



BOYD GROUP INCOME FUND

INTERIM REPORT TO UNITHOLDERS

Third Quarter and Nine Months Ended September 30, 2015

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To Our Unitholders,

The third quarter of 2015 was another positive quarter for Boyd Group Income Fund, continuing the successful execution of our strategy to achieve both meaningful growth in the number of new locations along with concurrent same-store sales growth. Based on the consistency and reliability of our execution and performance, the Board of Trustees has announced an increase in distributions, to \$0.504 per unit on an annualized basis, effective in November. This is the eighth consecutive year that we have increased distributions to our unitholders.

Total sales were up 38.1% in the quarter, to \$301.1 million from \$218.1 million in the third quarter of 2014. The 36 locations added since July 1, 2014 contributed to the sales increase along with incremental glass network and other network sales and meaningful same-store sales growth of 7.3%. As we saw last quarter, a number of the Company's markets experienced growth in excess of 10%. Also, while glass sales are traditionally strongest in the second quarter of the year, we continued to see strong glass same-store sales growth in the third quarter.

During the quarter we added 11 new single locations. These included acquisitions that increased the concentration of locations in those states where we are already well-established, such as Michigan and Florida. As well, we established our first presence in Utah when we added four locations in the Salt Lake City region in July. Subsequent to the quarter, eight more single locations were added, including our first location in Oregon. This location, in Gresham, Oregon, is also our 300th location in the United States and expands our U.S. footprint to 19 states. These eight additions bring the total number of single locations added during 2015 to 22. We are very pleased with this strong track record of accretive growth – consider that five years ago Boyd's U.S. Operations had 96 centers in 11 states. As we've said in previous quarters, competition to acquire multiple shop operations ("MSO"s) remains intense, resulting in fewer opportunities within our desired valuation range. We will maintain our discipline and only pursue those opportunities that are accretive as well as focus on pursuing single location growth opportunities.

Earnings before interest, income taxes, depreciation and amortization, adjusted for fair value adjustments to financial instruments and acquisition, transaction and process improvement costs ("Adjusted EBITDA"¹) was \$26.4 million or 8.8% of sales in the quarter, compared to \$16.9 million or 7.7% of sales in the third quarter of 2014. The 56.7% increase was driven by contributions from acquisitions and new locations, combined with same-store sale increases. Adjusted EBITDA in the third quarter of 2015 also benefited by approximately \$4.4 million when compared to the third quarter of 2014 as a result of changes in U.S. dollar exchange rates.

The Fund had a net loss of \$19.5 million in the third quarter of 2015. Earnings were impacted by fair value adjustments to financial instruments primarily as a result of the significant unit price increase in the quarter, as well as acquisition and transaction costs along with accelerated amortization of acquired brands. These non-cash charges amounted to \$29.8 million. This compares to net earnings of \$8.4 million in the third quarter of 2014 when the impact of these adjustments were not as significant. Excluding the impact of these items, adjusted net earnings in 2015 were \$10.3 million or 3.4% of sales, compared to adjusted net earnings of \$6.8 million or 3.1% of sales in 2014.

¹ EBITDA, Adjusted EBITDA, distributable cash, adjusted distributable cash and adjusted net earnings 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, 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 and adjusted net earnings 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, 2015, which can be accessed via the SEDAR Web site (www.sedar.com).

The Fund generated adjusted distributable cash of \$11.7 million and declared distributions and dividends of \$2.0 million in the third quarter of 2015, resulting in a payout ratio based on adjusted distributable cash of 17.5%. This compares to a payout ratio of 14.8% a year ago. The year-over-year difference was the result of working capital changes in the quarter due to the timing of various working capital items. On a trailing twelve-month basis, the Fund's payout ratio stands at 16.3%. We maintain our belief that our conservative payout ratio contributes to our financial flexibility which enables us to continue to grow and is important to our long-term success.

At September 30, 2015, Boyd had total debt outstanding, net of cash, of \$89.6 million compared to \$88.3 million at June 30, 2015 and \$89.5 million at December 31, 2014. Acquisition activity during the third quarter increased seller notes and reduced cash. Offsetting these changes were convertible debentures that converted to equity during the period.

The Fund announced on November 6th that it intends to redeem, on January 5, 2016, in full, all of its then outstanding 5.75% Convertible Unsecured Subordinated Debentures due December 31, 2017 in accordance with the provisions of the trust indenture dated December 19, 2012. It is anticipated that the redemption, or prior conversion, will further reduce Boyd's debt in 2016.

Going forward into the rest of the year and 2016, we will continue to focus on executing on our three-pronged growth strategy, along with our operational initiatives. One part of this strategy involves making accretive acquisitions of MSOs. Although we have not acquired a MSO in the last two quarters, we continue to see opportunities and we will continue our disciplined approach with this strategy. In terms of single locations, there remain a significant number of targets – consider that there are approximately 33,500 collision repair centers in the United States and about 72% of these are single locations. We will continue to add single locations that add to our footprint in our current regions or that expand our presence in new territories.

We will also continue to work to drive excellence in customer satisfaction, repair cycle times and operational excellence. Our operational process improvement initiative, called the WOW Operating Way, has now been rolled out and implemented in over 200 locations. We are happy with the progress at those centers and have started a sustainability program to consolidate the gains we have made, to lock-in the best practices put in place and to continue to improve consistent execution of our processes.

To conclude, we are very pleased with our progress in 2015. Our strong balance sheet and financing options, including over \$375 million in dry powder, will continue to position Boyd well for success into the future.

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

Sincerely,









(signed)

Brock Bulbuck
President & 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 the largest operator of non-franchised collision repair centers in North America in terms of number of locations and one of the largest in terms of sales. The Company currently operates locations in five Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 19 U.S. states under the trade name Gerber Collision & Glass. The Company is also a major retail auto glass operator in the U.S. with locations across 30 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 first notice of loss, glass and related 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 and trade names.

	38 centers		304 centers		
Manitoba	14	Illinois	54	Ohio	12
Alberta	12	Florida	52	Maryland	10
British Columbia	9	Michigan	41	Louisiana	7
Saskatchewan	2	North Carolina	25	Pennsylvania	5
Ontario	1	Washington	20	Nevada	4
		Georgia	18	Utah	4
		Arizona	17	Oklahoma	3
		Colorado	16	Kansas	1
		Indiana	13	Idaho	1
				Oregon	1
					
					
					
					
					
					

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 and convertible debentures trade on the Toronto Stock Exchange under the symbols TSX: BYD.UN, TSX: BYD.DB and TSX: BYD.DB.A.

The following review of the Fund’s operating and financial results for the three and nine months ended September 30, 2015, including material transactions and events up to and including November 10, 2015, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2015, 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, 2014 as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

On January 2, 2015, the Company acquired the assets of Craftmaster Auto Body ("Craftmaster"), a multi-location collision repair company operating six locations in the Florida market. Craftmaster was established in 1981 and generated sales of approximately \$13.6 million U.S for the trailing twelve months ended August 2014.

On January 5, 2015, the Company announced the appointment of Narendra "Pat" Pathipati as Executive Vice President and Chief Financial Officer. Mr. Pathipati succeeds Dan Dott, who will remain with Boyd as Senior Vice President Finance for a one year transition period. Following this transition period Mr. Dott intends to retire on December 31, 2015.

On April 6, 2015, the Company commenced operations in a new collision repair facility in Jacksonville, Florida using assets it had acquired from San Jose Ventures, LLC in 2014.

On April 10, 2015, the Company acquired the collision repair assets of Liotus Collision Center, Inc., in Pittsburgh, Pennsylvania.

On May 1, 2015, the Company acquired the collision repair assets of Fitz Auto Body, in Spokane, Washington.

On June 12, 2015, the Company acquired the collision repair assets of Smead Auto Body, in Battle Creek, Michigan.

On July 13, 2015, the Company acquired the collision repair assets of McDonald's Auto Body, in Plainwell, Michigan.

On July 17, 2015, the Company acquired the collision repair assets of Shine Auto Body, operating four locations in Utah.

On July 23, 2015, the Company increased its revolving credit facility to US\$150 million, with an accordion feature which can increase the facility to a maximum of US\$250 million.

On July 30, 2015, the Company acquired the collision repair assets of Red Mountain Collision, in Mesa, Arizona.

On August 13, 2015, the Company acquired the collision repair assets of Don Massey Collision Center in Highland Ranch, Colorado.

On August 20, 2015, the Company acquired the collision repair assets of Duval Collision Center, in Lake City, Florida.

On September 9, 2015, the Company acquired the collision repair assets of Moore Collision Center, in Jacksonville, North Carolina.

On September 18, 2015, the Fund was added to the S&P/TSX Composite Index.

On September 22, 2015, the Company acquired the collision repair assets of Perri's Collision, a two-location collision repair business in Grand Junction and Glenwood Springs, Colorado.

On September 24, 2015, certain key executives provided irrevocable notice that the options issued January 11, 2006 would be exercised, which will result in the issuance of 200,000 units at an exercise price of \$1.91 on January 11, 2016.

On October 6, 2015, the Company acquired the collision repair assets of Wayside Body Shop, a two-location collision repair business in Dayton, Ohio.

On October 16, 2015, the Company acquired the collision repair assets of Deacon's Collision Center, in Mayfield Heights, Ohio.

On October 26, 2015, as part of a new start-up, the Company commenced operations in a new collision repair facility in Lakewood, Washington.

On October 27, 2015, the Company acquired the collision repair assets of Custom Touch Collision Care, in Gresham, Oregon.

On October 30, 2015, the Company acquired the collision repair assets of Clifford's Auto Body, in Bremerton, Washington.

On November 3, 2015, the Company acquired the collision repair assets of John's CARSTAR Collision Center, in Schererville, Indiana.

On November 3, 2015, as part of a new start-up, the Company commenced operations in a new collision repair facility in Estero, Florida.

On November 6, 2015, the Fund provided notice that it would be redeeming the 5.75% Convertible Unsecured Subordinated Debentures due December 31, 2017 on January 5, 2016. Debentures not converted at the strike price prior to December 5, 2015 will be redeemed in accordance with the provisions of the trust indenture dated as of December 19, 2012.

