



BOYD GROUP INCOME FUND

INTERIM REPORT TO UNITHOLDERS

Third Quarter and Nine Months Ended September 30, 2018

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To our Unitholders,

In the third quarter of 2018, we were pleased to once again deliver consistent positive results as well as an increase in new location growth compared to prior quarters despite the continued challenge of tight labour markets. The Fund successfully delivered meaningful increases in revenue, which was in line with our growth goal, as well as meaningful increases in same-store sales, Adjusted EBITDA¹ and Adjusted net earnings¹. We are also pleased to note that, subsequent to quarter-end, we substantially completed our investment and training for company-wide diagnostic repair scanning technology.

Thus far in 2018, we have added 47 locations, including four intake centers and entered into the states of Alabama, Missouri Texas and Wisconsin. This new location growth is in line with our strategy of doubling the size of our business by 2020. Our corporate development team continues to have a healthy pipeline of targets and we remain confident that we will achieve our long-term growth goal.

Total sales for the quarter were \$459.6 million, a 17.3% increase over the \$391.9 million achieved in the third quarter of 2017. The 49 locations added since July 1, 2017 generated \$35.5 million in incremental sales. Same-store sales, excluding foreign exchange, increased by \$19.1 million or 4.9%. Our glass business had same-store sales gains this quarter and contributed to the same-store sales increase. Normalizing for the impact of hurricanes in the comparative period, same-store sales increased 3.6%. Continuing strong demand along with solid operational execution allowed us to overcome the risk we saw at the start of the quarter in terms of lower same-store sales growth compared to the second quarter. A higher quarter over quarter U.S. dollar foreign exchange rate also positively impacted sales by \$14.7 million.

In the third quarter of 2018, Adjusted EBITDA¹ grew to \$41.2 million, or 9.0% of sales, compared with \$35.6 million, or 9.1% of sales in the prior year. Contributions from new locations, same-store sales growth and foreign exchange contributed to the 15.9% increase. Boyd's investment in enhanced benefit programs continues to have a near-term impact on EBITDA margins.

Boyd had net earnings of \$16.6 million in the third quarter of 2018, compared to \$19.8 million in the same quarter of 2017. Impacting net earnings were fair value adjustments to financial instruments as a result of unit price increases in the quarter as well as acquisition and transaction costs (net of tax), which reduced net earnings by \$3.8 million. In the third quarter of 2017, these same adjustments, along with an adjustment for the accelerated amortization of the discount on convertible debt (net of tax) amounted to an increase in net earnings of \$7.3 million. After adjusting for fair value and other unusual items, Adjusted net earnings¹ for the third quarter of 2018 was \$20.4 million or 4.4% of sales. This compares to adjusted net earnings¹ of \$12.5 million or 3.2% of sales in 2017. This translated to adjusted net earnings¹ of \$1.04 per unit, compared to \$0.67 in the third quarter of 2017. Lower taxes due to the U.S. tax rate decrease from approximately 39% to 26% and lower finance costs due to the redemption of convertible debentures in 2017 were major factors in higher earnings.

The Fund generated adjusted distributable cash¹ of \$8.0 million and paid distributions and dividends of \$2.6 million in the third quarter of 2018, resulting in a payout ratio based on adjusted distributable cash¹ of 33.0%. This compares with adjusted distributable cash¹ of \$6.5 million and distributions and dividends paid of \$2.4 million, resulting in a payout ratio of 37.2% a year ago. On a trailing twelve-month basis, the Fund's payout ratio stands at 7.6%.

¹ EBITDA, Adjusted EBITDA, distributable cash, adjusted distributable cash, adjusted net earnings and adjusted net earnings per unit are not recognized measures under International Financial Reporting Standards ("IFRS"). Management believes that in addition to revenue, net earnings and cash flows, the supplemental measures of distributable cash, adjusted distributable cash, adjusted net earnings, adjusted net earnings per unit, EBITDA and Adjusted EBITDA are useful as they provide investors with an indication of earnings from operations and cash available for distribution, both before and after debt management, productive capacity maintenance and non-recurring and other adjustments. Investors should be cautioned, however, that EBITDA, Adjusted EBITDA, distributable cash, adjusted distributable cash, adjusted net earnings and adjusted net earnings per unit should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Fund's performance. Boyd's method of calculating these measures may differ from other public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how the Fund's non-GAAP measures are calculated, please refer to the Fund's MD&A filing for the period ended September 30, 2018, which can be accessed via the SEDAR Web site (www.sedar.com).

Based on continued growth and the strength of our business, the Board of Trustees has announced a 2.3% increase in distributions to \$0.540 per unit, on an annualized basis, effective this November. This is the 11th consecutive year that we have increased distributions to our unitholders.

With respect to the balance sheet, the Fund held total debt, net of cash, of \$182.2 million, compared to \$174.9 million at June 30, 2018, \$214.9 million at March 31, 2018 and \$219.1 million at December 31, 2017. Cash flow from operations, before considering working capital changes, was \$32.5 million for the three months ended September 30, 2018 compared with \$27.7 million for the same period in 2017. The increase reflects higher Adjusted EBITDA. Management believes that the Fund's capital resources are sufficient to meet growth, working capital, capital expenditure and distribution requirements.

We remain confident in our ability to achieve our long-term goal of doubling our business by 2020, compared to 2015 on a constant currency basis. We are well-positioned to take advantage of the industry trends of consolidation and have ample "dry powder" with over \$400 million in cash and availability in our credit facility to act on opportunities.

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

Sincerely,

(signed)

Brock Bulbuck
Chief Executive Officer

SIGNIFICANT EVENTS

On January 2, 2018, the Fund completed the settlement of the unit options issued on January 2, 2008. As a result of the settlement, 150,000 units were issued at an exercise price of \$2.70. The fair value of the unit options at settlement was \$14.7 million.

