

# BOYD GROUP INCOME FUND

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- Notice of  
Annual  
Meeting  
of Unitholders

and

- Information  
Circular

April 2, 2013



# BOYD GROUP INCOME FUND

## NOTICE OF ANNUAL MEETING OF UNITHOLDERS TO BE HELD MAY 27, 2013

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Unitholders of Boyd Group Income Fund (the "Fund") will be held at the Victoria Inn Hotel & Convention Centre, 1808 Wellington Avenue, Winnipeg, Manitoba on Monday, May 27, 2013 at 5:00 p.m. (local time) for the following purposes:

1. to receive the consolidated financial statements of the Fund for the year ended December 31, 2012 and the Auditor's Report thereon;
2. to appoint Trustees for the ensuing year;
3. to elect nominees of the Fund to serve as directors of The Boyd Group Inc. ("BGI") and Boyd Group Holdings Inc. ("BGHI");
4. to appoint auditors for the ensuing year and authorize the Board of Trustees to fix their remuneration; and
5. to transact such other business as may properly come before the Meeting, or any adjournment thereof.

**Unitholders who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of Proxy and return it, in the envelope provided, to the Secretary of the Fund, c/o Proxy Dept., Valiant Trust Company, Suite 600-750 Cambie Street, Vancouver, BC, V6B 0A2, or via Fax: (604)681-3067, at least 24 hours prior to the Meeting or any adjournment thereof, failing which the Proxy will be invalid.**

DATED at Winnipeg, Manitoba this 2<sup>nd</sup> day of April, 2013.

By Order of the Board of Trustees.

BOYD GROUP INCOME FUND



Per: Dan Dott  
Secretary



# **BOYD GROUP INCOME FUND**

## **INFORMATION CIRCULAR**

April 2, 2013

**BOYD GROUP INCOME FUND  
INFORMATION CIRCULAR**

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## **BOYD GROUP INCOME FUND**

### **INFORMATION CIRCULAR**

#### **PROXIES**

##### **Solicitation of Proxies**

**This circular is provided in connection with the solicitation by management of Boyd Group Income Fund (the “Fund”) of proxies to be used at the Annual Meeting (the “Meeting”) of Unitholders of the Fund to be held on Monday, May 27, 2013 at 5:00 p.m. (local time) at the Victoria Inn Hotel & Convention Centre, 1808 Wellington Avenue, in Winnipeg, Manitoba and for any adjournment thereof.**

The solicitation of proxies will be made primarily by mail but proxies may also be solicited by officers, directors, employees or agents of the Fund personally, in writing or by telephone. Unless otherwise stated, the information provided in this Information Circular is given as at April 2, 2013. The total cost of the solicitation will be borne by the Fund.

##### **Appointment and Revocation of Proxies**

A form of proxy is enclosed. If it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the proxy in the envelope provided.

The persons named in the enclosed form of proxy as proxyholders are Trustees of the Fund and have indicated their willingness to represent, as proxyholders, the persons who appoint them.

**Each person who is the registered holder of units of the Fund (the “Units”) (herein collectively referred to as “Unitholders” or individually as a “Unitholder”) is entitled to appoint a person or company (who need not be a Unitholder) other than the persons designated in the enclosed form of proxy to represent the Unitholder at the Meeting.** That right may be exercised by inserting the name of such other person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy and depositing it in the manner and within the time frame specified below. Unitholders who name another person or company on the proxy to represent them at the Meeting should notify such person or company, obtain that person’s or company’s consent to act as proxy and instruct such person or company how to vote the Unitholder’s Units. The form of proxy should be dated and signed by the Unitholder or by an attorney of the Unitholder authorized in writing in accordance with the notes forming part of the form of proxy.

Pursuant to a Declaration of Trust dated December 16, 2002, which was amended and restated on February 25, 2003, as further amended (the “Trust Declaration”), pursuant to which the Fund was created, Boyd Group Holdings Inc. (“BGHI”) is deemed to be a Unitholder and has the right to receive notice of, attend and vote at all meetings of



Unitholders and grant proxies for such voting rights, as though, immediately prior to any such meeting, BGHI had been issued and was the registered holder of the number of Units equal to the number of Class A common shares of BGHI ("BGHI Class A Shares") then issued and outstanding. At any meeting of Unitholders, BGHI and any of its designated proxies shall be treated for all purposes as Unitholders, except with respect to quorum requirements and the constitution of a quorum.

Unless otherwise indicated, all references herein to a Unitholder or Unitholders shall include BGHI, in its capacity as a deemed Unitholder under the Trust Declaration and all corresponding references herein to Units, shall include BGHI Class A Shares, where the context so requires.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Secretary of the Fund, c/o Proxy Dept., Valiant Trust Company, Suite 600-750 Cambie Street, Vancouver, BC, V6B 0A2, or via Fax: (604)681-3067, at least 24 hours prior to the Meeting or any adjournment thereof, failing which the proxy will be invalid.

**A Unitholder who has given a proxy may revoke it by depositing with the Secretary of the Fund c/o Proxy Dept., Valiant Trust Company, Suite 600-750 Cambie Street, Vancouver, BC, V6B 0A2, or via Fax: (604)681-3067, another form of proxy bearing a later date or a revocation of proxy, signed by the Unitholder, or an attorney of the Unitholder authorized in writing, prior to the close of business on the last business day prior to the Meeting or any adjournment thereof. The Unitholder may also revoke the proxy and vote in person by depositing such revocation of proxy with the Chairman of the Meeting at the Meeting or any adjournment thereof, or may revoke the proxy in any other manner permitted by law. A Unitholder will be bound by any vote that may have been registered by a duly appointed proxy prior to any revocation of that proxy in the manner described above.**

### **Voting of Proxies**

On any ballot that may be called at the Meeting or any adjournment thereof, the persons appointed in the enclosed form of proxy will vote all Units for or against, or will withhold from voting them, in accordance with the instruction given with respect to each resolution expressly set out in the form of proxy. **If instruction is not given with respect to any such matter, the Units will be voted FOR such matter.**

The enclosed form of proxy confers discretionary authority upon the persons appointed therein with respect to amendments and variations to matters identified in the Notice of Annual Meeting and Information Circular and with respect to any other matters which may properly come before the Meeting. The Units represented by the proxy will be voted on such matters, in the discretion of and in accordance with the best judgment of, the person voting such Units. As of the date of this Information Circular, management of the

Fund knows of no matters to come before the Meeting other than the matters identified in the Notice of Annual Meeting and Information Circular. If any matters which are not now known should properly come before the Meeting, the persons appointed in the proxy will vote on such matters in their discretion, in accordance with their best judgment.

Unless otherwise noted herein, a simple majority of the votes cast at the Meeting, whether by proxy or otherwise, will constitute approval of any matter submitted to a vote.

### **Record Date and Entitlement to Vote**

The Fund will prepare, as at the close of business on April 2, 2013 (the "Record Date"), a list of the registered Unitholders entitled to receive the Notice of Annual Meeting and Information Circular and the number of Units held by each such Unitholder. A holder of Units named in the list is entitled to vote the Units shown opposite such Unitholder's name at the Meeting, except to the extent that such Unitholder has transferred the ownership of any Units after April 2, 2013 and the transferee of those Units establishes ownership of the Units and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Unitholders before the Meeting, in which case the transferee is entitled to vote such Units at the Meeting or any adjournment thereof.

On April 2, 2013, 12,540,909 Units of the Fund were issued and outstanding. Each Unit entitles the holder thereof to one vote.

### **Quorum**

A quorum for the Meeting requires at least two (2) Unitholders (not including BGHI) present in person and holding or representing by proxy not less than 5% of all issued and outstanding Units entitled to vote at such meeting. BGHI's entitlement to attend the Meeting and vote thereat in respect of the BGHI Class A Shares is not considered with respect to quorum requirements and constitution of a quorum.

The Trust Declaration authorizes BGHI to appoint one or more proxies with respect to exercising its voting rights at Annual Meetings of the Fund. The bylaws of BGHI provide that BGHI shall grant to each holder of BGHI Class A Shares ("BGHI Shareholder") a proxy to attend, and exercise voting rights as a Unitholder at, meetings of the Fund on the basis of one (1) vote for each BGHI Class A Share held by such BGHI Shareholder, provided that such BGHI Shareholder has provided BGHI with a written acceptance of such proxy together with a written undertaking to jointly elect with BGHI, pursuant to section 85 of the *Income Tax Act* (Canada) (the "Tax Act"), in prescribed form and within the time referred to therein, to have the provisions of section 85(1) of the Tax Act apply to the issuance of BGHI Class A Shares.