OUTLOOK

Boyd continues to execute on its growth strategy. Single location growth opportunities continue to be available and provide a great avenue for accretive growth with attractive pricing and development costs within Boyd's targeted range. The Company has announced 22 new locations in 2015 with a number of others in progress. Boyd will maintain its target to grow with single location growth by 6 to 10% annually for the foreseeable future. For 2015, this translates into 19 to 32 new locations.

As well, the Company remains both positive and patient for additional opportunities to grow by acquiring multi-shop operations ("MSO's"). While the Company remains opportunistic in its strategy to acquire MSO's, there has been more competition for these types of acquisitions and less availability. Boyd is prepared to evaluate and revise these strategies, as deemed necessary, to ensure continued delivery of meaningful growth in a changing market. The Company maintains its position of being disciplined and selective in its identification and assessment of all acquisition opportunities. Boyd furthered its MSO growth strategy in 2015 with the acquisition of Craftmaster in January 2015, adding six locations in its Florida market.

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 has undertaken incremental investments to enhance its processes and operational performance. In 2015, Boyd has transitioned this investment from external consulting fees to internal resources.

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 10, 2015, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund's 2014 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:

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
The stated objective of adding new locations to grow the business 6 to 10% per year for the foreseeable future	<p>Opportunities continue to be available and are at attractive 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>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>No change in the Fund's structure</p>	<p>The Fund is dependent upon the operating results of the Company and its ability to pay interest and dividends to the Fund</p> <p>Economic conditions deteriorate</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in government regulation</p>

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 AIF, the "Business Risks and Uncertainties" and other sections of our MD&A 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 adjustment to exchangeable Class A common shares, the fair value adjustment to unit based payment obligations, the fair value adjustment to convertible debenture conversion features and the fair value adjustment to the non-controlling interest put option. These items are adjustments that did not have any cash impact on the Fund. Also included as an adjustment to EBITDA are acquisition, transaction, and process improvement 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 (loss) 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,	
	2015	2014	2015	2014
Net (loss) earnings	\$ (19,479)	\$ 8,361	\$ (19,258)	\$ (4,505)
Add:				
Finance costs (net of Finance income)	3,782	2,397	9,643	5,481
Income tax expense	5,849	2,676	14,796	8,742
Depreciation of property, plant and equipment	4,732	3,509	12,830	9,673
Amortization of intangible assets	2,072	1,906	7,218	4,487
Standardized EBITDA	\$ (3,044)	\$ 18,849	\$ 25,229	\$ 23,878
Add:				
Fair value adjustments	28,855	(3,700)	46,137	21,238
Acquisition, transaction and process improvement costs	614	1,719	1,749	4,859
Adjusted EBITDA	\$ 26,425	\$ 16,868	\$ 73,115	\$ 49,975

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 (loss) earnings to adjusted net earnings:

<i>(thousands of Canadian dollars, except per unit amounts)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net (loss) earnings	\$ (19,479)	\$ 8,361	\$ (19,258)	\$ (4,505)
Add:				
Fair value adjustments	28,855	(3,700)	46,137	21,238
Acquisition, transaction and process improvement costs	614	1,719	1,749	4,859
Amortization of acquired brand names	336	453	1,352	963
Adjusted net earnings	\$ 10,326	\$ 6,833	\$ 29,980	\$ 22,555
Weighted average number of units	16,376,313	15,076,367	16,365,297	14,985,249
Adjusted net earnings per unit	\$ 0.631	\$ 0.453	\$ 1.832	\$ 1.505

Adjustments to net earnings have not been tax effected.

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>		Dividend	Distribution	Dividend
Record date	Payment date	per Unit / Share	amount	amount
January 31, 2015	February 25, 2015	\$ 0.0410	\$ 671	\$ 11
February 28, 2015	March 27, 2015	0.0410	671	11
March 31, 2015	April 28, 2015	0.0410	671	11
April 30, 2015	May 27, 2015	0.0410	670	10
May 31, 2015	June 26, 2015	0.0410	670	11
June 30, 2015	July 29, 2015	0.0410	671	11
July 31, 2015	August 26, 2015	0.0410	672	11
August 31, 2015	September 28, 2015	0.0410	671	11
September 30, 2015	October 28, 2015	0.0410	688	11
		\$ 0.3690	\$ 6,055	\$ 98

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>		Dividend	Distribution	Dividend
Record date	Payment date	per Unit / Share	amount	amount
January 31, 2014	February 26, 2014	\$ 0.0400	\$ 597	\$ 15
February 28, 2014	March 27, 2014	0.0400	597	15
March 31, 2014	April 28, 2014	0.0400	598	15
April 30, 2014	May 28, 2014	0.0400	597	15
May 31, 2014	June 26, 2014	0.0400	598	15
June 30, 2014	July 29, 2014	0.0400	598	15
July 31, 2013	August 27, 2014	0.0400	602	10
August 31, 2013	September 26, 2014	0.0400	602	11
September 30, 2013	October 29, 2014	0.0400	654	11
		\$ 0.3600	\$ 5,443	\$ 122

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. The Company manages its cash maintenance capital expenditures up to approximately 0.8% of sales.

Although maintenance capital expenditures may remain within budget on an annual basis, the timing of these expenditures often varies significantly from quarter to quarter.

In addition to normal maintenance capital expenditures, the Company has invested in specialized aluminum repair equipment. This equipment will allow the Company to support an anticipated market need as more vehicle components are produced using aluminum. To date the Company has invested, through finance leases, \$3.0 million for equipment required to repair vehicles with aluminum components. Additional investments in the future may also be required as the prevalence of aluminum and other specialty materials in the North American fleet increases.

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, acquisition, transaction and process improvement costs. Management is not currently aware of any environmental remediation requirements. Acquisition, transaction and process improvement 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 2015 and 2014:

Standardized and Adjusted Distributable Cash ⁽¹⁾				
<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Cash flow from operating activities before changes in non-cash working capital items	\$ 18,723	\$ 12,134	\$ 51,265	\$ 33,861
Changes in non-cash working capital items	(3,566)	621	1,343	7,952
Cash flows from operating activities	15,157	12,755	52,608	41,813
Less adjustment for:				
Sustaining expenditures on plant, software and equipment ⁽²⁾	(2,234)	(1,094)	(6,689)	(4,006)
Standardized distributable cash	\$ 12,923	\$ 11,661	\$ 45,919	\$ 37,807
Standardized distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.777	\$ 0.760	\$ 2.761	\$ 2.467
Per diluted unit and Class A common share ⁽⁵⁾	\$ 0.777	\$ 0.636	\$ 2.761	\$ 2.467
Standardized distributable cash from above	\$ 12,923	\$ 11,661	\$ 45,919	\$ 37,807
Add (deduct) adjustments for:				
Acquisition, transaction and process improvement costs ⁽³⁾	614	1,719	1,749	4,859
Proceeds on sale of equipment and software	155	96	241	171
Principal repayments of finance leases ⁽⁴⁾	(1,330)	(1,059)	(3,892)	(3,041)
Payment to non-controlling interest ⁽⁶⁾	(644)	-	(770)	-
Adjusted distributable cash	\$ 11,718	\$ 12,417	\$ 43,247	\$ 39,796
Adjusted distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.704	\$ 0.809	\$ 2.601	\$ 2.597
Per diluted unit and Class A common share ⁽⁵⁾	\$ 0.704	\$ 0.677	\$ 2.601	\$ 2.597
Distributions and dividends paid				
Unitholders	\$ 2,014	\$ 1,801	\$ 6,038	\$ 5,386
Class A common shareholders	33	36	98	126
Total distributions and dividends paid	\$ 2,047	\$ 1,837	\$ 6,136	\$ 5,512
Distributions and dividends paid				
Per unit	\$ 0.123	\$ 0.120	\$ 0.369	\$ 0.360
Per Class A common share	\$ 0.123	\$ 0.120	\$ 0.369	\$ 0.360
Payout ratio based on standardized distributable cash	15.8%	15.8%	13.4%	14.6%
Payout ratio based on adjusted distributable cash	17.5%	14.8%	14.2%	13.9%

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

⁽²⁾ 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 2015 the Company acquired a further \$6.9 million (2014 - \$2.1 million) in capital assets which were financed through finance leases and did not affect cash flows in the current period.

- (3) The Company has added back to distributable cash the costs related to acquisitions and 2014 process improvement initiatives.
- (4) Repayments of these leases represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating adjusted distributable cash.
- (5) Per diluted unit and Class A common share amounts have been calculated in accordance with definitions of dilution and anti-dilution 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	For the three months ended			For the nine months ended		
	September 30,			September 30,		
<i>(thousands of Canadian dollars, except per unit amounts)</i>	2015	% change	2014	2015	% change	2014
Sales - Total	301,076	38.1	218,087	861,572	42.5	604,544
Same-store sales - Total (excluding foreign exchange)	230,546	7.3	214,940	557,892	5.6	528,073
Gross margin %	45.6	0.0	45.6	45.9	(0.9)	46.3
Operating expense %	36.8	(2.6)	37.8	37.4	(1.8)	38.1
Adjusted EBITDA ⁽¹⁾	26,425	56.7	16,868	73,115	46.3	49,975
Acquisition, transaction and process improvement costs	614	(64.3)	1,719	1,749	(64.0)	4,859
Depreciation and amortization	6,804	25.7	5,415	20,048	41.6	14,160
Fair value adjustments	28,855	N/A	(3,700)	46,137	117.2	21,238
Finance costs	3,782	57.8	2,397	9,643	75.9	5,481
Income tax expense	5,849	118.6	2,676	14,796	69.3	8,742
Adjusted net earnings ⁽¹⁾	10,326	51.1	6,833	29,980	32.9	22,555
Adjusted net earnings per unit ⁽¹⁾	0.631	39.3	0.453	1.832	21.7	1.505
Net (loss) earnings	(19,479)	N/A	8,361	(19,258)	N/A	(4,505)
Basic (loss) earnings per unit	(1.189)	N/A	0.555	(1.177)	N/A	(0.301)
Diluted (loss) earnings per unit	(1.189)	N/A	0.220	(1.177)	N/A	(0.301)
Standardized distributable cash	12,923	10.8	11,661	45,919	21.5	37,807
Adjusted distributable cash ⁽¹⁾	11,718	(5.6)	12,417	43,247	8.7	39,796
Distributions and dividends paid	2,047	11.4	1,837	6,136	11.3	5,512

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

3rd Quarter Comparison – Three months ended September 30, 2015 vs. 2014

Sales

Sales totaled \$301.1 million for the three months ended September 30, 2015, an increase of \$83.0 million or 38.1% when compared to 2014. The increase in sales was the result of the following:

- \$25.8 million of incremental sales were generated from 23 new single locations as well as seven Champ's locations and six Craftmaster locations.
- Same-store sales excluding foreign exchange increased \$15.6 million or 7.3%, and increased a further \$42.6 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$1.0 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 \$137.4 million or 45.6% of sales for the three months ended September 30, 2015 compared to \$99.4 million or 45.6% of sales for the same period in 2014. Gross profit increased primarily as a result of higher sales due to growth and foreign exchange compared to the prior period. The gross margin percentage was consistent with the prior year.