On September 15, 2018, certain key executives provided irrevocable notice that the unit options issued to executives on January 2, 2009 would be exercised, which will result in the issuance of 150,000 units at an exercise price of \$3.14 between November 14, 2018 and January 2, 2019.

The Fund added 47 new collision locations since January 1, 2018 as follows:

Date	Location	Previously operated as
January 12, 2018	Lawrenceville, GA	n/a start-up
January 19, 2018	Collier County, FL (2 locations)	Autocraft Enterprises and Autocraft Naples
January 31, 2018	Sudbury, ON (4 locations)	Regent Autobody
February 20, 2018	Falcon, CO	Falcon Collision Center
February 23, 2018	Dallas, TX (3 locations)	Earth Collision Center
April 17, 2018	Seattle, WA (3 locations)	Professional Collision Group
May 1, 2018	Schaumburg, IL	n/a intake center
May 8, 2018	Merrillville, IN	n/a intake center
May 18, 2018	Alexandria, LA	Kyle's Collision Center
May 25, 2018	Atlanta, GA (2 locations)	Cherokee Collision Center
May 28, 2018	Bradford, ON	Chico's Collision
June 1, 2018	Orland Park, IL	n/a intake center
June 8, 2018	Chicago, IL	Brown's Auto Construction
June 27, 2018	Elk Grove Village, IL	Owner's Choice Collision
July 3, 2018	Aurora, ON	GaryRay Collision
July 6, 2018	Brunswick, OH	Shade's Auto Body
July 9, 2018	Nanaimo, BC	Stone Bros. Auto Body and Auto Wrecking
July 10, 2018	Elkhart, IN	Duncan RV Repair
August 3, 2018	Bessemer & Birmingham, AL	C&M Collision Center
August 3, 2018	Kenosha, WI	Jay-Bee Collision Repair Center
September 21, 2018	Dundas, ON	Terry's Autobody
September 27, 2018	Lafayette, LA	n/a start-up
October 10, 2018	Kennewick, WA	SonShine Collision Services
October 10, 2018	Springfield, IL	Dick Taylor Collision Services
October 10, 2018	Jacksonville, FL	n/a intake center
October 12, 2018	Saskatoon, SK (2 locations)	Nutana Collision
October 15, 2018	Turtle Creek, PA	Johnny Mock's Auto Body Shop
October 15, 2018	Brownsburg & Greenwood, IN	Golden Chassis
November 1, 2018	Kansas City, MO (5 locations)	A&B Body Shop, Inc.
November 1, 2018	Verona, PA	n/a start-up
November 5, 2018	LaGrange, GA	n/a start-up

OUTLOOK

Boyd continues to execute on its growth strategy. During 2018, the Company has added 47 locations, while at the same time achieving organic growth through same-store sales increases of 4.0%.

Looking forward, the Company will continue to pursue accretive growth through a combination of organic growth (same-store sales growth) as well as acquisitions and new store development. Acquisitions will include both single location acquisitions as well as multi-location acquisitions. Combined, this strategy is expected to double the size of the business and revenues (on a constant currency basis) during the five-year period ending in 2020, implying an average annual growth rate

of 15%. With prudent financial management and its strong balance sheet, Boyd is also well-positioned to take advantage of large acquisition opportunities, should they arise, which could accelerate the time frame to double its size. It is expected that this growth can be achieved while continuing to be disciplined and selective in the identification and assessment of all acquisition opportunities.

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

Technician shortage is an ongoing issue that will take time to stabilize. Adding to the recruitment, retention and apprenticeship initiatives put in place in 2017, the Company has rolled out enhancements to benefits for U.S. employees that will be funded by a portion of the tax savings to be realized from U.S. Tax Reform.

With respect to the trade dispute which began earlier in 2018, based on currently available information and tariffs announced to date, there should be minimal impact, if any, on Boyd’s business.

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 13, 2018, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund’s 2017 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 generating growth sufficient to double the size of the business over the five-year period ending in 2020	<p>Acquisition opportunities continue to be available and are at acceptable and accretive prices</p> <p>Financing options continue to be available at reasonable rates and on acceptable terms and conditions</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>Anticipated operating results would be accretive to overall Company results</p> <p>Growth is defined as revenue on a constant currency basis</p>	<p>Acquisition market conditions change and repair shop owner demographic trends change</p> <p>Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies</p> <p>Changes in market conditions and operating environment</p> <p>Significant declines in the number of insurance claims</p> <p>Integration of new stores is not accomplished as planned</p> <p>Increased competition which prevents achievement of acquisition and revenue goals</p>

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
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>
In 2018, the Company expects to make capital expenditures (excluding those related to acquisition and development of new locations) within the range of 1.6% to 1.8% of sales	<p>The actual cost for these capital expenditures agrees with the original estimate</p> <p>The purchase, delivery and installation of the capital items is consistent with the estimated timeline</p> <p>No other new capital requirements are identified or required during the period</p>	<p>Expected actual expenditures could be beyond 1.6% to 1.8% of sales</p> <p>The timing of the expenditures could occur on a different timeline</p> <p>The Fund may identify additional capital expenditure needs that were not originally anticipated</p>

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

NON-GAAP FINANCIAL MEASURES

EBITDA AND ADJUSTED EBITDA

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

The CPA's Canadian Performance Reporting Board defined standardized EBITDA to foster comparability of the measure between entities. Standardized EBITDA represents an indication of an entity's capacity to generate income from operations before taking into account management's financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and management's estimate of their useful life. Accordingly, standardized EBITDA comprises sales less operating expenses before finance costs, capital asset amortization and impairment charges, and income taxes. Adjusted EBITDA is calculated to exclude items of an unusual nature that do not reflect normal or ongoing operations of the Fund and which should not be considered in a valuation metric or should not be included in assessment of ability to service or incur debt. Included in this category of adjustments are the fair value adjustments to exchangeable Class A common shares, the fair value adjustments to unit based payment obligations, the fair value adjustments to convertible debenture conversion features and the fair value adjustments to the non-controlling interest put options and call liability. These items are adjustments that did not have any cash impact on the Fund. Also included as an adjustment to EBITDA are acquisition and transaction costs which do not relate to the current operating performance of the business units but are typically costs incurred to expand operations. From time to time, the Fund may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