### **Principal Holders of Units**

To the best of the knowledge of the Trustees and executive officers of the Fund, no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over, Units carrying 10% or more of the voting rights attached to the Units.

As at April 2, 2013, there were 386,576 BGHI Class A Shares issued and outstanding, representing approximately 3.0% of all votes attached to the Units and to the BGHI Class A Shares which can be voted at the Meeting.

To the best of the knowledge of the Trustees and executive officers of the Fund, as at April 2, 2013, 4612094 Manitoba Inc. ("4612094") owned 207,329 BGHI Class A Shares which, as at April 2, 2013, represented approximately 1.6% of all votes attached to the issued and outstanding Units and votes of BGHI in respect of the issued and outstanding BGHI Class A Shares. 4612094 is indirectly controlled by Brock Bulbuck and members of his family.

## **BUSINESS OF THE ANNUAL MEETING**

### **APPOINTMENT OF TRUSTEES**

The Trust Declaration requires that the Fund have a minimum of three (3) Trustees and a maximum of ten (10) Trustees. The Board of Trustees currently consists of eight (8) Trustees of which seven (7) are standing for reappointment.

The Trust Declaration also requires that the majority of the Trustees be residents of Canada within the meaning of the Tax Act. Of the current eight Trustees of the Fund, six are residents of Canada within the meaning of the Tax Act.

### **Election of Trustees by Unitholders**

Trustees can be reappointed or replaced every year as may be determined by a majority of votes cast at the Annual Meeting of the Unitholders. The Trust Declaration provides that subject to its terms and conditions, the Trustees may exercise from time to time, in respect to the assets and investments of the Fund, any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof. The Trustees are responsible for, among other things: (i) the supervision of the activities, investments and affairs of the Fund; (ii) acting for, voting on behalf of and representing the Fund as a shareholder of BGI and BGHI and a holder of Notes (as hereinafter defined); (iii) maintaining records and providing reports to Unitholders; and (iv) effecting the payment of distributions to Unitholders in accordance with the terms and conditions of the Trust Declaration.

A Trustee may resign upon written notice to the Fund and may be removed by a majority of votes cast at a special meeting of Unitholders. The vacancy created by such removal may be filled at that same meeting, failing which it shall be filled by the Trustees.

A quorum of the Trustees, being the greater of two (2) Trustees or a majority of the number of Trustees then holding office, may fill a vacancy in the Board of Trustees, except a vacancy resulting from an increase in the number of the Trustees or from a failure to appoint the minimum number of Trustees fixed by the Trust Declaration. Notwithstanding anything contrary contained in the Trust Declaration, if a majority of the Trustees are not residents of Canada within the meaning of the Tax Act, the Trustees then in office shall appoint such number of resident Canadian Trustees as may be necessary so that a majority of the Trustees are residents of Canada.

The Trustees have fixed by resolution that there will be seven (7) Trustees of the Fund appointed at the Meeting. **The persons appointed in the enclosed form of proxy, unless instructed otherwise, intend to vote for the nominees shown in the following table. All of the nominees set forth in the following table are currently Trustees of the Fund.**

The following table shows the name and background of each nominee, including present principal occupation. Unless otherwise indicated, each nominee has been engaged for the past five years in the specified present principal occupations or in other executive capacities with the companies or firms referred to, or with affiliates or predecessors thereof. The table also includes the year in which each nominee first became a Trustee of the Fund. In addition, the table shows the number of Units and BGHI Class A Shares that each nominee beneficially owns, or exercises control or direction over, directly or indirectly, as at the date of this Information Circular. The information as to Units and BGHI Class A Shares owned beneficially, or over which the nominees exercise control or direction, has been furnished to the Fund by the nominees.

Name	Proposed Term Will Expire At Annual Meeting In:	Present Principal Occupation	Principal Business	Director of BGI Since	Trustee of Fund Since	Approx. No. of Class A Common Shares of BGHI and Units Owned Directly or Indirectly	Province or State and Country of residence
Dave Brown <sup>(5)</sup>	2014	Managing Director, President and CEO of Richardson Capital	Private Equity division of Richardson Financial Group	2012	2012	6,332 Units of the Fund	Manitoba, Canada
Brock Bulbuck	2014	President and Chief Executive Officer of the Fund, BGI, and BGHI	Fund - investment in BGI BGI - Collision repair	1998	2002	207,329 BGHI Class A Shares and 21,838 Units of the Fund	Manitoba, Canada
Walter Comrie <sup>(1)(2)(3)</sup>	2014	Consultant	Management and Marketing Consulting	1998	2002	3,165 Units of the Fund	Manitoba, Canada
Gene Dunn <sup>(1) (2) (3)</sup>	2014	Chairman of Monarch Industries Ltd.	Manufacturing	1998	2002	6,333 Units of the Fund	Manitoba, Canada
Allan Davis <sup>(1) (3) (4)</sup>	2014	President – AFD Investments Inc.	Management Consulting	2005	2005	11,332 Units of the Fund	Ontario, Canada
Robert Gross <sup>(6)</sup>	2014	Executive Chairman of Monro Muffler Brake, Inc.	Monro Muffler Brake, Inc.	2012	2012	10,088 Units of the Fund	New York, United States
Timothy O'Day <sup>(7)</sup>	2014	President & Chief Operating Officer – US Operations	BGI (US) - Collision repair	2012	2012	147,174 Units of the Fund	Illinois, United States

- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Governance and Nomination Committee
- (4) Chairman of the Board and Audit Committee
- (5) Appointed to the Board June 25, 2012
- (6) Appointed to the Board November 23, 2012
- (7) Appointed to the Board March 22, 2012

## MEETING ATTENDANCE

The following table represents meetings of the Board and committees of the Board and Trustee attendance at such meetings for the fiscal year ended December 31, 2012. The overall 2012 fiscal year attendance record by Trustees at Board meetings was 100% percent and at committee meetings was 100% percent.

### Summary of Board and Committee Meetings held for fiscal year ended December 31, 2012

Board of Trustees	9
Governance and Nomination Committee	4
Audit Committee	4
Compensation Committee	1

### Summary of Attendance of Trustees for the fiscal year ended December 31, 2012

Trustee	Board Meetings Attended	Committee Meetings attended
Dave Brown	6 of 6	2 of 2
Brock Bulbuck	9 of 9	0 of 0
Robert Chipman*	9 of 9	5 of 5
Walter Comrie	9 of 9	9 of 9
Allan Davis	9 of 9	8 of 8
Gene Dunn	9 of 9	9 of 9
Timothy O'Day	9 of 9	0 of 0
Robert Gross	2 of 2	0 of 0

\* After many years of service, Mr. Robert Chipman has decided not to stand for reappointment

Meetings of the Board are joint meetings of the Board of Trustees and the Boards of Directors of BGI and BGHI and meetings of the Committees of all of those Boards are also joint meetings. As a result, the information in this section applies to Board and Committee meetings for the Fund, BGI and BGHI.

## **ELECTION OF NOMINEES TO BOARDS OF BGI AND BGHI**

The Trust Declaration provides that at each Annual Meeting of Unitholders, the Unitholders shall elect the nominees of the Fund who will serve as directors of BGI and BGHI, respectively, except to fill casual vacancies, which shall be done by the other directors of BGI or BGHI, as the case may be.

The Fund controls BGI through its ownership of all of the issued and outstanding Class I shares of BGI and the Fund controls BGHI through its ownership of 70,000,000 of the 100,000,000 issued and outstanding BGHI Voting shares.

The existing boards of directors of each of BGI and BGHI consist of the same eight (8) persons who presently constitute the Board of Trustees of the Fund, excluding Mr. Brown and Mr. Gross who joined the Board of Trustees after the 2012 annual meeting. After many years of service, Mr. Robert Chipman has decided not to stand for reappointment. It is proposed that the remaining seven (7) nominees for election to the Board of Trustees of the Fund also be the nominees of the Fund to serve as directors of BGI and BGHI, respectively, until the annual meetings of each of BGI and BGHI next following the 2014 Annual Meeting of the Fund. Each of the nominees for election to the Board of Trustees of the Fund have consented to being the Fund's nominees for election to the respective boards of directors of BGI and BGHI.

## **APPOINTMENT OF AUDITORS**

It is proposed that Deloitte LLP, Chartered Accountants, be appointed auditors of the Fund for the fiscal year ending December 31, 2013 and thereafter until the close of the Annual Meeting of Unitholders of the Fund next following, at a remuneration to be determined by the Board of Trustees. Deloitte LLP have been the Fund's auditors since its formation in December, 2002 and they were the auditors of the Fund's predecessors, Cross Canada Collision Centres Limited Partnership, from its formation in 1990 until it transferred its assets to BGI effective January 1, 1998, and for BGI, since January 1, 1998.