Operating Expenses

Operating Expenses for the three months ended September 30, 2015 increased \$28.4 million to \$110.9 million from \$82.5 million for the same period of 2014, primarily due to the acquisition of new locations and the impact of foreign exchange. Excluding the impact of foreign currency translation of approximately \$17.0 million, expenses increased \$12.0 million from 2014 as a result of new locations as well as increases at same-store locations due primarily to same-store sales growth. Closed locations lowered operating expenses by a combined \$0.6 million.

Operating expenses as a percentage of sales were 36.8% for the three months ended September 30, 2015, which compared to 37.8% for the same period in 2014. The decrease in operating expenses as a percentage of sales was primarily due to the lower operating expense ratios in GNCS and the impact of higher same-store sales levels, including glass sales levels, leveraging the fixed component of operating expenses, partially offset by higher employee costs including the development of an internal continuous improvement team associated with transitioning process improvement investment from external consultants to internal resources.

Acquisition, Transaction and Process Improvement Costs

Acquisition, Transaction and Process Improvement Costs for the three months ended September 30, 2015 were \$0.6 million compared to \$1.7 million recorded for the same period of 2014. The costs in 2015 did not include any process improvement costs due to those costs now being transitioned from external consultants to an internal continuous improvement team included in operating expenses. The costs in 2015 relate to various acquisitions from prior periods as well as other potential acquisitions. The costs in 2014 included \$1.0 million of process improvement costs with the balance related to other completed or potential acquisitions.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability and unit option liability, convertible debenture conversion features and non-controlling interest put option, as well as acquisition, transaction and process improvement costs ("Adjusted EBITDA")¹ for the three months ended September 30, 2015 totaled \$26.4 million or 8.8% of sales compared to Adjusted EBITDA of \$16.9 million or 7.7% of sales in the prior year. The \$9.5 million increase was primarily the result of incremental EBITDA contribution from acquisitions and new locations, combined with increases in same-store sales. Changes in U.S. dollar exchange rates in 2015 increased Adjusted EBITDA by \$4.4 million.

¹ 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 \$4.7 million or 1.6% of sales for the three months ended September 30, 2015, an increase of \$1.2 million when compared to the \$3.5 million or 1.6% of sales recorded in the same period of the prior year. The increase was primarily due to the acquisitions of Champ's and Craftmaster as well as new location growth.

Amortization of intangible assets for the three months ended September 30, 2015 totaled \$2.1 million or 0.7% of sales, an increase of \$0.2 million when compared to the \$1.9 million or 0.9% of sales expensed for the same period in the prior year. The increase is primarily the result of recording additional intangible assets as a result of the acquisitions of Champ's and Craftmaster.

Fair Value Adjustments

Fair Value Adjustment to Convertible Debenture Conversion Features resulted in non-cash expense related to the associated liability of \$18.0 million for the third quarter of 2015, compared to income of \$3.5 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 change in the liability and the related income or expense is impacted by fluctuations in the market value of the Fund's units compared to the conversion price.

Fair Value Adjustment to Exchangeable Class A Common Shares resulted in non-cash expense related to the increase in the associated liability of \$2.1 million for the third quarter 2015 compared to income of \$0.6 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 change in the liability and the related income or expense is the result of fluctuations in the value of the Fund's units.

Fair Value Adjustment to Unit Based Payment Obligation was a non-cash expense related to an increase in the associated liability of \$5.5 million for the third quarter of 2015 compared to income of \$0.6 million in the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund's units. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The increase in the liability and the related expense is primarily the result of fluctuations in the value of the Fund's units and the additional vesting of units.

Fair Value Adjustment to Non-controlling Interest Put Options resulted in a non-cash expense of \$3.2 million for the third quarter of 2015 compared to a \$1.0 million expense in the same period of the prior year. The expense relates to agreements the Fund entered into on May 31, 2013, in connection with the acquisition of Glass America, which provide the non-controlling interest partners with the right to require the Company to purchase their retained interest according to a valuation formula defined in the agreements. The value of the put options is determined by discounting the estimated future payment obligations at each statement of financial position date. The increase in the liability and the related expense is primarily the result of improved performance of Glass America and fluctuations in foreign exchange.

Finance Costs

Finance Costs of \$3.8 million or 1.3% of sales for the three months ended September 30, 2015 increased from \$2.4 million or 1.1% of sales for the prior year. The increase in finance costs primarily resulted from the recording of \$0.7 million in finance costs related to the unamortized deferred financing costs under the previous revolving credit facility, which was amended and restated during the quarter. The increase was also impacted by increases in long-term debt as a result of the acquisitions of Champ's and Craftmaster as well as the issuance of the convertible debentures in 2014.

Income Taxes

Current and Deferred Income Tax Expense of \$5.9 million for the three months ended September 30, 2015 compares to an expense of \$2.7 million for the same period in 2014. Income tax expense is impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income.

Net (Loss) Earnings and (Loss) Earnings Per Unit

Net Loss for the three months ended September 30, 2015 was \$19.5 million or 6.5% of sales compared to earnings of \$8.4 million or 3.8% of sales last year. The loss in the current quarter resulted from the fair value adjustments to financial instruments of \$28.9 million which were primarily due to the increase in unit price during the quarter, acquisition, transaction and process improvement costs of \$0.6 million and accelerated amortization of acquired brands of \$0.3 million. The influence of these items on the third quarter of 2014 was not as significant. Excluding the impact of these adjustments, the net loss in 2015 would have been net earnings of \$10.3 million or 3.4% of sales. This compares to adjusted earnings of \$6.8 million or 3.1% of sales for the same period in 2014 if the same items were adjusted. The increase in the adjusted net earnings for the year is the result of the contribution of new acquisitions and new location growth as well as increases in same-store sales offset by higher interest, taxes, depreciation and amortization.

Basic and Diluted (Loss) Earnings Per Unit were a basic and diluted loss of \$1.189 per unit for the three months ended September 30, 2015 compared to basic earnings of \$0.555 per unit and diluted earnings of \$0.220 per unit in the same period in 2014. The difference in the basic and diluted amounts per unit is primarily attributed to the larger impact of the fair value adjustments during 2015 compared to 2014.

Year-to-date Comparison – Nine months ended September 30, 2015 vs. 2014

Sales

Sales totaled \$861.6 million for the nine months ended September 30, 2015, an increase of \$257.0 million or 42.5% when compared to 2014. The increase in sales was the result of the following:

- \$156.0 million of incremental sales were generated from 29 new single locations as well as 25 Collision Revision, Inc. (“Collision Revision”) locations, 16 Collex Collision Experts Inc. (“Collex”) locations, seven Champ’s locations, six Craftmaster locations as well as incremental glass network and other network sales from the acquisition of Netcost Claims Services (“Netcost”).
- Same-store sales excluding foreign exchange increased \$29.8 million or 5.6%, and increased a further \$75.2 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$4.0 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 \$395.4 million or 45.9% of sales for the nine months ended September 30, 2015 compared to \$280.1 million or 46.3% of sales for the same period in 2014. Gross profit increased primarily as a result of higher sales compared to the prior year period. The gross margin percentage decreased when compared with the prior period due primarily to a higher mix of lower margin glass network and other network sales.

Operating Expenses

Operating Expenses for the nine months ended September 30, 2015 increased \$92.2 million to \$322.3 million from \$230.1 million for the same period of 2014, primarily due to the acquisition of new locations and the impact of foreign exchange. Excluding the impact of foreign currency translation of approximately \$38.4 million, expenses increased \$55.8 million from 2014 as a result of new locations, the expanded glass business as well as increases at same-store locations due primarily to same-store sales growth. Closed locations lowered operating expenses by a combined \$2.0 million.

Operating expenses as a percentage of sales were 37.4% for the nine months ended September 30, 2015, which compared to 38.1% for the same period in 2014. The decrease in operating expenses as a percentage of sales was primarily due to the lower operating expense ratios in GNCS and the impact of higher same-store sales levels leveraging the fixed component of operating expenses, partially offset by higher employee costs including the development of an internal continuous improvement team associated with transitioning process improvement investment from external consultants to internal resources.

Acquisition, Transaction and Process Improvement Costs

Acquisition, Transaction and Process Improvement Costs for the nine months ended September 30, 2015 were \$1.7 million compared to \$4.9 million recorded for the same period of 2014. The costs in 2015 did not include any process improvement costs due to those costs now being transitioned from external consultants to an internal continuous improvement team included in operating expenses. The costs in 2015 relate to various acquisitions from prior periods as well as other potential acquisitions. The costs in 2014 included \$2.5 million of process improvement costs with the balance related to other completed or potential acquisitions.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability and unit option liability, convertible debenture conversion features and non-controlling interest put option, as well as acquisition, transaction and process improvement costs (“Adjusted EBITDA”)*¹ for the nine months ended September 30, 2015 totaled \$73.1 million or 8.5% of sales compared to Adjusted EBITDA of \$50.0 million or 8.3% of sales in the prior year. The \$23.1 million increase was primarily the result of incremental EBITDA contribution from acquisitions and new locations, combined with increases in same-store sales. Changes in U.S. dollar exchange rates in 2015 increased Adjusted EBITDA by \$9.7 million.