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

ADJUSTED EBITDA

<i>(thousands of Canadian dollars)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net earnings	\$ 16,571	\$ 19,835	\$ 47,735	\$ 35,268
Add:				
Finance costs	2,452	8,199	7,372	13,713
Income tax expense	4,780	7,933	17,864	23,130
Depreciation of property, plant and equipment	8,969	6,918	24,793	19,631
Amortization of intangible assets	4,421	4,268	12,924	9,930
Standardized EBITDA	\$ 37,193	\$ 47,153	\$ 110,688	\$ 101,672
Add:				
Fair value adjustments	3,326	(12,262)	13,460	867
Acquisition and transaction costs	684	670	1,672	1,286
Adjusted EBITDA	\$ 41,203	\$ 35,561	\$ 125,820	\$ 103,825

ADJUSTED NET EARNINGS

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

<i>(thousands of Canadian dollars, except per unit amounts)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net earnings	\$ 16,571	\$ 19,835	\$ 47,735	\$ 35,268
Add:				
Accelerated amortization of discount on convertible debt (net of tax)	-	4,491	-	4,491
Fair value adjustments (non-taxable)	3,326	(12,262)	13,460	867
Acquisition and transaction costs (net of tax)	506	409	1,237	784
Adjusted net earnings	\$ 20,403	\$ 12,473	\$ 62,432	\$ 41,410
Weighted average number of units	19,671,303	18,597,708	19,667,668	18,245,027
Adjusted net earnings per unit	\$ 1.037	\$ 0.671	\$ 3.174	\$ 2.270

Distributions and Distributable Cash

Distributions to unitholders and dividends to the BGHI shareholders were declared and paid as follows:

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

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>				
Record date	Payment date	Distribution per Unit / Dividend per Share	Distribution amount	Dividend amount
January 31, 2017	February 24, 2017	\$ 0.0430	\$ 776	\$ 10
February 28, 2017	March 29, 2017	0.0430	777	10
March 31, 2017	April 26, 2017	0.0430	777	10
April 30, 2017	May 29, 2017	0.0430	777	10
May 31, 2017	June 28, 2017	0.0430	777	10
June 30, 2017	July 27, 2017	0.0430	777	10
July 31, 2017	August 29, 2017	0.0430	800	10
August 31, 2017	September 27, 2017	0.0430	801	10
September 30, 2017	October 27, 2017	0.0430	801	10
		\$ 0.3870	\$ 7,063	\$ 90

Maintaining Productive Capacity

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

For 2018, due to the fast evolving collision repair market, the Company expects to make cash capital expenditures (excluding those related to acquisition and development of new locations) within the range of 1.6% and 1.8% of sales. Emerging vehicle technologies requiring new, specialized repair equipment, as well as evolving information technology needs will again contribute to this higher level of budgeted spend for 2018. These proactive investments will position the Company to meet anticipated market needs.

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

Non-recurring and Other Adjustments

Non-recurring and other adjustments may include, but are not limited to, post closure environmental liabilities, restructuring costs and acquisition and transaction costs. Management is not currently aware of any environmental remediation requirements. Acquisition and transaction costs are added back to distributable cash as they occur.

Debt Management

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

The following is a standardized and adjusted distributable cash calculation for 2018 and 2017:

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,	
	2018	2017	2018	2017
Cash flow from operating activities before changes in non-cash working capital items	\$ 32,464	\$ 27,659	\$ 101,986	\$ 77,908
Changes in non-cash working capital items	(15,872)	(13,865)	11,442	(7,309)
Cash flows from operating activities	16,592	13,794	113,428	70,599
Less adjustment for:				
Sustaining expenditures on plant, software and equipment ⁽²⁾	(8,467)	(6,942)	(17,307)	(15,017)
Standardized distributable cash	\$ 8,125	\$ 6,852	\$ 96,121	\$ 55,582
Standardized distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.409	\$ 0.364	\$ 4.833	\$ 3.009
Per diluted unit and Class A common share ⁽⁵⁾	\$ 0.405	\$ 0.337	\$ 4.791	\$ 2.973
Standardized distributable cash from above	\$ 8,125	\$ 6,852	\$ 96,121	\$ 55,582
Add (deduct) adjustments for:				
Acquisition and transaction costs ⁽³⁾	684	670	1,672	1,286
Proceeds on sale of equipment and software	150	104	503	363
Principal repayments of finance leases ⁽⁴⁾	(999)	(1,082)	(2,978)	(3,460)
Payment to non-controlling interest ⁽⁶⁾	-	(81)	-	(221)
Adjusted distributable cash	\$ 7,960	\$ 6,463	\$ 95,318	\$ 53,550
Adjusted distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.400	\$ 0.343	\$ 4.792	\$ 2.899
Per diluted unit and Class A common share ⁽⁵⁾	\$ 0.397	\$ 0.318	\$ 4.751	\$ 2.864
Distributions and dividends paid				
Unitholders	\$ 2,597	\$ 2,378	\$ 7,782	\$ 7,039
Class A common shareholders	29	29	88	88
Total distributions and dividends paid	\$ 2,626	\$ 2,407	\$ 7,870	\$ 7,127
Distributions and dividends paid				
Per unit	\$ 0.132	\$ 0.129	\$ 0.396	\$ 0.387
Per Class A common share	\$ 0.132	\$ 0.129	\$ 0.396	\$ 0.387
Payout ratio based on standardized distributable cash	32.3%	35.1%	8.2%	12.8%
Payout ratio based on adjusted distributable cash	33.0%	37.2%	8.3%	13.3%

⁽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 2018 the Company acquired a further \$2.5 million (2017 - \$1.7 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.