**The persons designated in the enclosed proxy form intend to vote FOR the appointment of Deloitte LLP, Chartered Accountants, as auditors of the Fund, unless instructed otherwise.**

## **NEW BUSINESS**

The Chairman of the Meeting will report to the Meeting on any events of significance which arise after publication of this Information Circular. He will invite questions and comments from the floor.

## **COMPENSATION DISCUSSION & ANALYSIS**

### **Compensation Committee**

The Compensation Committee oversees and approves the major compensation policies of the Fund, BGI and its subsidiaries (the "Subsidiaries"). During the 2012 fiscal year, the following independent persons served as Compensation Committee members: Gene Dunn, Robert Chipman and Walter Comrie. Gene Dunn and Robert Chipman have compensation experience as a result of their extensive and varied board activities and through leading their own business enterprises. Mr. Comrie's senior management experience and long-time association with the Fund as well as its predecessor company contributes to the functioning of the Committee.

Senior Executives include the President & CEO and CFO. Compensation for Senior Executives that report directly to the CEO is subject to approval by the CEO, Compensation Committee and the Board. The CEO's compensation is subject to approval by the Compensation Committee and the Board. The Compensation Committee conducts an annual review of the executive compensation arrangements for the Fund's Senior Executives and determines whether bonus compensation is appropriate in the circumstances based on the financial performance of the Fund and its Subsidiaries. The Board has discretion to increase the size of an award or payout. No such discretion has been exercised during this most recent financial year.

The executive officers of the Fund include the Senior Executives as well as the other officers of the Fund, BGI and its subsidiaries ("Executive Officers").

### **Compensation Philosophy and Objectives**

The philosophy of the Compensation Committee and the determination of executive compensation is pay-for-performance balanced against the need to provide a total compensation package that will enable the Fund, BGI and its subsidiaries to attract and retain qualified and experienced executives. The objective is to create value for unitholders primarily by growing earnings before interest, taxes, depreciation and amortization ("EBITDA")<sup>1</sup>. The Compensation Committee takes into account risks associated with compensation and has not identified any matters that are likely to have a

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<sup>1</sup> EBITDA and Adjusted EBITDA are not recognized measures under Canadian generally accepted accounting principles (GAAP). EBITDA is defined as net earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA further adjusts for items of an unusual nature as outlined and defined on page 13 of the Fund's 2012 Annual Report. Management believes that in addition to net earnings, EBITDA and Adjusted EBITDA are useful supplemental measures as they provide investors with an indication of operational performance. Investors should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as alternatives to net earnings determined in accordance with GAAP as an indicator of the Fund's performance.



material adverse effect on the Company's performance. Areas of potential excessive risk-taking such as acquisitions are specifically scrutinized and approved by the Board, thus mitigating any adverse consequences. Estimates and accruals are reviewed by the Chair of the Audit Committee to monitor this area of judgment. Furthermore, the components of the executive compensation program are relatively straightforward and include a base salary, performance-based bonus and long-term equity based incentives. In setting compensation levels, the Compensation Committee considers the Company's financial results, market and survey data, input from senior management, executive performance and the overall business environment. Outside consultants are also available to assist with this process as deemed necessary, however no such assistance was utilized during this past financial year. There are no current plans to change the Fund's compensation practices or policies.

### **Compensation Committee Responsibilities**

It is the responsibility of the Compensation Committee to make recommendations to assist the Board of Directors on any matter regarding compensation including, without limiting the generality of the foregoing: (i) review and approve the Fund's goals and objectives relating to CEO compensation, evaluate the performance of the CEO in light of those goals and review and establish the CEO's compensation; (ii) review and approve on an annual basis the evaluation process and compensation structure for the Fund's CFO and provide oversight of management's decisions concerning the performance and compensation of other officers; (iii) review the Fund's incentive compensation and other unit-based plans, if any, and recommend implementation of or changes in such plans to the Board as needed; (iv) monitor compliance with legal prohibitions on loans to directors or executive officers of the Fund; and (v) to perform such other duties with regard to the compensation of the executive officers and other key executives of the Fund as the Board may request. The Compensation Committee is also responsible for reviewing the executive compensation disclosure in the Fund's information circular and any offering document before their public release.

### **Principal Elements of Executive Compensation**

<b>Element</b>	<b>Form</b>	<b>Eligibility</b>	<b>Performance Period</b>	<b>Determination</b>
Base Salary	Cash	All Executive Officers	Annual	Executive salaries are set with consideration to the executive's performance and experience with reference to competitive market salaries.

Element	Form	Eligibility	Performance Period	Determination
Bonus	Cash	All Executive Officers	1 Year	Awards are primarily based on the achievement of predetermined Adjusted EBITDA targets. In some cases, additional awards are available for the achievement of certain goals pertaining to sales, gross margin, cash flow, accounts receivable aging or other specific outcomes. Adjusted EBITDA targets and other goals vary between markets and/or individuals.
Long-term Equity Based Incentives	Unit Options	President & CEO, of The Boyd Group Inc.  President & COO of The Boyd Group (U.S.), Inc.	10 Year Term	The number of options granted is based on an assessment of intrinsic value of the options at the time of granting.  The value of vested options is based on appreciation of units during the ten-year option period.

In setting compensation levels for Senior Executives, the Compensation Committee reviews salaries for executives in similar positions, in similar businesses of a similar size, as described further below. Individual salaries are set in relation to these salary comparisons and based upon the executive’s experience and demonstrated or expected performance. The salary for the President & CEO has been set pursuant to his employment contract as described under “Management Contracts”. The Senior Executives’ compensation is as set forth in the Summary Compensation Table and was approved by the Compensation Committee.

Executive Officers of the Fund, BGI and its Subsidiaries are eligible for annual cash bonuses based on certain performance criteria, principally related to Adjusted EBITDA performance. In some cases, additional awards are available for the achievement of certain goals pertaining to sales, gross margin, cash flow, accounts receivable aging and other specific outcomes. Adjusted EBITDA targets and other goals vary between markets and/or individuals. Adjusted EBITDA performance is compared to certain minimum thresholds, establishing a direct link between executive compensation and the financial performance of the Company. The compensation structure for each Executive Officer is structured consistently with no differences between individuals identified that could expose the Fund to inappropriate or excessive risks.

Adjusted EBITDA thresholds for Senior Executives are reviewed and approved by the Compensation Committee and the Board of Directors/Trustees early in each fiscal year, subject to upward adjustment during the year for additional investment in new locations, as deemed appropriate by the Compensation Committee. For 2012, a minimum threshold of \$21.277 million consolidated Adjusted EBITDA was required to be

achieved before any bonus would be earned. After the minimum threshold was achieved, amounts up to \$135,000 of the first \$150,000 of incremental Adjusted EBITDA would be allocated to the Senior Executive bonus pool, as well as 7.8% of any excess Adjusted EBITDA over 21.427 million. For 2012, Mr. Bulbuck elected to re-allocate \$38,000 of his bonus entitlement to other employees not participating in the Senior Executive bonus pool.

Bonuses for other Executive Officers are based on Adjusted EBITDA pertaining to the performance of the segment or component of the Company's operations that is relevant to each Executive Officer. For bonuses to be earned, a minimum threshold of Adjusted EBITDA, subject to upward adjustment during the year for additional investment in new locations, is required to be achieved, after which a pre-determined portion of excess EBITDA over the threshold is earned as bonus.

Certain Executive Officers have been provided long-term incentives through the grant of unit options as set out under 'Incentive Plan Awards'. Unit options have been granted to Brock Bulbuck, President & CEO of the Fund and to Timothy O'Day, President and COO of The Boyd Group (U.S.), Inc. It was important to the Fund to secure the commitment of these key individuals and to align their interest with that of the unitholders' long-term interests. The options have a ten year vesting term from the date of grant.

Company executives and other insiders are prohibited from entering into put or call arrangements related to the Fund's units. Short sales are also prohibited according to the Fund's Insider Information and Trading Policy.

For certain Executive Officers, the Fund also provides for pre-determined severance payments in cases of termination without cause, striving to provide appropriate payments that reflect the potential difficulty in obtaining comparable employment in a short period of time and provide for a complete separation between the terminated employee and the Fund. Similarly, the employment contracts for certain Executive Officers include payments in respect of termination of employment as a result of change in control provisions.