Depreciation and Amortization

Depreciation Expense related to property, plant and equipment totaled \$12.8 million or 1.5% of sales for the nine months ended September 30, 2015, an increase of \$3.1 million when compared to the \$9.7 million or 1.6% of sales recorded in the same period of the prior year. The increase was primarily due to the acquisitions of Collision Revision, Collex, Champ’s, Netcost and Craftmaster as well as new location growth.

Amortization of intangible assets for the nine months ended September 30, 2015 totaled \$7.2 million or 0.8% of sales, an increase of \$2.7 million when compared to the \$4.5 million or 0.7% of sales expensed for the same period in the prior year. The increase is primarily the result of recording additional intangible assets as a result of the acquisitions of Collision Revision, Collex, Champ’s, Netcost and Craftmaster.

Fair Value Adjustments

Fair Value Adjustment to Convertible Debenture Conversion Features resulted in non-cash expense related to the associated liability of \$26.1 million for the first nine months of 2015, compared to an 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 change in the liability and the related income or expense is primarily the result of fluctuations in the market value of the Fund’s units compared to the conversion price.

Fair Value Adjustment to Exchangeable Class A Common Shares resulted in non-cash expense related to the increase in the associated liability of \$3.4 million for the first nine months of 2015 compared to an expense of \$2.8 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 change in the liability and the related income or expense is the result of fluctuations in the value of the Fund’s units.

Fair Value Adjustment to Unit Based Payment Obligation was a non-cash expense related to an increase in the associated liability of \$9.6 million for the first nine months of 2015 compared to \$5.0 million in the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund’s units. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The increase in the liability and the related expense is primarily the result of fluctuations in the value of the Fund’s units and additional vesting of units.

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

Fair Value Adjustment to Non-controlling Interest Put Options resulted in a non-cash expense of \$7.0 million for the first nine months of 2015 compared to a \$3.7 million expense in the same period of the prior year. The expense relates to agreements the Fund entered into on May 31, 2013, in connection with the acquisition of Glass America, which provide the non-controlling interest partners with the right to require the Company to purchase their retained interest according to a valuation formula defined in the agreements. The value of the put options is determined by discounting the estimated future payment obligations at each statement of financial position date. The increase in the liability and the related expense is primarily the result of improved performance of Glass America and fluctuations in foreign exchange.

Finance Costs

Finance Costs of \$9.6 million or 1.1% of sales for the nine months ended September 30, 2015 increased from \$5.5 million or 0.9% of sales for the prior year. The increase in finance costs primarily resulted from increases in long-term debt as a result of the acquisitions of Collision Revision, Collex, Champ's, Netcost and Craftmaster as well as the issuance of the convertible debentures in 2014. The increase in finance costs was also impacted by the recording of \$0.7 million in finance costs related to the unamortized deferred financing costs under the previous revolving credit facility, which was amended and restated during the quarter.

Income Taxes

Current and Deferred Income Tax Expense of \$14.8 million for the nine months ended September 30, 2015 compares to an expense of \$8.7 million for the same period in 2014. Income tax expense is impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income.

Net (Loss) Earnings and (Loss) Earnings Per Unit

Net Loss for the nine months ended September 30, 2015 was \$19.3 million compared to a loss of \$4.5 million last year. The loss in 2015 resulted from fair value adjustments to financial instruments of \$46.1 million which were primarily due to the increase in unit price during the period, acquisition, transaction and process improvement costs of \$1.7 million and accelerated amortization of acquired brands of \$1.4 million. The impact of these items for the first nine months of 2014 was \$21.2 million from the fair value adjustments to financial instruments, acquisition, transaction and process improvement costs of \$4.9 million and accelerated amortization of acquired brands of \$1.0 million. Excluding the impact of these adjustments, net earnings in 2015 would have increased to \$30.0 million or 3.5% of sales. This compares to adjusted earnings of \$22.6 million or 3.7% of sales for the same period in 2014, adjusting for the same items. The increase in the adjusted net earnings for the year is the result of the contribution of new acquisitions and new location growth as well as increases in same-store sales offset by higher interest, taxes, depreciation and amortization.

Basic and Diluted Loss Per Unit was a loss of \$1.177 per unit for the nine months ended September 30, 2015 compared to a basic and diluted loss of \$0.301 per unit in the same period in 2014. The difference in the basic and diluted amounts per unit is primarily attributed to the larger impact of the fair value adjustments during 2015 compared to 2014.

Summary of Quarterly Results								
<i>(in thousands of Canadian dollars, except per unit amounts)</i>								
	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Sales	\$ 301,076	\$ 278,726	\$ 281,770	\$ 239,560	\$ 218,087	\$ 202,815	\$ 183,642	\$ 161,128
Adjusted EBITDA ⁽¹⁾	\$ 26,425	\$ 25,505	\$ 21,185	\$ 18,997	\$ 16,868	\$ 18,065	\$ 15,042	\$ 13,533
Net (loss) earnings	\$ (19,479)	\$ 8,657	\$ (8,436)	\$ (10,806)	\$ 8,361	\$ (11,191)	\$ (1,675)	\$ (6,901)
Basic (loss) earnings per unit	\$ (1.189)	\$ 0.529	\$ (0.516)	\$ (0.661)	\$ 0.555	\$ (0.749)	\$ (0.112)	\$ (0.480)
Diluted (loss) earnings per unit	\$ (1.189)	\$ 0.394	\$ (0.516)	\$ (0.661)	\$ 0.220	\$ (0.749)	\$ (0.112)	\$ (0.480)
Adjusted net earnings ⁽¹⁾	\$ 10,326	\$ 11,358	\$ 8,296	\$ 7,435	\$ 6,833	\$ 8,466	\$ 7,256	\$ 6,422
Adjusted net earnings per unit ⁽¹⁾	\$ 0.631	\$ 0.694	\$ 0.507	\$ 0.454	\$ 0.453	\$ 0.567	\$ 0.486	\$ 0.446

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

Sales and Adjusted EBITDA have increased in recent quarters due to the acquisitions of Collision Revision, Collex, Champ's, Netcost, Craftmaster and other new locations as well as same-store sales increases. The net loss in certain quarters 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, transaction and process improvement costs.

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. The Fund has presented a portion of the unit based payment obligation and the non-controlling interest put obligation as current liabilities, as the counterparties have the right to trigger the settlement of these financial instruments within the next twelve months. The exercise of the unit based payment obligation will result in the issuance of units. The Fund has the right to settle the non-controlling interest put option in either cash or units at the time the put is exercised, which may extend beyond the next twelve months. At September 30, 2015, the Fund had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$61.1 million (December 31, 2014 - \$57.5 million). The net working capital ratio (current assets divided by current liabilities) was 0.95:1 at September 30, 2015 (December 31, 2014 – 1.11:1).

At September 30, 2015, the Fund had total debt outstanding, net of cash, of \$89.6 million compared to \$88.3 million at June 30, 2015, \$86.1 million at March 31, 2015, \$89.5 million at December 31, 2014 and \$87.1 million at September 30, 2014. Acquisition activity during the third quarter of 2015 increased seller notes and reduced cash. Offsetting these changes were conversions of convertible debentures during the period that reduced total debt.

Total debt, net of cash <i>(thousands of Canadian dollars)</i>	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Convertible debentures	\$ 73,004	\$ 82,392	\$ 82,061	\$ 81,664	\$ 81,317
Seller notes ⁽¹⁾	64,790	60,394	61,504	56,598	56,177
Obligations under finance leases	12,903	11,613	9,433	8,775	9,131
Total debt	\$ 150,697	\$ 154,399	\$ 152,998	\$ 147,037	\$ 146,625
Cash	61,097	66,061	66,904	57,510	59,515
Total debt, net of cash	\$ 89,600	\$ 88,338	\$ 86,094	\$ 89,527	\$ 87,110

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

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$18.7 million for three months ended September 30, 2015 compared to \$12.1 million in 2014. The increase was due to increased Adjusted EBITDA in 2015, resulting from same-store sales growth, as well as from the acquisitions of Champ's and Craftmaster.

For the third quarter of 2015, changes in working capital items used net cash of \$3.6 million compared to providing cash of \$0.6 million in 2014. The lower cash flow from working capital this year was due primarily to lower accounts payable and accrued liabilities balances in the third quarter. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes payable, 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 \$51.3 million for the nine months ended September 30, 2015, compared to \$33.9 million for the same period in 2014. This increase reflected higher Adjusted EBITDA due to acquisitions and same-store sales growth.

For the nine months ended September 30, 2015, changes in working capital items provided net cash of \$1.3 million compared with \$8.0 million in 2014. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes payable, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Financing Activities

Cash used in financing activities totalled \$6.6 million for the three months ended September 30, 2015 compared to cash provided by financing activities of \$53.2 million for the prior year. During 2015, cash was used to repay long-term debt associated with seller notes in the amount of \$2.2 million, 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 \$2.7 million. In September 2014, the Fund completed a bought deal equity and convertible debenture offering that provided net proceeds of \$108.1 million. Additional cash was provided from a draw of long-term debt in the amount of \$23.1 million to fund part of the purchase price associated with Champ's. Cash also increased from \$2.2 million in proceeds from a sale-leaseback transaction of owned real estate for a facility located in Ontario, Canada. Cash was used to repay the revolving credit facility in the amount of \$85.9 million and long-term debt on seller notes in the amount of \$1.7 million, 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 \$2.1 million.

Cash used in financing activities totalled \$17.6 million for the nine months ended September 30, 2015 compared to cash provided by financing activities of \$97.0 million for the prior year. During 2015, cash was used to repay long-term debt associated with seller notes in the amount of \$6.4 million, to repay finance leases in the amount of \$3.9 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$6.9 million. During 2014, cash was provided by draws of long-term debt in the amount of \$6.0 million to fund the remaining purchase price associated with Hansen, \$13.2 million to fund part of the purchase price associated with Collision Revision, a further \$43.1 million to fund the majority of the purchase price of Collex and then \$23.1 million to fund the majority of the purchase price of Champ's. In September 2014, the Fund completed a bought deal equity and convertible debenture offering that also provided net proceeds of \$108.1 million. Cash increased from \$2.2 million in proceeds from a sale-leaseback transaction of owned real estate for a facility located in Ontario, Canada. Cash was used to repay the revolving credit facility in the amount of \$85.9 million and long-term debt on seller notes in the amount of \$4.1 million, to repay finance leases in the amount of \$3.0 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$5.8 million.