- (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 distributed cash.
- (5) Per diluted unit and Class A common share amounts have been calculated in accordance with definitions of dilution and antidilution contained in IAS 33, *Earnings per Share*. Diluted distributable cash amounts will differ from average distributable cash amounts on a per unit basis if earnings per unit calculations show a dilutive impact.
- (6) The transfer of cash during the period to the external partners of Glass America, associated with the taxable income and tax liabilities being allocated to them.

RESULTS OF OPERATIONS

Results of Operations <i>(thousands of Canadian dollars, except per unit amounts)</i>	For the three months ended September 30,			For the nine months ended September 30,		
	2018	% change	2017	2018	% change	2017
Sales - Total	459,564	17.3	391,933	1,369,482	18.6	1,154,829
Same-store sales - Total (excluding foreign exchange)	407,031	4.9	387,917	1,131,663	4.0	1,087,830
Gross margin %	45.4	(0.7)	45.7	45.5	(0.9)	45.9
Operating expense %	36.5	(0.3)	36.6	36.3	(1.6)	36.9
Adjusted EBITDA ⁽¹⁾	41,203	15.9	35,561	125,820	21.2	103,825
Acquisition and transaction costs	684	2.1	670	1,672	30.0	1,286
Depreciation and amortization	13,390	19.7	11,186	37,717	27.6	29,561
Fair value adjustments	3,326	N/A	(12,262)	13,460	N/A	867
Finance costs	2,452	(70.1)	8,199	7,372	(46.2)	13,713
Income tax expense	4,780	(39.7)	7,933	17,864	(22.8)	23,130
Adjusted net earnings ⁽¹⁾	20,403	63.6	12,473	62,432	50.8	41,410
Adjusted net earnings per unit ⁽¹⁾	1.037	54.5	0.671	3.174	39.8	2.270
Net earnings	16,571	(16.5)	19,835	47,735	35.3	35,268
Basic earnings per unit	0.842	(21.1)	1.067	2.427	25.6	1.933
Diluted earnings per unit	0.752	89.9	0.396	2.379	48.9	1.598
Standardized distributable cash ⁽¹⁾	8,125	18.6	6,852	96,121	72.9	55,582
Adjusted distributable cash ⁽¹⁾	7,960	23.2	6,463	95,318	78.0	53,550
Distributions and dividends paid	2,626	9.1	2,407	7,870	10.4	7,127

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

3rd Quarter Comparison – Three months ended September 30, 2018 vs. 2017

Sales

Sales totaled \$459.6 million for the three months ended September 30, 2018, an increase of \$67.6 million or 17.3% when compared to 2017. The increase in sales was the result of the following:

- \$35.5 million of incremental sales were generated from 49 new locations
- Same-store sales excluding foreign exchange increased \$19.1 million or 4.9%, and increased a further \$14.7 million due to the translation of same-store sales at a higher U.S. dollar exchange rate. Normalizing for the impact of hurricanes in the third quarter of 2017, same-store sales increased 3.6% in the third quarter of 2018. The increase in same-store sales percentage was positively impacted by approximately 1.0 percentage point due to same-store sales gains in the Glass business.

- Sales were affected by the closure of under-performing facilities which decreased sales by \$1.7 million

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

Gross Profit

Gross Profit was \$208.7 million or 45.4% of sales for the three months ended September 30, 2018 compared to \$178.9 million or 45.7% of sales for the same period in 2017. Gross profit increased primarily as a result of higher sales due to acquisition and same-store sales growth compared to the prior period. The gross margin percentage is primarily impacted by a higher mix of collision sales in relation to glass sales and, within collision sales, a higher mix of parts sales in relation to labour. Labour margins declined slightly due to both the higher direct labour costs associated with new location integration and ramp-up as well as the competitive labour market. Improved parts margins partially offset these negative impacts. The gross margin percentage changes are within normal ranges for mix and margin changes period to period.

Operating Expenses

Operating Expenses for the three months ended September 30, 2018 increased \$24.1 million to \$167.5 million from \$143.4 million for the same period of 2017, primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$5.8 million, expenses increased \$18.3 million from 2017 primarily as a result of new locations. Closed locations lowered operating expenses by a combined \$0.7 million.

Operating expenses as a percentage of sales were 36.5% for the three months ended September 30, 2018, which compared to 36.6% for the same period in 2017. The decrease as a percentage of sales was primarily due to the impact of higher same-store sales levels leveraging the fixed component of operating expenses, partially offset by the 0.3%, or 30 basis point impact of the enhanced benefits for U.S. employees and a higher operating expense ratio during ramp-up periods for new locations.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the three months ended September 30, 2018 were \$0.7 million compared to \$0.7 million recorded for the same period of 2017. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability and unit option liability, convertible debenture conversion features and non-controlling interest put options and call liability, as well as acquisition and transaction costs ("Adjusted EBITDA")*¹ for the three months ended September 30, 2018 totaled \$41.2 million or 9.0% of sales compared to Adjusted EBITDA of \$35.6 million or 9.1% of sales in the prior year. The \$5.6 million increase was primarily the result of incremental EBITDA contribution from new location and same-store sales growth, as well as changes in U.S. dollar exchange rates in 2018, which increased Adjusted EBITDA by \$1.5 million.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$9.0 million or 2.0% of sales for the three months ended September 30, 2018, an increase of \$2.1 million when compared to the \$6.9 million or 1.8% of sales recorded in the same period of the prior year. The increase was primarily due to acquisition growth as well as increased capital expenditures.