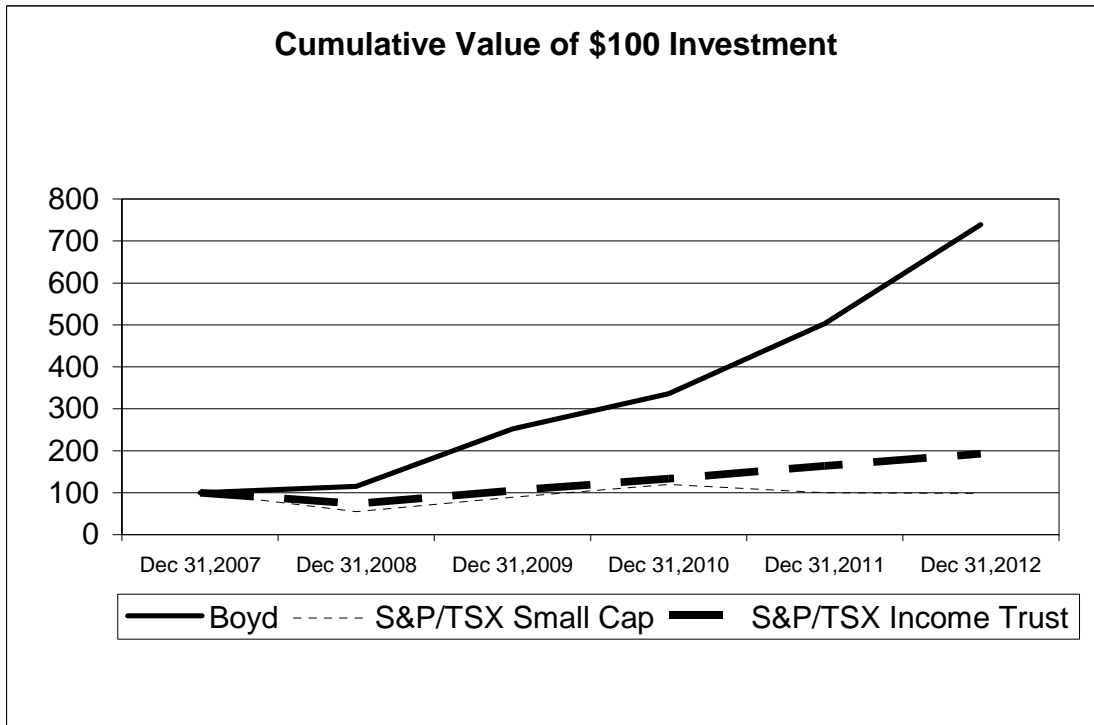
## **Benchmarks**

In establishing compensation levels for Senior Executives, the Compensation Committee uses a variety of benchmarks from time to time and assesses the appropriateness of compensation in relation to the competitive marketplace. Such benchmarks include executive salary surveys, as well as executive salaries of companies of similar size and scope to the Fund and its Subsidiaries.

### Performance Graph

The following graph compares the cumulative total return on the Units since January 1, 2008, with the cumulative total shareholder return in the S&P/TSX Small Cap and Capped Income Trust indexes, assuming reinvestment of dividends/distributions, where applicable, for a comparable period.

Executive compensation is sensitive to performance. Salary adjustments and bonus arrangements consider the financial performance of the Fund and in times of poor performance, the Fund has reduced or eliminated salary increases or not approved a bonus plan for a period of time.



### Option Based Awards

The Fund does not have a Unit Option Plan, but has on occasion granted options as a component of compensation, for certain Executive Officers. Options to acquire 100,000 Units were granted to each of Brock Bulbuck and Timothy O'Day on January 11, 2006, and options to acquire an additional 225,000 Units were granted to each of Brock Bulbuck and Timothy O'Day on November 8, 2007. Previous options granted are taken into consideration when considering new grants. The methodology used to calculate the grant date fair value of these awards is through the use of a Black-Scholes model, however no such awards were granted during the most recent financial year.

## SUMMARY COMPENSATION TABLE

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Share-Based Awards (\$)	(e) Option-Based Awards (\$)	(f) Non-equity incentive plan compensation (\$)		(g) Pension Value (\$)	(h) All Other Compensation <sup>(1)</sup> (\$)	(i) Total Compensation (\$)
					(f1) Annual Incentive Plans <sup>(3)</sup>	(f2) Long-term Incentive Plans			
Brock Bulbuck <sup>(2)</sup> , President & CEO	2012	303,500	Nil	Nil	618,400	Nil	72,700	129,924 <sup>(5)</sup>	1,124,524
	2011	297,550	Nil	Nil	595,100	Nil	69,600	Nil	962,250
	2010	291,700	Nil	Nil	499,740	Nil	66,700	Nil	858,140
Daniel Dott, Vice-President, Secretary and CFO	2012	183,750	Nil	Nil	220,140	Nil	Nil	Nil	403,890
	2011	175,000	Nil	Nil	218,310	Nil	Nil	Nil	393,310
	2010	166,700	Nil	Nil	207,110	Nil	Nil	Nil	373,810
Timothy O'Day <sup>(2)</sup> , President and COO of The Boyd Group (U.S.), Inc.	2012	292,800 <sup>(4)</sup>	Nil	Nil	398,100 <sup>(4)</sup>	Nil	Nil	Nil	690,900 <sup>(4)</sup>
	2011	283,900 <sup>(4)</sup>	Nil	Nil	405,800 <sup>(4)</sup>	Nil	Nil	Nil	689,700 <sup>(4)</sup>
	2010	289,500 <sup>(4)</sup>	Nil	Nil	388,300 <sup>(4)</sup>	Nil	Nil	Nil	677,800 <sup>(4)</sup>
Kevin Burnett, Vice-President Operations, Illinois, Oklahoma & Kansas	2012	166,100 <sup>(4)</sup>	Nil	Nil	249,200 <sup>(4)</sup>	Nil	Nil	Nil	415,300 <sup>(4)</sup>
	2011	160,400 <sup>(4)</sup>	Nil	Nil	267,100 <sup>(4)</sup>	Nil	Nil	Nil	427,500 <sup>(4)</sup>
	2010	150,900 <sup>(4)</sup>	Nil	Nil	184,200 <sup>(4)</sup>	Nil	Nil	Nil	335,100 <sup>(4)</sup>
Kevin Comrie, Chief Marketing Officer	2012	230,600	Nil	Nil	88,060	Nil	Nil	Nil	318,660
	2011	222,800	Nil	Nil	87,320	Nil	Nil	Nil	310,120
	2010	215,300	Nil	Nil	59,538	Nil	Nil	Nil	274,838

All amounts stated are in Canadian Dollars

- (1) The value of perquisites and benefits for each named executive officer is less than the lesser of \$50,000 and 10% of the total annual base compensation and bonuses.
- (2) These individuals are also Trustees of the Fund. Trustees who are also employed by the Fund do not receive additional compensation for their duties as Trustees.
- (3) Annual Incentive Plan awards are calculated at the end of a financial year and paid in the first or second quarter of the next financial year. Awards deferred as part of the U.S. deferred compensation plan are paid to the Trustee of the plan in the first quarter of the next financial year.
- (4) US denominated figures were converted at an average annual exchange rate of \$0.9994Cdn. (2011 - \$0.9893Cdn., 2010 - \$1.0301Cdn)
- (5) Mr. Bulbuck triggered a taxable employee benefit during 2012 as a result of transferring personal holdings into 4612094 Manitoba Inc.

## INCENTIVE PLAN AWARDS

### Outstanding option-based awards and unit-based awards

Name and Principal Position	Option-based Awards				Unit-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in the Money Options <sup>(4)</sup> (\$)	Number of Units or Shares that have not Vested (#)	Market or payout value of unit-based awards that have not Vested (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Brock Bulbuck, President & CEO	100,000	\$1.91	January 11, 2016 <sup>(2)</sup>	\$1,438,000	-	-	-
	75,000	\$2.70 <sup>(1)</sup>	January 2, 2018 <sup>(3)</sup>	\$1,019,250			
	75,000	\$3.14 <sup>(1)</sup>	January 2, 2019 <sup>(3)</sup>	\$ 986,250			
	75,000	\$5.41 <sup>(1)</sup>	January 2, 2020 <sup>(3)</sup>	\$ 816,000			
Daniel Dott, Vice-President, Secretary and CFO	-	-	-	-	-	-	-
Timothy O'Day, President and COO of The Boyd Group (U.S.), Inc.	100,000	\$1.91	January 11, 2016 <sup>(2)</sup>	\$1,438,000	-	-	-
	75,000	\$2.70 <sup>(1)</sup>	January 2, 2018 <sup>(3)</sup>	\$1,019,250			
	75,000	\$3.14 <sup>(1)</sup>	January 2, 2019 <sup>(3)</sup>	\$ 986,250			
	75,000	\$5.41 <sup>(1)</sup>	January 2, 2020 <sup>(3)</sup>	\$ 816,000			
Kevin Burnett, Vice-President Operations, Illinois, Oklahoma & Kansas	-	-	-	-	-	-	-
Kevin Comrie, Chief Marketing Officer	-	-	-	-	-	-	-