Debt Financing

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. During 2015, the Company entered into one new seller note in the amount of \$1.6 million related to the acquisition of Craftmaster. In addition, the Company entered into seller notes totaling \$4.3 million related to the acquisition of single shops.

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 2015, \$6.9 million of expenditures for new equipment, technology infrastructure and courtesy cars were financed through capital leases. This compares to \$2.1 million for the same period in the prior year. The majority of the increase in 2015 is due to an increase of approximately \$3.0 million due to the purchase of specialized aluminum welding equipment.

On July 23, 2015, the Company amended its revolving credit facility, increasing the facility to \$150 million U.S. with an accordion feature which can increase the facility to a maximum of \$250 million U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as by guarantees of the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to 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 and can be drawn 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 \$3.0 million in Canada and \$12.0 million in the U.S.

Under the revolving facility Boyd is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt to EBITDA ratio of less than 4.25; a senior debt to EBITDA ratio of less than 3.5 up to December 31, 2016 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, the senior debt to EBITDA ratio may be increased to less than 4.0 up to December 31, 2016 and increased to less than 3.75 thereafter. The debt calculations exclude the convertible debentures.

Investing Activities

Cash used in investing activities totaled \$17.2 million and \$38.5 million for the three and nine months ended September 30, 2015, compared to \$39.3 million and \$100.1 million used in the prior year. The investing activity in both years relate primarily to the acquisitions and new location growth that occurred during these periods.

Acquisitions and development of businesses

On January 2, 2015, the Company acquired the assets of Craftmaster, a multi-location collision repair company that operated six locations in the Florida market. Craftmaster was established in 1981 and generated sales of approximately \$13.6 million U.S for the trailing twelve months ended August 2014. Total consideration for the transaction of approximately \$8.7 million (\$7.4 million U.S.) was funded with a combination of cash and seller notes.

The Company also completed the acquisition or start-up of 14 other locations as of September 30, 2015 related to its stated objective of growing by 6 to 10% through acquisition or development of single locations. Subsequent to the end of the quarter, the Company added a further eight locations.

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 \$2.2 million or 0.7% of sales on sustaining capital expenditures during the third quarter of 2015, compared to \$1.1 million or 0.5% of sales during the same period in 2014. These same expenditures were \$6.7 million or 0.8% of sales for the nine months ended September 30, 2015, compared to \$4.0 million or 0.7% of sales during the same period in 2014.

LEGAL PROCEEDINGS

Following the completion of the Collision Revision acquisition, an issue arose with respect to the seller's arrangements with a third party supplier to the acquired business. Although it is Boyd's position that any liabilities associated with those arrangements are for the account of the seller of the business, the seller has taken an opposing view. Boyd has commenced legal proceedings to resolve such matters. Boyd believes that it has a strong basis for the resolution of those matters in its favour, but there can be no guarantee that such a resolution will occur. Even if the matter is not determined in Boyd's favour, Boyd is of the view that such matter will not have a material adverse effect on its business. Costs related to this matter are recorded in acquisition, transaction and process improvement costs.

RELATED PARTY TRANSACTIONS

The Fund has not entered into any new related party transactions beyond the items disclosed in the 2014 annual report, except that on September 24, 2015, certain key executives provided irrevocable notice that the options issued January 11, 2006 would be exercised, which will result in the issuance of 200,000 units at an exercise price of \$1.91 on January 11, 2016.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations in accordance with Canadian generally accepted accounting principles 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 statement of financial position date and reported amounts of sales 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 2014 annual MD&A.

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. 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. The Fund is currently evaluating the impact of adopting IFRS 15 on its financial statements.

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 is currently evaluating the impact of adopting IFRS 9 on its financial statements.

Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures (2011)* were issued by the IASB on September 11, 2014 to acknowledge inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments will be effective for annual periods commencing on or after January 1, 2016. The Fund is currently evaluating the impact of the amendments on its financial statements.

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 2015, 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.

BUSINESS RISKS AND UNCERTAINTIES

Risks and uncertainties affecting the business remain substantially unchanged from those identified in the 2014 annual MD&A.

ADDITIONAL INFORMATION

The Fund’s units and convertible debentures trade on the Toronto Stock Exchange under the symbols TSX: BYD.UN, TSX: BYD.DB and TSX: BYD.DB.A. Additional information relating to the Boyd Group Income Fund is available on SEDAR (www.sedar.com) and our website (www.boydgroup.com).

**FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE**

I, **Brock Bulbuck, Chief Executive Officer of the 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 the **Boyd Group Income Fund**, (the “issuer”) for the interim period ended **September 30, 2015**.
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, with respect to 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 end of 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:** N/A

6. **Reporting Changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2015 and ended on September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 11, 2015

(signed)

Brock Bulbuck
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Narendra Pathipati, Chief Financial Officer of the 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 the **Boyd Group Income Fund**, (the “issuer”) for the interim period ended **September 30, 2015**.
 2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim report 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, with respect to 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 end of 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.
- 5.2 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting Changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2015 and ended on September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 11, 2015

(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, 2015

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, 2015	December 31, 2014
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 61,097	\$ 57,510
Accounts receivable		74,221	55,462
Income taxes recoverable		-	884
Inventory		17,477	15,809
Prepaid expenses		13,275	9,579
		166,070	139,244
Note receivable		731	893
Property, plant and equipment	5	118,235	89,264
Deferred income tax asset		3,336	2,755
Deferred financing costs		339	849
Intangible assets	6	132,655	112,053
Goodwill	7	177,006	142,755
		\$ 598,372	\$ 487,813
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 121,397	\$ 96,691
Income taxes payable		850	-
Distributions payable	8	688	671
Dividends payable	8	11	11
Current portion of long-term debt	9	9,131	7,645
Current portion of obligations under finance leases		5,063	3,436
Current portion of unit based payment obligation	13	11,616	-
Current portion of non-controlling interest put options	12, 19	25,153	16,720
		173,909	125,174
Long-term debt	9	55,659	48,953
Obligations under finance leases		7,840	5,339
Convertible debentures	10, 12, 20	73,004	81,664
Convertible debenture conversion features	12	52,248	41,875
Deferred income tax liability		16,208	10,702
Exchangeable Class A common shares	12	14,562	11,420
Unit based payment obligation	13	18,226	20,193
Non-controlling interest put options	12, 19	8,169	6,510
		419,825	351,830
Equity			
Accumulated other comprehensive earnings		63,963	21,977
Deficit		(111,715)	(86,402)
Unitholders' capital		222,297	196,406
Contributed surplus		4,002	4,002
		178,547	135,983
		\$ 598,372	\$ 487,813

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)

	Unitholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Deficit	Total Equity
	Units	Amount				
	<i>Note</i>					
Balances - January 1, 2014	14,934,127	\$ 137,939	\$ 4,002	\$ 5,685	\$ (63,652)	\$ 83,974
Issue costs						
Units issued through public offering (net of tax of \$661)		(1,850)				(1,850)
Other (net of tax of \$nil)		(27)				(27)
Units issued from treasury						
Units issued through public offering	1,306,000	55,309				55,309
Units issued in connection with acquisitions	4,297	190				190
Retractions	112,164	4,786				4,786
Conversion of convertible debenture	2,519	59				59
Other comprehensive earnings				16,292		16,292
Net loss					(15,311)	(15,311)
Comprehensive earnings				16,292	(15,311)	981
Distributions to unitholders					(7,439)	(7,439)
Balances - December 31, 2014	16,359,107	\$ 196,406	\$ 4,002	\$ 21,977	\$ (86,402)	\$ 135,983
Issue costs (net of tax of \$nil)		(29)				(29)
Retractions	4,438	232				232
Conversion of convertible debenture	423,928	25,688				25,688
Other comprehensive earnings				41,986		41,986
Net loss					(19,258)	(19,258)
Comprehensive earnings				41,986	(19,258)	22,728
Distributions to unitholders					(6,055)	(6,055)
Balances - September 30, 2015	16,787,473	\$ 222,297	\$ 4,002	\$ 63,963	\$ (111,715)	\$ 178,547
Balances - January 1, 2014	14,934,127	\$ 137,939	\$ 4,002	\$ 5,685	\$ (63,652)	\$ 83,974
Issue costs						
Units issued through public offering (net of tax of \$668)		(1,570)				(1,570)
Other (net of tax of \$nil)		(82)				(82)
Units issued from treasury						
Units issued through public offering	1,306,000	55,309				55,309
Units issued in connection with acquisitions	4,297	190				190
Retractions	109,188	4,665				4,665
Conversion of convertible debenture	2,519	59				59
Other comprehensive earnings				7,397		7,397
Net loss					(4,505)	(4,505)
Comprehensive earnings				7,397	(4,505)	2,892
Distributions to unitholders					(5,443)	(5,443)
Balances - September 30, 2014	16,356,131	\$ 196,510	\$ 4,002	\$ 13,082	\$ (73,600)	\$ 139,994

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

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (Unaudited)
(thousands of Canadian dollars, except unit and per unit amounts)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2015	2014	2015	2014
Sales	17	\$ 301,076	\$ 218,087	\$ 861,572	\$ 604,544
Cost of sales		163,705	118,717	466,206	324,446
Gross profit		137,371	99,370	395,366	280,098
Operating expenses		110,946	82,502	322,251	230,123
Acquisition, transaction and process improvement costs	4	614	1,719	1,749	4,859
Depreciation of property, plant and equipment	5	4,732	3,509	12,830	9,673
Amortization of intangible assets	6	2,072	1,906	7,218	4,487
Fair value adjustments	11	28,855	(3,700)	46,137	21,238
Finance costs		3,782	2,397	9,643	5,481
		151,001	88,333	399,828	275,861
(Loss) earnings before income taxes		(13,630)	11,037	(4,462)	4,237
Income tax expense					
Current		4,444	844	12,550	5,700
Deferred		1,405	1,832	2,246	3,042
		5,849	2,676	14,796	8,742
Net (loss) earnings		\$ (19,479)	\$ 8,361	\$ (19,258)	\$ (4,505)

