settled, with compensation expense determined based on the fair value of the associated liability at the end of the reporting period until the awards are settled.

**Long-term incentive plan**

On January 1, 2016 and January 1, 2017, Performance Cash Units were granted to certain executive officers for the 2016 and 2017 grant years. Performance Cash Units are tied to unit value from date of grant to the date of payment and will vest and be paid out in cash over a three-year period, subject to the terms of the plan. Performance Cash Units represent the right to receive payments linked to the Fund's unit value, conditional, in whole or in part, upon the achievement of one or more objective performance goals. The distribution rate declared by the Fund on issued and outstanding units of the Fund is also applied to the Performance Cash Units. The distribution amount on the Performance Cash Units is converted into additional Performance Cash Units based on the market value of the Fund's units at the time of the distribution. These additional Performance Cash Units vest at the same time as the Performance Cash Units that the distribution rate was applied on.

The 2016 and 2017 Awards include non-market performance conditions. The impact of market and non-market performance conditions is recognized through the adjustment of the award that is expected to vest. At the end of each reporting period, the Fund re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revision to compensation expense in earnings over the vesting period.

The fair value of each outstanding Performance Cash Unit is estimated based on the fair market value of the Fund's units at the grant date, subsequently adjusted for additional units granted based on the reinvestment of notional distributions and the market value of the units at the end of each reporting period. The associated compensation expense is recognized over the vesting period, factoring in the probability of the performance criteria being met during that period.

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**Directors Deferred Share Unit Plan**

On December 22, 2015, the Board of Trustees approved a Directors Deferred Share Unit Plan (“DSUP”), effective December 31, 2015. Independent members of the Board of Trustees of the Fund are separately compensated for their duties as Trustees of the Fund and for their duties as Directors of the Company and BGHI. The DSUP is administered through BGHI and requires independent Trustees, who are also Directors of the Company and BGHI, to receive at least 60% of their Director compensation in the form of deferred shares, which are essentially notional shares of BGHI and are redeemable for cash on termination. Directors may elect to receive up to 100% of their Director compensation in the form of deferred shares. The number of deferred share units to which a Director is entitled will be adjusted for the payment of dividends or other cash distributions on the Class A common shares of BGHI.

The fair value of each outstanding Director Deferred Share Unit is estimated based on the fair market value of the BGHI’s shares at the grant date, subsequently adjusted for additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period.

**19. EARNINGS PER UNIT**

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Net earnings	\$ 19,835	\$ 6,474	\$ 35,268	\$ 21,968
Add (less):				
2014 convertible debentures	(7,462)	-	-	-
Exchangeable class A shares	(869)	-	-	-
Unit options	(781)	-	-	-
Non-controlling interest put options and call liability	(2,674)	(3,558)	(5,756)	(3,218)
Net earnings - diluted basis	\$ 8,049	\$ 2,916	\$ 29,512	\$ 18,750
Basic weighted average number of units	18,597,708	18,058,588	18,245,027	18,020,015
Add:				
2014 convertible debentures	902,579	-	-	-
Exchangeable class A shares	226,526	-	-	-
Unit options	380,627	-	-	-
Non-controlling interest put options and call liability	224,337	363,922	224,337	363,922
Average number of units outstanding - diluted basis	20,331,777	18,422,510	18,469,364	18,383,937
Basic earnings per unit	\$ 1.067	\$ 0.358	\$ 1.933	\$ 1.219
Diluted earnings per unit	\$ 0.396	\$ 0.158	\$ 1.598	\$ 1.020

**20. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform with the presentation of the current period.



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**21. SUBSEQUENT EVENT**

On November 2, 2017, the Fund completed the early redemption and cancellation of its 5.25% Convertible Unsecured Subordinated Debentures due October 31, 2021. Subsequent to the initial announcement of the early redemption, \$52,376 principal amount of the Debentures were converted into 853,027 units of the Fund. The remaining \$2,547 in Debentures were redeemed and cancelled by issuing 28,995 units. As a result of redemption and cancellation, the convertible debentures listed on the Toronto Stock Exchange under the symbol "BYD.DB" were de-listed.