- (1) The purchase price per Fund Unit under the options issued on each Option Issue Date was to be the greater of the closing price for Fund Units on the Toronto Stock Exchange ("TSX") on the Option Grant Date, being \$2.70 and the weighted average trading price of the Fund Units on the TSX for the first 15 trading days in the month of January in the year in which such Option Issue Date falls.
- (2) Options granted are exercisable after the expiration of 9 years and 255 days after the grant date up to and including 9 years and 345 days. The units may be purchased, to the extent validly exercised, on the 10<sup>th</sup> anniversary of the grant date.
- (3) Options granted are exercisable on, but not before, the 10<sup>th</sup> anniversary of the respective issue date. Options are not vested and not exercisable if, for any reason, other than dismissal "without cause" or there is a "take-over bid" for Fund units, the grantee is not an officer or employee of the Fund, or any of its subsidiaries 9 years, 255 days after each option issue date.
- (4) Calculated using an end of year market price of \$16.29.

### Incentive plan awards – value vested or earned during the year

Name and Principal Position	Option-based awards – Value vested during the year (\$)	Unit-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
(a)	(b)	(c)	(d)
Brock Bulbuck, President & CEO	Nil	Nil	\$618,400 <sup>(1)</sup>
Daniel Dott, Vice-President, Secretary and CFO	Nil	Nil	\$220,140
Timothy O'Day, President and COO of The Boyd Group (U.S.), Inc.	Nil	Nil	\$398,100 <sup>(2)</sup>
Kevin Burnett, Vice-President Operations, Illinois, Oklahoma & Kansas	Nil	Nil	\$249,200 <sup>(2)</sup>
Kevin Comrie, Chief Marketing Officer	Nil	Nil	\$88,060

- (1) Mr. Bulbuck elected to re-allocate \$38,000 of his bonus entitlement to other employees not participating in the Senior Executive bonus pool.
- (2) US denominated figure converted at an average annual exchange rate of \$0.9994.

## Retirement Allowance

Effective September 1, 2010 the Fund established a retiring allowance for Mr. Bulbuck. The allowance has been formalized within a Retirement Defined Contribution Arrangement Trust Agreement made between Brock Bulbuck, the Company and a person appointed as Trustee and qualifies as a retirement compensation arrangement as defined in the Income Tax Act (Canada), RSC 1985, c.1 (5<sup>th</sup> Supplement), as amended. The agreement specifies that quarterly contributions will be made until the end of 2024 such that \$1,381,500 will be paid to the Trustee on behalf of the Brock Bulbuck retirement trust. In certain circumstances, including a change of control, the payments on behalf of Mr. Bulbuck could be accelerated.

### Defined Contribution Plans Table

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory (\$)	Accumulated value at year end (\$)
(a)	(b)	(c)	(c)	(d)
Brock Bulbuck, President & CEO	136,300	72,700	Nil	209,000
Daniel Dott, Vice-President, Secretary and CFO	Nil	Nil	Nil	Nil
Timothy O'Day, President and COO of The Boyd Group (U.S.), Inc.	Nil	Nil	Nil	Nil
Kevin Burnett, Vice-President Operations, Illinois, Oklahoma & Kansas	Nil	Nil	Nil	Nil
Kevin Comrie, Chief Marketing Officer	Nil	Nil	Nil	Nil

## Deferred Compensation Plans

Starting in 2009, certain senior U.S. employees, including the President & COO of The Boyd Group (U.S.), Inc., are eligible to participate in the Fund's new deferred compensation plan for U.S. employees. The plan is designed to permit certain employees the ability to have a portion of their compensation paid into the plan. The plan is a funded plan for which a trust was established so that the plan assets could be segregated, however, the assets are subject to the Company's general creditors in the case of bankruptcy. The assets are comprised of investments purchased to coincide with the individual employee's investment preferences. The value of the assets and obligation vary with employee's contributions and changes in the value of the investments.

## **Termination and Change in Control Benefits**

Termination and change in control benefits are included within the employment agreement for Brock Bulbuck. The severance benefits are defined as the greater of i) the balance of the salary, bonus and other benefits that would otherwise have been paid during the remainder of the agreement, or ii) two years salary, bonus and all other amounts and benefits that would otherwise have been paid during the remainder of the agreement. BGI may terminate employment without just cause upon payment and provision of the severance benefits. In the event that the Company has just cause for termination, employment pursuant to the employment agreements may be terminated immediately without notice or pay in lieu of notice.

Assuming a triggering event took place on the last business day of the most recently completed financial year, the amount payable to Brock Bulbuck based on the two years and eight months remaining on his employment agreement would be approximately \$2,529,000 in addition to \$1,172,500 due related to his retirement allowance. In addition, Brock Bulbuck would be eligible to exercise his outstanding options in a situation where there is a change in control or in certain circumstances when employment is terminated without cause. Assuming one of these conditions were met on the last business day of the most recently completed financial year, the value of the unit-based awards to Brock Bulbuck would be \$4,259,500.

Termination benefits are also included within the employment agreements for Dan Dott, Vice President, Secretary & CFO, Kevin Burnett, Vice-President Operations, Illinois, Oklahoma & Kansas, Kevin Comrie, Chief Marketing Officer and Timothy O'Day, the President and COO of The Boyd Group (U.S.), Inc. Their employment agreements include provisions that upon termination without cause, Boyd would be obligated to continue to pay them their compensation as determined under their respective agreements. In addition, the employment agreement for Timothy O'Day includes a provision upon the occurrence of a change in control, as defined within the agreement, he would be entitled to be paid his compensation as determined under the agreement. Assuming a triggering event took place on the last business day of the most recently completed financial year, the maximum amounts payable to Dan Dott would be \$605,835. The maximum amounts payable to Kevin Burnett would be approximately \$429,376. The maximum amounts payable to Kevin Comrie would be approximately \$990,170. The maximum amounts payable to Timothy O'Day would be approximately \$2,189,000 (U.S.) in 2012. In addition, Timothy O'Day would be eligible to exercise his outstanding options in a situation where there is a change in control or in certain circumstances when employment is terminated without cause. Assuming one of these conditions were met on the last business day of the most recently completed financial year, the value of the unit-based awards to Timothy O'Day would be \$4,259,500.



## Remuneration by Subsidiaries

During the Fund's fiscal year ended December 31, 2012, the Fund's Subsidiaries have not paid any remuneration or issued any stock options whatsoever to Trustees or officers of the Fund. On December 31, 2012, the Subsidiaries were The Boyd Group Inc., Boyd Group Holdings Inc., The Boyd Group (U.S.) Inc., Gerber Collision & Glass (Kansas), Inc., AMPB Acquisition Corp., Service Collision Center (Oklahoma) Inc., Collision Service Repair Center, Inc., Kingswood Collision, Inc., All-Consolidated Auto Rebuilders, Inc., Service Collision Center (Georgia) Inc., Collision Service Center (Washington) LLC, The Gerber Group, Inc., Gerber Glass Holdings Inc., Gerber Glass, LLC, Gerber Glass (District 1) LLC, Gerber Glass (District 2) LLC, Gerber Glass (District 3) LLC, Gerber Glass (District 4) LLC, Gerber Glass (District 5) LLC, Gerber Glass (District 6) LLC, Gerber Glass (District 7) LLC, Gerber Glass (District 8) LLC, S&L Auto Glass, Inc., Gerber Payroll Services, Inc., True2Form Collision Repair Centers, Inc., True2Form Collision Repair Centers, LLC, Cars Collision Center, LLC, Gerber Collision (Northeast), Inc., Gerber Collision (Ohio) LLC, Gerber Collision (NC), LLC, Gerber Real Estate Inc., Gerber Collision (Colorado) Inc., Master Collision Repair, Inc., Cavalier Motors, Inc., Dave Mitchell's Collision Centers, Inc., Master Collision Repair of Brandon, Inc., Master Collision Repair of South Shore, Inc., Master Collision Repair of South Tampa, Inc., Autocrafters Collision Repair, Inc. (formerly Ellis Hopkins, Inc.) and Walker Collision Repair, Inc. (formerly Timron Holdings, Inc.).