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

Basic (loss) earnings per unit	18	\$ (1.189)	\$ 0.555	\$ (1.177)	\$ (0.301)
Diluted (loss) earnings per unit	18	\$ (1.189)	\$ 0.220	\$ (1.177)	\$ (0.301)
Basic weighted average number of units outstanding	18	16,376,313	15,076,367	16,365,297	14,985,249
Diluted weighted average number of units outstanding	18	16,376,313	18,329,158	16,365,297	14,985,249

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net (loss) earnings	\$ (19,479)	\$ 8,361	\$ (19,258)	\$ (4,505)
Other comprehensive earnings				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of (Loss) Earnings				
Change in unrealized earnings on translating financial statements of foreign operations	21,978	7,117	41,986	7,397
Other comprehensive earnings	21,978	7,117	41,986	7,397
Comprehensive earnings	\$ 2,499	\$ 15,478	\$ 22,728	\$ 2,892

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,	
	2015	2014	2015	2014
Cash flows from operating activities				
Net (loss) earnings	\$ (19,479)	\$ 8,361	\$ (19,258)	\$ (4,505)
Items not affecting cash				
Fair value adjustments	28,855	(3,700)	46,137	21,238
Deferred income taxes	1,405	1,832	2,246	3,042
Amortization of discount on convertible debt	455	177	1,260	523
Amortization of deferred finance costs	761	53	867	159
Amortization of intangible assets	2,072	1,906	7,218	4,487
Depreciation of property, plant and equipment	4,732	3,509	12,830	9,673
Gain on disposal of equipment and software	(111)	(36)	(133)	(58)
Interest accrued on Exchangeable Class A common shares	33	32	98	122
Payment of accrued settlement obligation	-	-	-	(820)
	18,723	12,134	51,265	33,861
Changes in non-cash working capital items	(3,566)	621	1,343	7,952
	15,157	12,755	52,608	41,813
Cash flows provided by (used in) financing activities				
Fund units issued from treasury	-	55,499	-	55,499
Issue costs	-	(2,293)	(29)	(2,320)
Increase in obligations under long-term debt	-	33,506	-	85,395
Repayment of long-term debt	(2,191)	(87,573)	(6,443)	(89,962)
Repayment of obligations under finance leases	(1,330)	(1,059)	(3,892)	(3,041)
Proceeds on sale-leaseback agreement	-	2,235	-	2,235
Net proceeds on issue of convertible debentures	-	55,006	-	55,006
Dividends paid on Exchangeable Class A common shares	(33)	(36)	(98)	(126)
Distributions paid to unitholders	(2,014)	(1,801)	(6,038)	(5,386)
Payment to non-controlling interests	(644)	(282)	(770)	(282)
Payment of financing costs	(356)	-	(356)	(52)
Collection of notes receivable	8	14	34	14
	(6,560)	53,216	(17,592)	96,980
Cash flows used in investing activities				
Proceeds on sale of equipment and software	155	96	241	171
Equipment purchases and facility improvements	(2,176)	(870)	(6,399)	(3,657)
Acquisition and development of businesses (net of cash acquired)	(15,161)	(38,338)	(32,248)	(96,406)
Software purchases and licensing	(58)	(224)	(290)	(349)
Senior managers unit loan program	26	35	150	166
	(17,214)	(39,301)	(38,546)	(100,075)
Effect of foreign exchange rate changes on cash	3,653	1,723	7,117	1,493
Net (decrease) increase in cash position	(4,964)	28,393	3,587	40,211
Cash, beginning of year	66,061	31,122	57,510	19,304
Cash, end of year	\$ 61,097	\$ 59,515	\$ 61,097	\$ 59,515
Income taxes paid	\$ 4,721	\$ 2,742	\$ 10,812	\$ 2,946
Interest paid	\$ 5,355	\$ 1,663	\$ 9,202	\$ 5,253

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

BOYD GROUP INCOME FUND

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2014 and September 30, 2015

(thousands of Canadian dollars, except unit 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, as well as in 18 U.S. states under the trade name Gerber Collision & Glass. The Company is a major retail auto glass operator in the U.S. with locations across 30 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 Claims Services (“GNCS”), an auto glass repair and replacement referral business 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”, “BYD.DB” and “BYD.DB.A”. The head office and principal address of the Fund are 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 10, 2015, 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, 2015 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, 2015 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, 2014. During the three and nine months ended September 30, 2015, the Fund did not adopt any changes in accounting policy 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, 2014, which have been prepared in accordance with IFRS.

3. NEW ACCOUNTING STANDARDS ADOPTED AND FUTURE STANDARDS NOT YET EFFECTIVE

The following amendments have been adopted effective January 1, 2015:

Amendments to IAS 19, *Employee Benefits* were issued by the IASB on November 21, 2013 to provide clarification regarding attribution of contributions from employees or third parties to a defined benefit plan. The amendment is effective for annual periods beginning on or after July 1, 2014 with early application permitted. This change had no impact on the Fund’s reporting.

On December 12, 2013, the IASB issued Annual Improvements, which amended nine standards as follows:

- IFRS 1, *First-time Adoption of International Financial Reporting Standards* – providing a choice between applying existing IFRS or early adopting a new IFRS standard
- IFRS 2, *Share-based Payment* – providing definitions and guidance for awards issued with different vesting conditions
- IFRS 3, *Business Combinations* – providing guidance on accounting for contingent consideration in a business combination and scope exceptions for joint ventures
- IFRS 8, *Operating Segments* – requiring disclosures on the aggregation of operating segments and reconciliation of the total of the reportable segments’ assets to the entity’s assets

BOYD GROUP INCOME FUND

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2014 and September 30, 2015

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

- IFRS 13, *Fair Value Measurement* – providing guidance on measurement of short-term receivables and payables
- IAS 16, *Property, Plant and Equipment* – providing clarification on how accumulated depreciation should be calculated under the revaluation method
- IAS 24, *Related Party Disclosures* – requiring disclosure of payments to entities providing management services
- IAS 38, *Intangible Assets* – providing clarification on how accumulated depreciation should be calculated under the revaluation method
- IAS 40, *Investment Property* – providing clarification on the classification of property as investment property or owner-occupied property

These amendments were adopted by the Fund on January 1, 2015 with no impact on its financial statements.

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. 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. The Fund is currently evaluating the impact of adopting IFRS 15 on its financial statements.

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 is currently evaluating the impact of adopting IFRS 9 on its financial statements.

Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures (2011)* were issued by the IASB on September 11, 2014 to acknowledge inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments will be effective for annual periods commencing on or after January 1, 2016. The Fund is currently evaluating the impact of the amendments on its financial statements.

4. ACQUISITIONS

Effective January 2, 2015, the Company completed a transaction acquiring the assets of Craftmaster Auto Body Group, Inc. (“Craftmaster”), which owned and operated six collision repair locations in Florida. Funding for the transaction was a combination of seller financing and cash.

The Fund also completed 10 other acquisitions that added 14 locations during the nine month period related to its stated objective of growing through individual locations by between six and ten percent per year.

Acquisition Date	Location
April 10, 2015	Pittsburgh, Pennsylvania
May 1, 2015	Spokane Valley, Washington
June 12, 2015	Battle Creek, Michigan
July 13, 2015	Plainwell, Michigan
July 17, 2015	Salt Lake City, Utah (4 locations)
July 30, 2015	Mesa, Arizona
August 13, 2015	Highland Ranch, Colorado
August 20, 2015	Lake City, Florida
September 9, 2015	Jacksonville, North Carolina
September 22, 2015	Glenwood Springs, Colorado and Grand Junction, Colorado

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

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

Acquisitions in 2015	Craftmaster	Other acquisitions	Total
Identifiable net assets acquired at fair value:			
Cash	\$ 5	\$ -	\$ 5
Other current assets	259	722	981
Property, plant and equipment	1,727	6,655	8,382
Identified intangible assets			
Customer relationships	2,287	6,423	8,710
Brand name	235	126	361
Non-compete agreements	469	460	929
Liabilities assumed	(131)	(194)	(325)
Identifiable net assets acquired	\$ 4,851	\$ 14,192	\$ 19,043
Goodwill	3,828	6,796	10,624
Total purchase consideration	\$ 8,679	\$ 20,988	\$ 29,667
Consideration provided			
Cash paid or payable	\$ 7,037	\$ 16,725	\$ 23,762
Sellers notes	1,642	4,263	5,905
Total consideration provided	\$ 8,679	\$ 20,988	\$ 29,667

The preliminary purchase price for the 2015 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 balance sheet date.

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

Goodwill recognized during the period 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. Revenue contributed by Craftmaster since the acquisition was \$15,337. Net earnings contributed by Craftmaster since the acquisition was \$1,544.

Costs associated with acquisition and development activities are expensed as incurred. Included in acquisition, transaction and process improvement costs for the three months ended September 30, 2015 of \$614 (2014 - \$1,719) are process improvement costs of \$nil (2014 - \$979) and for the nine months ended September 30, 2015 of \$1,749 (2014 - \$4,859) are process improvement costs of \$nil (2014 - \$2,520).

Following the completion of the Collision Revision acquisition, an issue arose with respect to the seller's arrangements with a third party supplier to the acquired business. Costs related to this matter are recorded in acquisition, transaction and process improvement costs.

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

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*(thousands of Canadian dollars, except unit and per unit/share amounts)***5. PROPERTY, PLANT AND EQUIPMENT**

As at	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 89,264	\$ 63,925
Acquired through business combination	8,382	18,230
Additions	19,911	16,854
Proceeds on disposal	(241)	(2,437)
Gain on disposal	133	62
Depreciation	(12,830)	(13,405)
Foreign exchange	13,616	6,035
Balance, end of period	\$ 118,235	\$ 89,264

6. INTANGIBLE ASSETS

As at	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 112,053	\$ 60,756
Acquired through business combination	10,000	51,122
Additions	290	325
Amortization	(7,218)	(7,139)
Purchase price allocation adjustments within the measurement period	-	(1,034)
Foreign exchange	17,530	8,023
Balance, end of period	\$ 132,655	\$ 112,053

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Fund and the cost can be reliably measured.

The December 31, 2014 purchase price allocation adjustments represent balance sheet reclassifications between property, plant and equipment, customer relationships, brand name, goodwill and deferred income taxes within the acquisition measurement period for the Glass America, Inc. and HC Capital Group, Inc. acquisitions.