Amortization of intangible assets for the three months ended September 30, 2018 totaled \$4.4 million, or 1.0% of sales, an increase of \$0.1 million when compared to the \$4.3 million, or 1.1% of sales, expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from recent acquisitions.

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

Fair Value Adjustments

Fair Value Adjustment to Exchangeable Class A Common Shares liability resulted in a non-cash expense of \$1.7 million during the third quarter of 2018 compared to a non-cash recovery of \$0.9 million in the same period of the prior year. The Class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The fair value adjustment, which increased the liability and resulted in the recording of the related expense, is the result of the increase in the value of the Fund's units.

Fair Value Adjustment to Unit Based Payment Obligation liability resulted in a non-cash expense of \$3.3 million for the third quarter of 2018 compared to a non-cash recovery of \$0.8 million in the same period of the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund's units. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The decrease in the liability is primarily the result of the settlement of 150,000 unit options on January 2, 2018, partially offset by the non-cash expenses on the remaining options, which are primarily the result of the increase in the value of the Fund's units.

Fair Value Adjustment to Non-controlling Interest Put Option and Call liability resulted in a non-cash recovery of \$1.6 million for the third quarter of 2018 compared to a \$2.7 million non-cash recovery in the same period of the prior year. The value of the put option is determined by discounting the estimated future payment obligations at each statement of financial position date. Revisions to the probability weighted estimated EBITDA level in the third quarter based on 2018 year-to-date performance resulted in a non-cash recovery in the third quarter of 2018.

Finance Costs

Finance Costs of \$2.5 million or 0.5% of sales for the three months ended September 30, 2018 decreased from \$8.2 million or 2.1% of sales for the same period of the prior year. During the third quarter of 2017, the Fund provided notice that it would be redeeming the convertible debentures due October 31, 2021 on November 2, 2017, resulting in a shortened period to maturity, which increased finance costs by \$4.9 million. Finance costs decreased in the third quarter of 2018 due to the conversion and redemption of the 2014 convertible debentures in November 2017, partially offset by draws on the revolving credit facility to fund acquisitions.

Income Taxes

Current and Deferred Income Tax Expense of \$4.8 million for the three months ended September 30, 2018 compares to an expense of \$7.9 million for the same period in 2017. Income tax expense in 2018 is impacted by U.S. tax reform, which reduced the estimated blended U.S. federal and state tax rate from 39% to 26% in the U.S., effective January 1, 2018. Income tax expense was impacted in the third quarter of 2018 and 2017 by the recording of tax true-up adjustments on the filing of the prior year U.S. tax returns, which decreased income tax expense by approximately \$1.1 million in the third quarter of 2018 and increased income tax expense by approximately \$1.1 million in the third quarter of 2017. Income tax expense continues to be impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income.

Net Earnings and Earnings Per Unit

Net Earnings for the three months ended September 30, 2018 was \$16.6 million or 3.6% of sales compared to \$19.8 million or 5.1% of sales in the same period of last year. The net earnings amount in 2018 was negatively impacted by fair value adjustments to financial instruments of \$3.3 million which were primarily due to the increase in unit price during the period and acquisition and transaction costs of \$0.5 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings¹ for the third quarter of 2018 was \$20.4 million. This compares to Adjusted net earnings of \$12.5 million or 3.2% of sales for the same period in 2017. The increase in the Adjusted net earnings for the year is primarily the result of decreased income tax expense as a result of U.S. tax reform, reduced finance costs due to the conversion and redemption of outstanding debentures in November 2017 and the contribution of new location and same-store sales growth, partially offset by increased expenses related to the enhanced benefits for U.S. employees previously announced.

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

Basic Earnings Per Unit was \$0.842 per unit for the three months ended September 30, 2018 compared to \$1.067 in the same period in 2017. The decrease in basic earnings per unit for the third quarter of 2018 is primarily attributed to the impact of fair value adjustments in the third quarters of 2018 and 2017, partially offset by contributions of new location and same-store sales growth and decreased income tax expense. Diluted earnings per unit was \$0.752 for the three months ended September 30, 2018 compared to \$0.396 in the same period of 2017. The increase in this amount for the third quarter of 2018 is primarily attributed to the impact of the fair value adjustments during 2018 compared to 2017. Adjusted net earnings per unit¹ was \$1.037 compared to \$0.671 in the third quarter of 2017.

Year-to-date Comparison – Nine months ended September 30, 2018 vs. 2017

Sales

Sales totaled \$1,369.5 million for the nine months ended September 30, 2018, an increase of \$214.7 million or 18.6% when compared to the same period of 2017. The increase in sales was the result of the following:

- \$191.8 million of incremental sales were generated from 130 new locations.
- Same-store sales excluding foreign exchange increased \$43.8 million or 4.0%, and decreased \$16.1 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. Normalizing for the impact of hurricanes in the third quarter of 2017, same-store sales increased 3.6%. The increase in same-store sales percentage was positively impacted by approximately 0.9 percentage points due to same-store sales gains in the Glass business.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$4.8 million.

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

Gross Profit

Gross Profit was \$623.2 million or 45.5% of sales for the nine months ended September 30, 2018 compared to \$530.3 million or 45.9% of sales for the same period in 2017. Gross profit increased primarily as a result of higher sales due to acquisition and same-store sales growth compared to the prior period. The gross margin percentage is primarily impacted by the lower gross margin percentage in the Assured business which was acquired in July 2017. Assured has lower gross margins due to some higher sales sourcing costs, which are more than offset by their higher capacity utilization and, in turn, their higher operating leverage. The gross margin percentage is within normal ranges for mix and margin changes period to period.

Operating Expenses

Operating Expenses for the nine months ended September 30, 2018 increased \$70.8 million to \$497.3 million from \$426.5 million for the same period of 2017, primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation of approximately \$6.5 million, expenses increased \$77.3 million from 2017, primarily as a result of new locations. Closed locations lowered operating expenses by \$2.3 million.