## TRUSTEE COMPENSATION TABLE

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Dave Brown	28,667	n/a	n/a	n/a	n/a	n/a	28,667
Robert Chipman	44,500	n/a	n/a	n/a	n/a	n/a	44,500
Walter Comrie	52,500	n/a	n/a	n/a	n/a	n/a	52,500
Allan Davis	88,000	n/a	n/a	n/a	n/a	n/a	88,000
Gene Dunn	52,500	n/a	n/a	n/a	n/a	n/a	52,500
Robert Gross <sup>(2)</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a

<sup>(1)</sup> Officers of the Fund, who are also Trustees, receive no further compensation for their duties as Trustees. Their compensation is fully reflected in the Summary Compensation Table.

<sup>(2)</sup> No compensation was paid to Mr. Gross during 2012 as he was only added to the Board on November 23, 2012.

Trustees, who are not officers of the Fund, are compensated for duties performed for, or on behalf of, the Board of Trustees. Fees paid to Trustees are for duties performed as a Trustee as well as duties performed as a director of The Boyd Group Inc. and Boyd Group Holdings Inc. For 2012, each such Trustee received an annual fee of \$31,000 and a fee of \$1,500 for each meeting of the Board of Trustees attended in person and \$1,000 for each meeting of the Board of Trustees attended by telephone or Board committee attended in person. The Independent Board Chairperson received an annual fee of \$31,000. The chairpersons of the Compensation and Governance & Nomination Committees received an annual fee of \$4,000 and the chair of the Audit Committee

received an annual fee of \$10,000. Trustees are entitled to be reimbursed for reasonable travel expenses and other expenses incurred by them in attending meetings of the Board of Trustees or meetings of committees thereof.

## **INFORMATION RESPECTING BOYD GROUP INCOME FUND**

### **General**

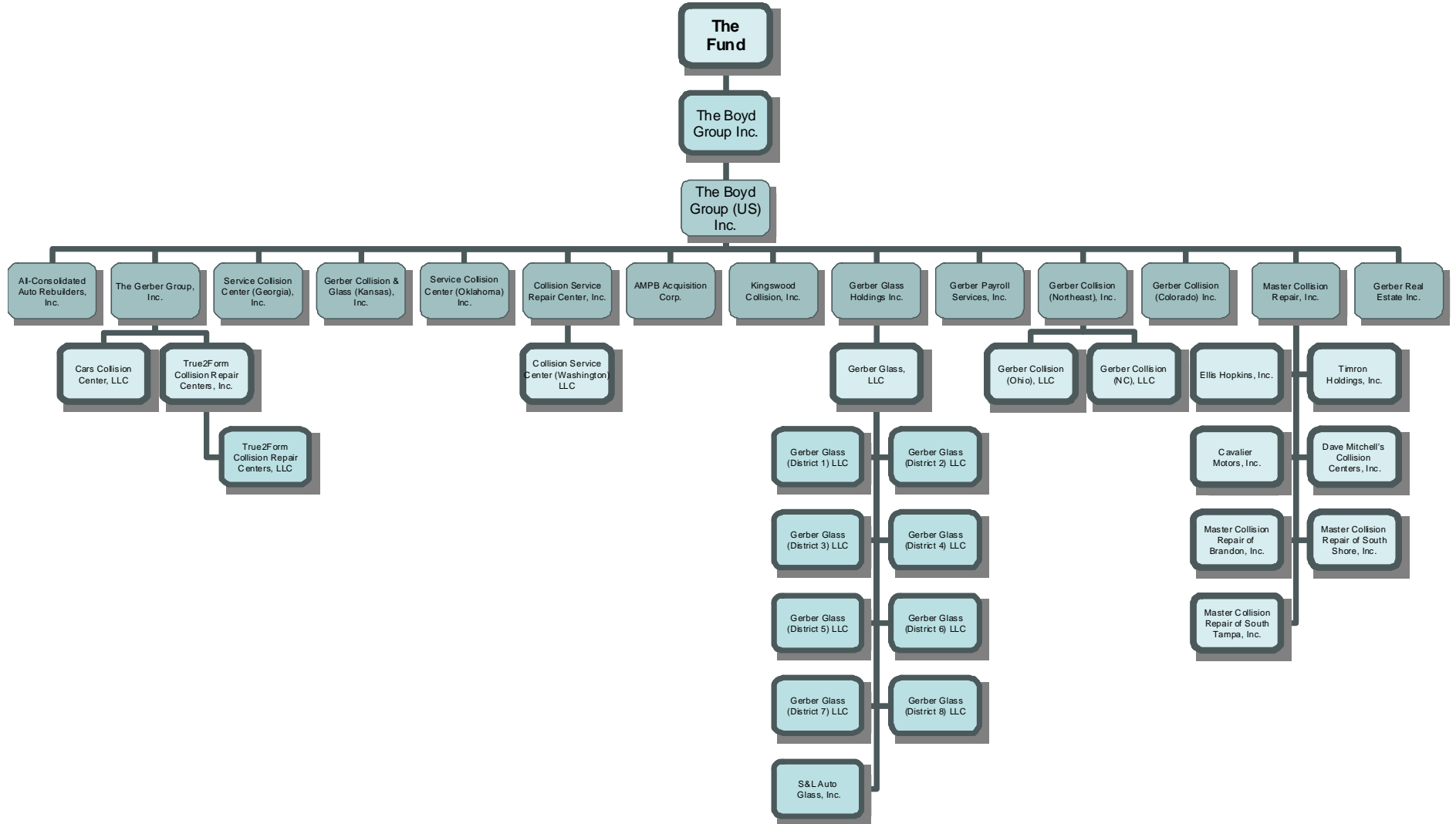
The Fund is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Manitoba and the Trust Declaration. The Fund is administered by a Board of Trustees. The principal and head office of the Fund is located at 3570 Portage Avenue, Winnipeg, Manitoba, R3K 0Z8.

The Fund was established to invest in the automotive collision repair business in Canada and the United States through the acquisition of an interest in BGI pursuant to a Plan of Arrangement dated February 28, 2003 (the "Plan of Arrangement"). The Fund controls BGI through its ownership of all of the issued and outstanding Class I and Class IV shares of BGI. The Fund also holds all of the subordinated promissory notes issued by BGI or its subsidiaries (the "Notes"). The Fund also controls BGHI through its ownership of 70% of the Voting Shares of BGHI.

Public information about the Fund can be obtained by Unitholders on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). Copies of such documents, including the financial statements and the Management's Discussion & Analysis ("MD&A") of the Fund, also can be obtained by writing to Boyd Group Income Fund, 3570 Portage Avenue, Winnipeg, Manitoba, R3K 0Z8, Attention: Secretary-Treasurer. Financial information for the Fund is provided in the Fund's comparative financial statements and MD&A for the fiscal year ended December 31, 2012.

## Corporate Structure

The following diagram sets forth the corporate structure of the Fund and all of its active subsidiaries as at December 31, 2012:



## **OTHER INFORMATION**

### **Stock Exchange Listing**

The Units are currently listed for trading on the TSX under the symbol "BYD.UN".

### **Exchange of BGHI Class A Shares**

The holders of BGHI Class A Shares are entitled to retract their BGHI Class A Shares at any time whereupon BGHI must exchange Class B common shares of BGHI ("BGHI Class B Shares") for Units of the Fund on a one for one basis, pursuant to the terms of the Exchange Agreement.

Pursuant to the terms of the Exchange Agreement, BGHI shall subscribe for Units in an amount equal to the number of BGHI Class A Shares retracted from time to time by its shareholders and pursuant to BGHI's direction, the Fund shall issue Units to the BGHI shareholders in return for one BGHI Class B Share for each Unit so issued. The BGHI Class B Shares are entitled to share rateably with the BGHI Class A Shares in all dividends paid from time to time by BGHI on its common shares.

BGHI is entitled to receive dividends pursuant to its ownership of Class II shares of BGI, if, as and when declared by the Board of Directors of BGI. Subject to payment of a preferential dividend at the rate of \$0.005 per share on the Class I shares of BGI, annual dividends payable on each Class II share of BGI in any year were to be in an amount to be not less than the amount of distributions paid on each Unit of the Fund for such year.

### **Directors and Officers Liability Insurance**

The Fund has arranged, at its cost, insurance against liability incurred by Trustees and officers of the Fund and directors and officers of the Subsidiaries under two separate insurance policies issued by Chartis Insurance Company of Canada and Ace INA Insurance Company. These policies, in combination, provide for maximum coverage of \$15 million for each loss, subject to a combined \$15 million aggregate limit per year. Additional coverage of \$5 million exists with Everest Insurance Company of Canada and sits on top of the \$15 million as excess coverage for the sole protection of Trustees and Officers of the Fund and Directors and Officers of the Subsidiaries.