7. GOODWILL

As at	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 142,755	\$ 73,561
Acquired through business combination	10,624	63,506
Deferred tax liability (asset) on purchase price allocation adjustment	756	(4,495)
Purchase price allocation adjustments within the measurement period	(293)	1,011
Additional consideration provided	1,221	-
Foreign exchange	21,943	9,172
Balance, end of period	\$ 177,006	\$ 142,755

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In February 2015, additional consideration was provided to the sellers of Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. in order to allow the Fund to file an election that allows the transaction to be treated as an asset acquisition for U.S. federal income tax purposes, resulting in a stepped-up tax basis of the assets acquired.

The September 30, 2015 purchase price allocation adjustment represents balance sheet reclassifications between accounts payable and accrued liabilities, deferred income taxes and goodwill within the measurement period for the Collision Revision acquisition.

The December 31, 2014 purchase price allocation adjustments represent balance sheet reclassifications between property, plant and equipment, customer relationships, brand name, goodwill and deferred income taxes within the acquisition measurement period for the Glass America, Inc. and HC Capital Group, Inc. acquisitions.

8. DISTRIBUTIONS AND DIVIDENDS

The Fund's Trustees have discretion in declaring distributions and dividends. 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 (recorded as interest expense) were declared and paid as follows:

Record date	Payment date	Distribution per Unit /		
		Dividend per Share	Distribution amount	Dividend amount
January 31, 2015	February 25, 2015	\$ 0.0410	\$ 671	\$ 11
February 28, 2015	March 27, 2015	0.0410	671	11
March 31, 2015	April 28, 2015	0.0410	671	11
April 30, 2015	May 27, 2015	0.0410	670	10
May 31, 2015	June 26, 2015	0.0410	670	11
June 30, 2015	July 29, 2015	0.0410	671	11
July 31, 2015	August 26, 2015	0.0410	672	11
August 31, 2015	September 28, 2015	0.0410	671	11
September 30, 2015	October 28, 2015	0.0410	688	11
		\$ 0.3690	\$ 6,055	\$ 98

Record date	Payment date	Distribution per Unit /		
		Dividend per Share	Distribution amount	Dividend amount
January 31, 2014	February 26, 2014	\$ 0.0400	\$ 597	\$ 15
February 28, 2014	March 27, 2014	0.0400	597	15
March 31, 2014	April 28, 2014	0.0400	598	15
April 30, 2014	May 28, 2014	0.0400	597	15
May 31, 2014	June 26, 2014	0.0400	598	15
June 30, 2014	July 29, 2014	0.0400	598	15
July 31, 2014	August 27, 2014	0.0400	602	10
August 31, 2014	September 26, 2014	0.0400	602	11
September 30, 2014	October 29, 2014	0.0400	654	11
		\$ 0.3600	\$ 5,443	\$ 122

At September 30, 2015 there were 235,473 (December 31, 2014 – 239,911) exchangeable Class A shares outstanding with a carrying value of \$14,562 (December 31, 2014 – \$11,420).

BOYD GROUP INCOME FUND

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2014 and September 30, 2015

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During 2015, an expense in the amount of \$3,373 (September 30, 2014 - \$2,829) was recorded against earnings (loss) related to these exchangeable Class A shares. During the third quarter, an expense (recovery) in the amount of \$2,148 (2014 - (\$649)) was recorded to earnings (loss) related to these exchangeable Class A shares.

Further distributions and dividends were declared for the month of October 2015 in the amount of \$0.041 per unit.

9. LONG-TERM DEBT

On December 20, 2013, the Company entered into a new five year \$100,000 U.S. revolving credit facility, with an accordion feature which could increase the facility to a maximum of \$135,000 U.S. The facility was with a syndicate of Canadian and U.S. banks and was secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate was based on a pricing grid of the Fund's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company could draw the facility in either the U.S or in Canada, in either U.S or Canadian dollars and could be drawn in tranches as required. Tranches bore interest only and were not repayable until the maturity date but could be voluntarily repaid at any time. The Company had the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility included a swing line up to a maximum of \$3,000 in Canada and \$7,000 in the U.S.

Under the revolving facility Boyd was subject to certain financial covenants which had to be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants required the Fund to maintain a total debt to EBITDA ratio of less than 4.0, a senior debt to EBITDA ratio of less than 3.5 up to December 31, 2016 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. The debt calculations excluded the convertible debentures.

On July 23, 2015, the Company entered into an amended and restated credit agreement for a term of five years, increasing the revolving credit facility to \$150,000 U.S., with an accordion feature which can increase the facility to a maximum of \$250,000 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 and can be drawn 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 \$3,000 in Canada and \$12,000 in the U.S.

Under the revolving facility Boyd is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt to EBITDA ratio of less than 4.25; a senior debt to EBITDA ratio of less than 3.5 up to December 31, 2016 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, the senior debt to EBITDA ratio may be increased to less than 4.0 up to December 31, 2016 and increased to less than 3.75 thereafter. The debt calculations exclude the convertible debentures. As at September 30, 2015, the Fund did not have any draws outstanding against this facility and was in compliance with all financial covenants.

Deferred financing costs of \$1,010 were incurred in 2013 to complete the new facility and had been recorded as a deferred cost until the debt was drawn. These costs were amortized to finance costs on a straight-line basis until July 23, 2015 when the amended and restated credit agreement was signed. At that time, the unamortized deferred financing costs of \$726 were recorded as finance costs. Financing costs of \$356 incurred to complete the amended and restated credit agreement have been deferred. These deferred financing costs will be netted against the debt, when drawn. These fees are amortized to finance costs on a straight line basis over the five year term of the amended and restated credit agreement.

Seller notes payable of \$48,373 U.S. on the financing of certain acquisitions are unsecured, at interest rates ranging from 4% to 8%. The notes are repayable from October 2015 to January 2027 in the same currency as the related note.

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

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Long-term debt is comprised of the following:

As at	September 30, 2015	December 31, 2014
Seller notes	\$ 64,790	\$ 56,598
Current portion	9,131	7,645
	\$ 55,659	\$ 48,953

The following is the continuity of long-term debt for the period ended September 30, 2015:

As at	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 56,598	\$ 27,129
Consideration on acquisition	5,905	31,446
Net draw	-	85,395
Repayment	(6,443)	(91,748)
Foreign exchange	8,730	4,376
	\$ 64,790	\$ 56,598

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

Principal Payments	September 30, 2015	December 31, 2014
Less than 1 year	\$ 9,131	\$ 7,645
1 to 5 years	32,232	25,761
Greater than 5 years	23,427	23,192
	\$ 64,790	\$ 56,598

10. CONVERTIBLE DEBENTURES

On December 19, 2012, the Fund issued \$30,000 aggregate principal amount of convertible unsecured subordinated debentures due December 31, 2017 (the “Debentures”) with a conversion price of \$23.40. On December 24, 2012, as allowed under the provisions of the agreement to issue the Debentures, the underwriters purchased an additional \$4,200 aggregate principal amount of Debentures increasing the aggregate proceeds of the Debenture Offering to \$34,200.

The Debentures bear interest at an annual rate of 5.75% 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 December 31, 2015 provided that certain thresholds are met surrounding the weighted average market price of the trust units at that time. On redemption or maturity, the Debentures may at the option of the Fund be repaid in cash or subject to regulatory approval, units of the Fund. See *note 20*.

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

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Upon issuance, the Debentures were bifurcated with \$2,009 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. Transactions costs of \$2,003 were incurred in relation to issuance of the Debentures, which included the underwriter's fee and other expenses of the offering. Details of the Debentures carrying value are as follows:

As at	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 31,617	\$ 30,971
Adjusted for:		
Accretion charges	610	705
Conversion to Fund units	(9,920)	(59)
Balance, end of period	\$ 22,307	\$ 31,617

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.

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. Details of the 2014 Debentures carrying value are as follows:

As at	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 50,047	\$ -
Proceeds of offering	-	57,500
Adjusted for:		
Transaction costs	-	(2,774)
Expensed transaction costs attributable to conversion feature	-	243
Net proceeds on offering	\$ 50,047	\$ 54,969
Adjusted for:		
Fair value of conversion feature	-	(5,124)
Accretion charges	650	202
Balance, end of period	\$ 50,697	\$ 50,047

During 2015, an expense in the amount of \$26,142 (September 30, 2014 – \$9,644) was recorded to earnings (loss) related to these convertible debentures. During the third quarter, an expense (recovery) in the amount of \$17,956 (2014 – (\$3,465)) was recorded to earnings (loss) related to these convertible debentures.

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

For the three and nine months ended September 30, 2014 and September 30, 2015

*(thousands of Canadian dollars, except unit and per unit/share amounts)***11. FAIR VALUE ADJUSTMENTS**

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Convertible debenture conversion features	\$ 17,956	\$ (3,465)	\$ 26,142	\$ 9,644
Exchangeable Class A common shares	2,148	(649)	3,373	2,829
Unit based payment obligation	5,523	(558)	9,649	5,023
Non-controlling interest put options	3,228	972	6,973	3,742
Total fair value adjustments	\$ 28,855	\$ (3,700)	\$ 46,137	\$ 21,238

12. FINANCIAL INSTRUMENTS**Carrying value and estimated fair value of financial instruments**

	Classification	Fair value hierarchy	September 30, 2015		December 31, 2014	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	FVTPL ⁽¹⁾	1	61,097	61,097	57,510	57,510
Financial liabilities						
2012 convertible debenture	Other financial liabilities	2	22,307	62,598	31,617	69,969
2012 convertible debenture conversion feature	FVTPL ⁽¹⁾	2	38,409	38,409	33,920	33,920
2014 convertible debenture	Other financial liabilities	2	50,697	67,384	50,047	50,047
2014 convertible debenture conversion feature	FVTPL ⁽¹⁾	2	13,839	13,839	7,955	7,955
Exchangeable Class A common shares	FVTPL ⁽¹⁾	1	14,562	14,562	11,420	11,420
Non-controlling interest put options	FVTPL ⁽¹⁾	3	33,322	33,322	23,230	23,230

(1) Fair Value Through Profit or Loss

For the Fund's current financial assets and liabilities, including accounts receivable, notes receivable and accounts payable and accrued liabilities, 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 balance sheet 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 2012 and 2014 convertible debenture conversion features is estimated using a Black-Scholes valuation model with the following assumptions used: stock price \$61.84, dividend yield 1.16%, expected volatility 26.34%, risk free interest rates of 0.43% and 1.12% respectively, terms of two and six years respectively. 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.