Operating expenses as a percentage of sales were 36.3% for the nine months ended September 30, 2018, which compared to 36.9% for the same period in 2017. The decrease in operating expenses as a percentage of sales was primarily due to the impact of higher same-store sales levels leveraging the fixed component of operating expenses and the lower operating expense ratios associated with the Assured business as a result of their higher capacity utilization, partially offset by the impact of the enhanced benefits for U.S. employees.

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 and call liability, as well as acquisition and transaction costs (“Adjusted EBITDA”)*¹ for the nine months ended September 30, 2018 totaled \$125.8 million or 9.2% of sales compared to Adjusted EBITDA of \$103.8 million or 9.0% of

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

sales in the same period of the prior year. The \$22.0 million increase was primarily the result of incremental EBITDA contribution from new location and same-store sales growth, combined with a lower operating expense ratio. Changes in U.S. dollar exchange rates in 2018 decreased Adjusted EBITDA by \$1.2 million.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$24.8 million or 1.8% of sales for the nine months ended September 30, 2018, an increase of \$5.2 million when compared to the \$19.6 million or 1.7% of sales recorded in the same period of the prior year. The increase was primarily due to acquisition growth as well as increased capital expenditures.

Amortization of intangible assets for the nine months ended September 30, 2018 totaled \$12.9 million or 0.9% of sales, an increase of \$3.0 million when compared to the \$9.9 million or 0.9% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from recent acquisitions.

Fair Value Adjustments

Fair Value Adjustment to Exchangeable Class A Common Shares liability resulted in a non-cash expense of \$4.9 million for the first nine months of 2018 compared to \$1.3 million in the same period of the prior year. The Class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The fair value adjustment, which increased the liability and the related expense for both periods, is the result of increases in the value of the Fund's units.

Fair Value Adjustment to Unit Based Payment Obligation liability was a non-cash expense of \$9.1 million for the first nine months of 2018 compared to \$5.2 million in the same period of the prior year. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The decrease in the liability is primarily the result of the settlement of 150,000 unit options on January 2, 2018, partially offset by the non-cash expense on the remaining options for the first three quarters of 2018, which is primarily the result of the increase in the value of the Fund's units.

Fair Value Adjustment to Non-controlling Interest Put Options and Call liability resulted in a non-cash recovery of \$0.5 million for the first nine months of 2018 compared to a non-cash recovery of \$5.8 million in the same period of the prior year. The value of the put option is determined by discounting the estimated future payment obligations at each statement of financial position date. Revisions to the probability weighted estimated EBITDA level during the third quarter based on 2018 year-to-date performance resulted in a non-cash recovery in 2018.

Finance Costs

Finance Costs of \$7.4 million or 0.5% of sales for the nine months ended September 30, 2018 decreased from \$13.7 million or 1.2% of sales for the prior year. During the third quarter of 2017, the Fund provided notice that it would be redeeming the debentures due October 31, 2021 on November 2, 2017, resulting in a shortened period to maturity, which increased finance costs by \$4.9 million. Finance costs decreased during the nine months ended September 30, 2018 due to conversion and redemption of the 2014 convertible debentures in November 2017, partially offset by draws on the revolving credit facility to fund acquisitions.

Income Taxes

Current and Deferred Income Tax Expense of \$17.9 million for the nine months ended September 30, 2018 compares to an expense of \$23.1 million for the same period in 2017. Income tax expense in 2018 is impacted by U.S. tax reform, which reduced the estimated blended U.S. federal and state tax rate from 39% to 26% in the U.S., effective January 1, 2018. Income tax expense was impacted in the third quarter of 2018 and 2017 by the recording of tax true-up adjustments on the filing of the prior year U.S. tax returns, which decreased income tax expense by approximately \$1.1 million in the third quarter of 2018 and increased income tax expense by approximately \$1.1 million in the third quarter of 2017. Income tax expense is impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income.

Net Earnings and Earnings Per Unit

Net Earnings for the nine months ended September 30, 2018 was \$47.7 million or 3.5% of sales compared to \$35.3 million or 3.1% of sales last year. The net earnings amount in 2018 was negatively impacted by fair value adjustments to financial instruments of \$13.5 million which are primarily due to the increase in unit price during the period and acquisition and transaction costs of \$1.2 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings¹ for the nine months ended September 30, 2018 was \$62.4 million or 4.6% of sales. This compares to Adjusted net earnings of \$41.4 million or 3.6% of sales for the same period in 2017. The increase in the Adjusted net earnings for the year is primarily the result of decreased income tax expense as a result of U.S. tax reform, reduced finance costs due to the conversion and redemption of outstanding debentures in November 2017 and the contribution of new location and same-store sales growth, partially offset by increased expenses related to the enhanced benefits for U.S. employees previously announced.

Basic Earnings Per Unit was \$2.427 for the first nine months ended September 30, 2018 compared to \$1.933 in the same period in 2017. The decrease in basic earnings per unit is primarily attributed to the impact of fair value adjustments in 2018 and 2017, partially offset by contributions of same-store sales growth and decreased income tax expense. Diluted earnings per unit was \$2.379 for the nine months ended September 30, 2018 compared to diluted earnings of \$1.598 per unit in the same period in 2017. The increases in these amounts are primarily attributed to the contribution of new location growth, lower operating expense ratios and decreased income tax expense. Adjusted net earnings per unit¹ was \$3.174 compared to \$2.270 for the nine months ended September 30, 2017.