### **Indebtedness of Trustees and Senior Officers**

As of the date hereof, except as described below, no individual who is a Trustee or executive officer of the Fund, or at any time during the most recently completed

financial year of the Fund, was a Trustee or executive officer of the Fund or any of its subsidiaries, is indebted to the Fund.

The following table sets forth the aggregate indebtedness, excluding “routine indebtedness” (as defined under applicable securities laws), to the Fund and its subsidiaries of current and former trustees, executive officers and employees of the Fund or its subsidiaries as at the record date. This indebtedness consists of loans made under the Senior Managers Unit Loan Program.

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To the Fund or its Subsidiaries	To Another Entity
Share purchases	961,479	nil
Other	nil	nil

To broaden and deepen management ownership in the Fund, the Company established the Senior Managers Unit Loan Program (“Unit Loan Program”) in December 2012, which facilitated the one-time purchase of 121,607 of trust units held by Brock Bulbuck, President and Chief Executive Officer, and Tim O’Day, President and Chief Operating Officer US Operations, to existing Boyd Trustees and senior managers. An additional 70,293 units were sold by Mr. Bulbuck and Mr. O’Day on the open markets. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager’s purchase. The loans bear interest at a fixed rate of 3% per annum with interest payable monthly. Each year, two percent of the original loan amount will be forgiven and applied as a reduction of the loan principal for the first five years of the loan. This forgiveness is conditional of the employee being employed by the Company and the employee not being in default of the loan. Participants are required to make monthly payments equal to .25% of the original principal amount plus interest. Beginning March 31, 2013, participants are required to make additional minimum repayments of principal equal to the lesser of 12.5% of their annual pre-tax bonus or 12.5% of the original loan amount. Participants are required to repay the loan in full on the earlier of: termination of employment, sale of the units, ten years from the date of loan issuance. The loan can be repaid at any time without penalty; however, the 2% annual forgiveness would be forfeited. Units purchased are held by the Company as security for repayment of the loan. At December 31, 2012, the carrying value of loans made under the Unit Loan Program included in Note Receivable was \$1,048,834.

The table below shows each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Fund or its subsidiaries who is, or at any time since the beginning of the most recently completed financial year of the Fund has been, indebted to The Fund or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS						
Name and Principal Position	Involvement of the Fund or Subsidiary	Largest Amount Outstanding During 2012 Financial Year (\$)	Amount Outstanding as at the Record Date (\$)	Financially Assisted Securities Purchases During 2012 Financial Year (#) (1)	Security for Indebtedness	Amount Forgiven During 2012 Financial Year (\$)
Securities Purchase Programs						
Kevin Comrie Chief Marketing Officer	Lender	127,494	127,494	10,766	units	nil
Eric Danberg, President & COO, CDN Operations	Lender	149,996	149,996	12,666	units	nil
Kevin Burnett, Vice President Operations, Illinois, Oklahoma & Kansas	Lender	37,491	32,686	3,166	units	nil
Other Programs – N/A						

(1) The above individuals received loan support for up to 75% of the cost of their unit purchases

### Interest of Management and Others in Material Transactions

During the fiscal year ending December 31, 2012, no Trustee, Director or Executive Officer, or any associate or affiliate of the foregoing persons had any material interest, direct or indirect, in any material transaction with the Fund or any of the Subsidiaries, except for the employment agreements entered into by BGI or its subsidiaries with its Executive Officers and as well as the following:

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. 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 facilities currently under lease with related parties:

<u>Landlord</u>	<u>Affiliated Person(s)</u>	<u>Location</u>	<u>Lease Expires</u>		<u>2012</u>	<u>2011</u>
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2017	\$	<b>60,330</b>	\$ 55,692
Gerber Building No. 1 Ptnrp	Eddie Cheskis & Tim O'Day	South Elgin, IL	2013		<b>106,264</b>	103,125
Farelane Properties Ltd.	Terry Smith <sup>(1)</sup>	Winnipeg, MB	2014		<b>n/a</b>	105,617

<sup>(1)</sup> This related party association resulted from the acquisition of a property in 2011 by the Fund's then Executive Chairman.

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totalling \$91,484 (2011 - \$193,504), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by a senior officer of the Fund. At December 31, 2012, 4612094 Manitoba Inc. owned 207,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

## STATEMENT OF GOVERNANCE PRACTICES

Good governance is important to the Fund, its Board of Trustees and its management.

On June 30, 2005 National Policy 58-201 Corporate Governance Guidelines (the “Policy”) and National Instrument 58-101 Disclosure of Corporate Governance Practices (the “Instrument”) came into force. The Policy sets out corporate governance guidelines (the “Guidelines”) in a number of areas and the Instrument requires public entities to describe certain aspects of their governance practices in relation to the Guidelines in their information circulars. The Board of Trustees (“Board”) endorses the Guidelines and believes that the Fund is in substantial compliance with them.

The following chart summarizes the status of the Fund’s governance policies and practices in relation to the Guidelines:

<b>Governance Disclosure Requirements</b>	<b>Commentary</b>
<b>1. Board of Trustees (the “Board”)</b>	
a) Disclose the identity of trustees (or proposed trustees) who are independent.	Dave Brown, Robert Chipman, Walter Comrie, Gene Dunn, Allan Davis and Robert Gross are independent trustees.
b) Disclose the identity of trustees (or proposed trustees) who are not independent, and describe the basis for that determination.	Brock Bulbuck and Timothy O’Day, by virtue of being members of management, are not independent trustees.
c) Disclose whether or not a majority of trustees (or proposed trustees) are independent. If a majority of trustees are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.	A majority of trustees are independent.
d) If a trustee is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or foreign jurisdiction, identify both the trustee and the other issuer.	Robert Gross is the Executive Chairman of Monro Muffler Brake, Inc.
e) Disclose whether or not the independent trustees hold regularly scheduled meetings at which non-independent trustees and members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent	The Governance and Nomination Committee is composed entirely of independent trustees and has appropriate structures and procedures in place to allow it to function independently of management. The Governance and Nomination Committee has the authority to convene regular meetings without members of management in attendance. The Governance and Nomination Committee regularly meet in-camera without management present to allow

Governance Disclosure Requirements	Commentary
<p>trustees do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent trustees.</p>	<p>more open discussion. This is part of each regularly scheduled quarterly meeting. The last such meeting was held on March 21, 2013. The Board has expressly assigned responsibility to the Governance and Nomination Committee for administering the Board's relationship with management.</p>
<p>f) Disclose whether or not the chair of the Board is an independent trustee. If the Board has a chair or lead trustee who is an independent trustee, disclose the identity of the independent chair or lead trustee, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead trustee that is independent, describe what the Board does to provide leadership for its independent trustees.</p>	<p>During 2011 the Board appointed Allan Davis as its independent chair. The Chair's primary role is to provide leadership to the Board and its committees, including chairing meetings in a manner that facilitates open discussions and expressions of competing views. The Chair is also responsible for, among other things, assisting the Board in obtaining information required for the performance of their duties, retaining appropriately qualified and independent advisors as needed, working with the Board to support Board development and ensure a proper committee structure is in place, providing a link between the Board and management and acting in an advisory capacity to the President &amp; CEO in all matters concerning the interests and management of the Fund.</p>
<p>g) Disclose the attendance record of each trustee for all Board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>See "Meeting Attendance" in the Information Circular.</p>
<p>2. <b>Board Mandate</b> - Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.</p>	<p>The Board has adopted a written charter, a copy of which is attached as Appendix I hereto.</p>
<p>3. <b>Position Descriptions</b></p>	
<p>a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p>	<p>The Board has developed written position descriptions for the Board Chair, each Committee Chair, Trustees and the CEO.</p>
<p>b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how</p>	