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

The Company's revolving credit facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at September 30, 2015 was approximately \$135,318 (December 31, 2014 - \$113,800).

Non-controlling interest put option

On May 31, 2013, the Fund entered into an agreement whereby Glass America contributed its auto-glass business to Gerber Glass in exchange for shares representing a 30% ownership interest in a new combined Glass America entity. The agreement contains a put option, which provides the non-controlling interest with the right to require the Fund to purchase their retained interest according to a valuation formula defined in the agreement. The put option can be settled in either cash or units of the Fund, at the option of the Fund. All changes in the estimated liability are recorded in earnings (loss). The put option became exercisable on June 1, 2015.

On May 31, 2013, in connection with the acquisition of Glass America, the Fund entered into an agreement that 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 shareholder that provided the shareholder an option to put the business back to the Fund according to a valuation formula defined in the agreement. The put option is restricted until December 1, 2016 and is exercisable anytime thereafter by the glass-business operating partner. The put option may be exercised before December 1, 2016 upon the occurrence of certain unusual events such as a change of control or resignation of the operating partner. All fair value changes in the estimated liability are recorded in earnings (loss).

The liability recognized in connection with both put options has been calculated using formulas defined in the agreements. The formula for the Glass America put is based on a multiple of EBITDA for the trailing twelve months. The formula for the Gerber Glass put is based on multiples of estimated future earnings of the combined Gerber Glass and 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 between one and three years at a probability weighted estimated EBITDA level of approximately \$9,000 USD using a discount rate of 9.6%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

The liability for non-controlling interest put options comprises the following:

As at	September 30, 2015	December 31, 2014
Glass-business operating partner non-controlling interest put option	\$ 8,169	\$ 6,510
Glass America non-controlling interest put option	25,153	16,720
	\$ 33,322	\$ 23,230
Current portion (<i>note 19</i>)	25,153	16,720
	\$ 8,169	\$ 6,510

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

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

	September 30, 2015		December 31, 2014	
	Glass-business operating partner	Glass America non-controlling interest	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	\$ 6,510	\$ 16,720	\$ 4,999	\$ 15,341
Year-to-date statement of earnings (loss) fair value adjustments	604	6,369	1,004	936
Payment to non-controlling interests	-	(770)	-	(1,066)
Foreign exchange	1,055	2,834	507	1,509
Balance, end of period	\$ 8,169	\$ 25,153	\$ 6,510	\$ 16,720

During 2015, an expense in the amount of \$6,973 (September 30, 2014 – \$3,742) was recorded to earnings (loss) related to these non-controlling interest put options. During the third quarter, an expense in the amount of \$3,228 (2014 – \$972) was recorded to earnings (loss) related to these non-controlling interest put options.

13. UNIT BASED PAYMENT OBLIGATIONS

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

Issue Date	Number of Units	Exercise Price	Expiry Date	September 30, 2015	December 31, 2014
				Fair Value	Fair Value
January 11, 2006	200,000	\$ 1.91	January 11, 2016	\$ 11,616	\$ 8,061
January 2, 2008	150,000	\$ 2.70	January 2, 2018	6,833	4,590
January 2, 2009	150,000	\$ 3.14	January 2, 2019	6,091	4,064
January 2, 2010	150,000	\$ 5.41	January 2, 2020	5,302	3,478
				\$ 29,842	\$ 20,193
Current portion				11,616	-
				\$ 18,226	\$ 20,193

The fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price \$61.84, dividend yield 1.16% and expected volatility 26.34% (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 11, 2006 issuance - 0.57%, January 2, 2008 issuance - 0.44%, January 2, 2009 issuance - 0.50%, January 2, 2010 issuance - 0.68%.

During 2015, an expense in the amount of \$9,649 (September 30, 2014 – \$5,023) was recorded to earnings (loss) related to these unit based payment obligations. During the third quarter, an expense (recovery) in the amount of \$5,523 (2014 – (\$558)) was recorded to earnings (loss) related to these unit based payment obligations.

On September 24, 2015, certain key executives provided irrevocable notice that the options issued January 11, 2006 would be exercised, which will result in the issuance of 200,000 units at an exercise price of \$1.91 on January 11, 2016.

BOYD GROUP INCOME FUND

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2014 and September 30, 2015

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

14. CAPITAL

Unitholders' Capital

Authorized:

Unlimited number of trust units

An unlimited number of units are authorized and may be issued pursuant to the Declaration of Trust. All units are of the same class with equal rights and privileges. Each unit is redeemable and transferable. A unit entitles the holder thereof to participate equally in distributions, including the distributions of net earnings and net realized capital gains of the Fund and distributions on termination or winding-up of the Fund, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of unitholders for each unit held.

During 2015, the Fund converted \$9,920 of 2012 convertible debentures into units of the Fund at an exercise price of \$23.40, resulting in the issuance of 423,928 trust units. Based on the market value at time of conversion, this resulted in an increase to unitholders' capital of \$25,688.

15. CAPITAL STRUCTURE

The Fund's and Company's objective when managing capital is to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk. The Fund includes in its definition of capital: equity, long-term debt, convertible debentures, convertible debenture conversion features, exchangeable Class A shares, non-controlling interest put options, unit based payment obligations, obligations under finance leases, net of cash.

The Fund and Company manage the capital structure and make adjustments to it by taking into account changing economic conditions, operating performance and growth opportunities. In order to maintain or adjust the capital structure, the Fund or Company may adjust the amount of distributions and dividends it pays, purchase units for cancellation pursuant to a normal course issuer bid, issue new units, exchange Class A shares, issue new debt or replace existing debt with different characteristics, issue convertible debentures, issue unit options, expand the revolver, increase or decrease its obligations under finance lease, pursue alternative structuring of acquisitions, trigger call options on certain acquisition obligations, or settle certain acquisition obligations using a greater amount of cash or units.

The Company monitors capital on a number of bases, including a fixed charge coverage ratio, total debt to Adjusted EBITDA ratios, return on invested capital, a debt to capital ratio, a current ratio, its adjusted distributable cash payout ratio, diluted earnings (loss) per unit and distributions per unit. The fixed charge coverage ratio is the ratio of Adjusted EBITDA, adding back rental expense, less unfunded capital expenditures, less income tax expense, less dividends and distributions to debt, rental expense and capital lease payments. Total debt to Adjusted EBITDA is calculated as the Company's total debt and capital leases but excluding convertible debentures divided by Adjusted EBITDA. Return on invested capital is the ratio of Adjusted EBITDA to average invested capital. Adjusted EBITDA is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations. The distributable cash payout ratio is calculated by dividing the distributions paid during the period by adjusted distributable cash. Adjusted distributable cash is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations.

The Fund's strategy has been to monitor and adjust its distributions in order to maintain a strong statement of financial position and improve its cash position and financial flexibility. In addition, the Fund believes that, from time to time, the market price of the units may not fully reflect the underlying value of the units and that at such times the purchase of units would be in the best interest of the Fund. Such purchases increase the proportionate ownership interest of all remaining unitholders.

The Company grows, in part, through the acquisition or start-up of collision and glass repair and replacement businesses, or other businesses. Sources of capital that the Company has been successful at accessing in the past include public and private equity placements, convertible debt offerings, the use of equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, capital lease financing, seller financing and both senior and subordinate debt facilities or by deferring possible future purchase price payments using contingent consideration and call or put options.

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

For the three and nine months ended September 30, 2014 and September 30, 2015

*(thousands of Canadian dollars, except unit and per unit/share amounts)***16. SEASONALITY**

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

17. SEGMENTED REPORTING

The Fund has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, IFRS requires the Fund to provide geographical disclosure. For the years 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.

Revenues	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Canada	\$ 19,779	\$ 19,837	\$ 61,697	\$ 60,359
United States	281,297	198,250	799,875	544,185
	\$ 301,076	\$ 218,087	\$ 861,572	\$ 604,544
Reportable Assets			September 30,	December 31,
As at			2015	2014
Canada			\$ 16,647	\$ 15,993
United States			\$ 411,249	327,869
			\$ 427,896	\$ 343,862

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

For the three and nine months ended September 30, 2014 and September 30, 2015

*(thousands of Canadian dollars, except unit and per unit/share amounts)***18. (LOSS) EARNINGS PER UNIT**

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net (loss) earnings	\$ (19,479)	\$ 8,361	\$ (19,258)	\$ (4,505)
Less:				
2014 convertible debentures	-	10	-	-
2012 convertible debentures	-	(3,163)	-	-
Exchangeable class A shares	-	(616)	-	-
Unit options	-	(558)	-	-
Net (loss) earnings - diluted basis	\$ (19,479)	\$ 4,034	\$ (19,258)	\$ (4,505)
Basic weighted average number of units	16,376,313	15,076,367	16,365,297	14,985,249
Add:				
2014 convertible debentures	-	936,482	-	-
2012 convertible debentures	-	1,458,590	-	-
Exchangeable class A shares	-	269,025	-	-
Unit options	-	588,694	-	-
Average number of units outstanding - diluted basis	16,376,313	18,329,158	16,365,297	14,985,249
Basic (loss) earnings per unit	\$ (1.189)	\$ 0.555	\$ (1.177)	\$ (0.301)
Diluted (loss) earnings per unit	\$ (1.189)	\$ 0.220	\$ (1.177)	\$ (0.301)

Convertible debentures, exchangeable class A shares, unit options and the non-controlling interest put options are instruments that could potentially dilute basic earnings (loss) per unit. These items were not included in the calculation of diluted earnings (loss) per unit for the periods ended September 30, 2015 because they are anti-dilutive for these periods.

19. COMPARATIVE FIGURES

The Fund has reclassified from the comparative period \$16,720 of the non-controlling interest put options to current liabilities.

20. SUBSEQUENT EVENTS

On November 6, 2015, the Fund announced that on January 5, 2016 it intends to redeem in full all of the then outstanding 5.75% Convertible Unsecured Subordinated Debentures due December 31, 2017 in accordance with the provisions of the trust indenture dated as of December 19, 2012.