Summary of Quarterly Results								
<i>(in thousands of Canadian dollars, except per unit amounts)</i>	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Sales	\$ 459,564	\$ 456,627	\$ 453,291	\$ 414,619	\$ 391,933	\$ 383,981	\$ 378,915	\$ 360,449
Adjusted EBITDA ⁽¹⁾	\$ 41,203	\$ 42,494	\$ 42,123	\$ 41,810	\$ 35,561	\$ 35,478	\$ 32,786	\$ 32,646
Net earnings	\$ 16,571	\$ 12,828	\$ 18,336	\$ 23,167	\$ 19,835	\$ 421	\$ 15,012	\$ 8,397
Basic earnings per unit	\$ 0.842	\$ 0.652	\$ 0.932	\$ 1.206	\$ 1.067	\$ 0.023	\$ 0.831	\$ 0.465
Diluted earnings (loss) per unit	\$ 0.752	\$ 0.652	\$ 0.928	\$ 1.185	\$ 0.396	\$ (0.078)	\$ 0.699	\$ 0.399
Adjusted net earnings ⁽¹⁾	\$ 20,403	\$ 21,141	\$ 20,888	\$ 17,422	\$ 12,473	\$ 15,010	\$ 13,927	\$ 13,116
Adjusted net earnings per unit ⁽¹⁾	\$ 1.037	\$ 1.075	\$ 1.062	\$ 0.907	\$ 0.671	\$ 0.831	\$ 0.771	\$ 0.726

⁽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 acquisition of Assured and other new locations as well as same-store sales increases.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating requirements, capital expenditures and distributions. At September 30, 2018, the Fund had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$51.3 million (December 31, 2017 - \$47.8 million). The net working capital ratio (current assets divided by current liabilities) was 0.93:1 at September 30, 2018 (December 31, 2017 – 0.98:1).

At September 30, 2018, the Fund had total debt outstanding, net of cash, of \$182.2 million compared to \$174.9 million at June 30, 2018, \$214.9 million at March 31, 2018, \$219.1 million at December 31, 2017 and \$264.4 million at September 30, 2017. Debt, net of cash, decreased when compared to December 31, 2017 as a result of increased cash flows from operations.

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

Total debt, net of cash <i>(thousands of Canadian dollars)</i>	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Revolving credit facility	\$ 173,322	\$ 185,266	\$ 210,240	\$ 200,222	\$ 182,703
Convertible debentures	-	-	-	-	54,923
Seller notes ⁽¹⁾	51,559	54,673	55,373	57,754	58,203
Obligations under finance leases	8,674	8,167	8,459	8,921	9,535
Total debt	\$ 233,555	\$ 248,106	\$ 274,072	\$ 266,897	\$ 305,364
Cash	51,348	73,246	59,215	47,831	40,982
Total debt, net of cash	\$ 182,207	\$ 174,860	\$ 214,857	\$ 219,066	\$ 264,382
⁽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 \$32.5 million for the three months ended September 30, 2018 compared to \$27.7 million in the same period of 2017. The increase was due to increased adjusted EBITDA in 2018, resulting from new location and same-store sales growth.

In the third quarter of 2018, changes in working capital items used net cash of \$15.9 million compared with using net cash of \$13.9 million in the same period of 2017. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures. The decrease in tax payments due to U.S. tax reform impacted changes in working capital in the third quarter of 2018 when compared to the same period of 2017.

Cash flow generated from operations before considering working capital changes, was \$102.0 million for the nine months ended September 30, 2018, compared to \$77.9 million for the same period in 2017. The increase reflected higher adjusted EBITDA due to new location and same-store sales growth.

For the nine months ended September 30, 2018, changes in working capital items provided net cash of \$11.4 million compared with using \$7.3 million in the same period of 2017. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures. The decrease in tax payments due to U.S. tax reform impacted changes in working capital in the first nine months of 2018 when compared to the same period of 2017.

Financing Activities

Cash used by financing activities totaled \$18.6 million for the three months ended September 30, 2018 compared to cash provided by financing activities of \$147.8 million during the same period of the prior year. During the third quarter of 2018, cash was used to repay draws as well as long-term debt associated with seller notes in the amount of \$15.0 million. Cash was also used to repay finance leases in the amount of \$1.0 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$2.6 million. During the third quarter of 2017, cash was provided by additional draws on the revolving credit facility in the amount of \$158.4 million, cash was used to repay draws as well as long-term debt associated with seller notes in the amount of \$6.9 million. Cash was also used to repay finance leases in the amount of \$1.1 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$2.5 million.

Cash used in financing activities totaled \$52.1 million for the nine months ended September 30, 2018 compared to cash provided by financing activities of \$130.1 million for the same period of the prior year. During the first nine months of 2018, cash was provided by draws of the revolving credit facility in the amount of \$18.4 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$60.0 million. Cash was also used to repay finance leases in the amount of \$3.0 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$7.9 million. During the first nine months of 2017, cash was provided by draws of the revolving credit facility in the amount of \$164.9 million offset by cash used to repay draws as well as long-term debt

associated with seller notes in the amount of \$23.0 million and payment of \$0.9 million in financing costs incurred to complete the second amended and restated credit agreement. Cash was also used to repay finance leases in the amount of \$3.5 million and to pay distributions to unitholders, dividends to Class A common shareholders and payments to non-controlling interests totaling \$7.3 million.

Debt Financing

On May 26, 2017, the Company entered into a second amended and restated credit agreement for a term of five years, increasing the revolving credit facility to \$300 million U.S. with an accordion feature which can increase the facility to a maximum of \$450 million U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as by guarantees of the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$5.0 million U.S. in Canada and \$20.0 million U.S. in the U.S. At September 30, 2018, the Company has drawn \$27.0 million U.S. (December 31, 2017 - \$40.0 million U.S.) and \$139.0 million Canadian (December 31, 2017 - \$150.8) on the revolving credit facility.

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 3.25; 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 3.75.