Governance Disclosure Requirements	Commentary
the Board delineates the role and responsibilities of the CEO.	
<b>4. Orientation and Continuing Education</b>	
a) Briefly describe what measures the Board takes to orient new trustees regarding <ul style="list-style-type: none"> <li>i. the role of the Board, its committees and its trustees, and</li> <li>ii. the nature and operation of the issuer's business.</li> </ul>	The Governance and Nomination Committee provides a variety of orientation education programs to existing and new Trustees. New Trustees are provided with a record of historical published information about the Fund, the charter of the Board and its committees and other relevant information. Management makes regular presentations to the Board on the main areas of the business of the Fund's Subsidiaries. The Committees, with the assistance of management, and the external auditors, provide the Board members with regular and topical information regarding recent developments in corporate governance.
b) Briefly describe what measures, if any, the Board takes to provide continuing education for its trustees. If the Board does not provide continuing education, describe how the Board ensures that its trustees maintain the skill and knowledge necessary to meet their obligations as trustees.	
<b>5. Ethical Business Conduct</b>	
a) Disclose whether or not the Board has adopted a written code for the trustees, officers and employees. If the Board has adopted a written code: <ul style="list-style-type: none"> <li>i. disclose how a person or company may obtain a copy of the code;</li> </ul>	The Board has adopted a written Code of Business Conduct and Ethics which guides overall behaviour of the Board. The Code of Business Conduct and Ethics also governs the conduct of officers, employees and other associates of the Fund and its Subsidiaries. The Fund will provide to any Unitholder upon request to its Secretary, a copy of the Code of Business Conduct and Ethics.
<ul style="list-style-type: none"> <li>ii. describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</li> </ul>	The Board will monitor compliance with the Code of Business Conduct and Ethics by requiring Trustees to certify compliance to the Code each year. Breaches of the Code of Business Conduct and Ethics are referred to the Governance and Nomination Committee for review and remedial action as required. Employees are required to acknowledge receipt of the Code of Business Conduct and Ethics upon commencement of employment. When initially approved, the Code was distributed to all employees of the Fund. Compliance issues are dealt with by a committee comprised of management and overseen by the Audit Committee.
<ul style="list-style-type: none"> <li>iii. provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a</li> </ul>	There were no material change reports filed in the 2012 financial year in this regard.

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departure from the code.	
<p>b) Describe any steps the Board takes to ensure trustees exercise independent judgment in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.</p>	<p>The Board has a conflict of interest policy contained in its Code of Business Conduct and Ethics. The conflict of interest requirements under such guidelines require the Trustees to have a paramount interest in promoting and preserving the interest of Unitholders and the best interests of the Fund and its Subsidiaries. The Fund's Declaration of Trust, which established and governs the Fund, provides that any situation that involves, or may reasonably be inferred to involve, a conflict between a Trustee's personal interest and the interest of the Fund are required to be disclosed in writing as to the nature and extent of such Trustee's interest at the time. A Trustee in a conflict of interest may not vote on any resolution to approve any action by the Fund or its Subsidiaries where such conflict exists, except as provided for in the Fund's Declaration of Trust.</p>
<p>c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Trustees and management are required to periodically disclose conflicts or potential conflicts of interest and their compliance with the Code of Business Conduct and Ethics.</p>
<p><b>6. Nomination of Directors</b></p>	
<p>a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Governance and Nomination Committee functions as the nominating committee for the Fund. The Governance and Nomination Committee, through direction of the Board as a whole, has implemented the process for making a formal assessment annually as to the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual trustees. The Governance and Nomination Committee recommends changes based on the foregoing assessment.</p>
<p>b) Disclose whether or not the Board has a nominating committee composed entirely of independent trustees. If the Board does not have a nominating committee composed entirely of independent trustees, describe what steps the Board takes to encourage an objective nomination process.</p>	<p>The Governance and Nomination Committee is composed entirely of independent trustees.</p>
<p>c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Governance and Nomination Committee evaluates prospects and proposes new nominees to the Board. New nominees with a track record in general business, specific</p>

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	expertise and a strategic area of interest to the Fund or expertise in the financial marketplace, with the ability to devote the time and willingness to serve are preferred candidates. Candidates are put forth to the Board and subsequently the Unitholders for appointment.
<b>7. Compensation</b>	
a) Describe the process by which the Board determines the compensation for the issuer's trustees and officers.	See "Compensation Discussion & Analysis" in the Information Circular.
b) Disclose whether or not the Board has a compensation committee composed entirely of independent trustees. If the Board does not have a compensation committee composed entirely of independent trustees, describe what steps the Board takes to ensure an objective process for determining such compensation.	The Compensation Committee is composed of three independent trustees.
c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	See "Compensation Discussion & Analysis" in the Information Circular.
d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's trustees and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	No compensation consultants were retained in the 2012 fiscal year.
<b>8. Other Board Committees</b> - If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board has a Governance and Nomination Committee whose functions are described elsewhere in this chart.
<b>9. Assessments</b> - Disclose whether or not the Board, its committees and individual trustees are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly	An annual survey is used to self-assess the Board, its committees and individual trustees. The process is managed by the Governance and Nomination Committee who review the results and report back to the Board. Issues raised through this process are evaluated by the Governance and Nomination Committee.

<b>Governance Disclosure Requirements</b>	<b>Commentary</b>
conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.	

**BOARD APPROVAL**

The contents and the sending of this Information Circular have been approved by the Board of Trustees of the Fund.

**CERTIFICATE**

The foregoing contains no untrue statements of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Winnipeg, Manitoba this 2 day of April, 2013.



Per: \_\_\_\_\_  
Brock Bulbuck, Trustee, President  
and Chief Executive Officer

## APPENDIX I

### Board of Trustees Charter

#### Purpose

The Boyd Group Income Fund's (the "Fund's") Board of Trustees ("Board") oversee, directly and through its committees, the affairs of the Fund, which are conducted by its officers and employees under the direction of the Chief Executive Officer ("CEO") and the business and affairs of its subsidiaries. The Board is to act at all times with a view to the best interests of the Fund and its Unitholders. The Board's powers are derived from the Amended and Restated Declaration of Trust dated as of February 25, 2003, as amended, (the "Trust Declaration") constituting the Fund.

The Board shall meet regularly to review the business operations and corporate governance and financial results of the Fund.

#### Organization and Composition

Nominees for Trustees are initially considered and recommended by the Governance & Nomination Committee of the Board, approved by the Board and elected annually by the Unitholders of the Fund.

A majority of Trustees comprising the Board must be independent within the meaning of all applicable laws, regulations, securities policies and instruments, and listing requirements to which the Fund is subject. The Fund may also include Trustees drawn from senior management as the Board believes this combination leads to a constructive exchange of views in Board deliberations resulting in objective, well-balanced and informed discussion and decision making.

Trustees who are not members of management will meet regularly without management present and without any Trustee who is not considered an unrelated and independent Trustee in accordance with the above provisions to discuss matters of interest independent of any influence from management. These sessions will be led by the Chair of the Governance & Nomination Committee.

Certain of the responsibilities of the Board referred to herein may be delegated to Committees of the Board. The responsibilities of those Committees will be as set forth in their terms of reference, as amended from time to time.

#### Responsibilities

The Board's responsibilities include, without limitation to its general mandate as set forth in the Trust Declaration, the following specific responsibilities:

- The assignment to committees of Trustees of the general responsibility for developing the Fund's approach to: financial reporting and internal controls; disclosure practices; corporate governance issues and the nomination of Trustees; and the compensation of officers and employees.
- To appoint a competent senior management team and to oversee the management of the business.
- To satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity within the Fund.
- With the assistance of the Audit Committee:
  - Ensure the integrity of the Fund's internal control and management information systems. Ensure compliance with laws and regulations, audit and accounting principles and the Fund's own governing documents.
  - Select, appoint, determine the remuneration of and, if necessary, replacement of the independent auditors.
  - Ensure the independence of the auditors.
  - Identify the principal risks of the Fund's business and ensure that appropriate systems are in place to manage these risks.
  - Review and approve significant operational and financial matters and the provision of direction to management on these matters.
- With the assistance of the Governance & Nomination Committee:
  - Develop a set of governance principles.
  - Review the composition of the Board to ensure that an appropriate number of independent Trustees sit on the Board.
  - The assessment, at least annually, of the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual Trustees, including consideration of the appropriate size of the Board.
  - Ensure that an appropriate selection process for new nominees to the Board is in place.
  - Ensure that an appropriate orientation and education program for new recruits to the Board is in place, including outlining the expectations and responsibilities of Trustees.
- With the assistance of the Compensation Committee:
  - Manage the selection, appointment, monitoring, evaluation and, if necessary, the replacement of the CEO and other executives, to ensure that management succession is, to the extent possible, effected in a manner so as not to be disruptive to the Fund's operations.
- The adoption of a strategic planning process, approval and review, on an annual basis of a strategic plan that takes into account business opportunities and business risks and monitoring performance against plan.
- The review and approval of corporate objectives and goals applicable to senior management personnel of the Fund.
- Establish channels for stakeholders to communicate with the Board.

- Approval of securities compliance policies, including the disclosure policy of the Fund and review of these policies at least annually.
- Obtain periodic reports from management on the Fund's operations.
- Perform such other functions as prescribed by law or assigned to the Board in the Fund's Trust Declaration.

### **Other Advisors**

The Board shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Fund shall provide for appropriate funding, as determined by the Board, for payment of compensation to any advisors engaged by the Board.