The Company supplements its debt financing by negotiating with sellers in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to sellers are typically at favourable interest rates and for terms of five to 15 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. In addition to the six new seller notes in the aggregate amount of \$3.2 million that were entered into during the first half of 2018, the Fund entered into four new seller notes for an aggregate amount of \$1.7 million in the third quarter of 2018. The Company repaid seller notes in the first nine months of 2018 totaling approximately \$12.5 million (2017 - \$9.7 million).

The Fund has traditionally used capital leases to finance a portion of both its maintenance and expansion capital expenditures. The Fund expects to continue to use this source of financing where available at competitive interest rates and terms, although this financing also impacts the total leverage capacity covenants under its debt facility. During the first nine months of 2018, \$2.5 million (2017 - \$1.7 million) of expenditures for new equipment, technology infrastructure and vehicles were financed through capital leases.

Investing Activities

Cash used in investing activities totaled \$19.0 million and \$59.3 million for the three and nine months ended September 30, 2018, compared to \$178.7 million and \$210.1 million used in the three and nine month periods of the prior year. The investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

Since the beginning of 2018, the Company has added 47 collision locations as follows:

Date	Location	Previously operated as
January 12, 2018	Lawrenceville, GA	n/a start-up
January 19, 2018	Collier County, FL (2 locations)	Autocraft Enterprises and Autocraft Naples
January 31, 2018	Sudbury, ON (4 locations)	Regent Autobody
February 20, 2018	Falcon, CO	Falcon Collision Center
February 23, 2018	Dallas, TX (3 locations)	Earth Collision Center
April 17, 2018	Seattle, WA (3 locations)	Professional Collision Group
May 1, 2018	Schaumburg, IL	n/a intake center
May 8, 2018	Merrillville, IN	n/a intake center
May 18, 2018	Alexandria, LA	Kyle's Collision Center
May 25, 2018	Atlanta, GA (2 locations)	Cherokee Collision Center
May 28, 2018	Bradford, ON	Chico's Collision
June 1, 2018	Orland Park, IL	n/a intake center
June 8, 2018	Chicago, IL	Brown's Auto Construction
June 27, 2018	Elk Grove Village, IL	Owner's Choice Collision
July 3, 2018	Aurora, ON	GaryRay Collision
July 6, 2018	Brunswick, OH	Shade's Auto Body
July 9, 2018	Nanaimo, BC	Stone Bros. Auto Body and Auto Wrecking
July 10, 2018	Elkhart, IN	Duncan RV Repair
August 3, 2018	Bessemer & Birmingham, AL	C&M Collision Center
August 3, 2018	Kenosha, WI	Jay-Bee Collision Repair Center
September 21, 2018	Dundas, ON	Terry's Autobody
September 27, 2018	Lafayette, LA	n/a start-up
October 10, 2018	Kennewick, WA	SonShine Collision Services
October 10, 2018	Springfield, IL	Dick Taylor Collision Services
October 10, 2018	Jacksonville, FL	n/a intake center
October 12, 2018	Saskatoon, SK (2 locations)	Nutana Collision
October 15, 2018	Turtle Creek, PA	Johnny Mock's Auto Body Shop
October 15, 2018	Brownsburg & Greenwood, IN	Golden Chassis
November 1, 2018	Kansas City, MO (5 locations)	A&B Body Shop, Inc.
November 1, 2018	Verona, PA	n/a start-up
November 5, 2018	LaGrange, GA	n/a start-up

The Company completed the acquisition or start-up of 99 locations from the beginning of 2017 until the third quarter reporting date of November 7, 2017.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, computers, software and vehicles forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. Excluding expenditures related to acquisition and development and those funded through finance leases, the Company spent approximately \$8.5 million or 1.8% of sales on capital expenditures during the third quarter of 2018, compared to \$6.9 million or 1.8% of sales during the third quarter of 2017. These same expenditures were \$17.3 million or 1.3% of sales for the first nine months of 2018 compared to \$15.0 million or 1.3% of sales during the same period in 2017.

LEGAL PROCEEDINGS

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

RELATED PARTY TRANSACTIONS

The Fund has not entered into any new related party transactions beyond the items disclosed in the 2017 annual report.

CRITICAL ACCOUNTING ESTIMATES

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

The critical accounting estimates are substantially unchanged from those identified in the 2017 annual MD&A.

On September 29, 2017, Gerber Glass LLC, a subsidiary of the Fund, exercised its call option, as provided for in the Amended and Restated Limited Liability Company Agreement of Glass America LLC dated June 1, 2013 (the "GA Company Agreement"), to acquire the 30% non-controlling interest in Glass America LLC held by GAJV Holdings Inc. The exercise price has been calculated in accordance with the terms of the GA Company Agreement. GAJV Holdings Inc. has not agreed on the calculation of the exercise price, including certain material changes, and the matter has been submitted to binding arbitration in accordance with the terms of the GA Company Agreement. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. As at November 13, 2018, the acquisition of the non-controlling interest in Glass America has not been completed.

CHANGES IN ACCOUNTING POLICIES

The Fund has adopted IFRS 15 *Revenue from Contracts with Customers* on January 1, 2018 using the modified retrospective approach, which recognizes the cumulative effect of initial application as an adjustment to the opening balance of retained earnings (deficit) at January 1, 2018 without restatement of comparatives. Beginning January 1, 2018, the Fund recognizes revenue upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. Revenue is measured at the fair value of the consideration received. Previously, revenue was recognized to the extent that it was probable that the economic benefits would flow to the Fund, the sales price was fixed or determinable and collectability was reasonably assured. As a result, revenue that met the revenue recognition criteria under the prevailing IAS 18 was recognized in the year ended December 31, 2017. The same revenue, however, would not have met the recognition criteria under IFRS 15. As such, the impact on the consolidated financial statements as at January 1, 2018 is a decrease to opening retained earnings (deficit) of \$6.7 million.

The Fund has adopted IFRS 9 *Financial Instruments* on January 1, 2018 using the modified retrospective approach. The adoption of IFRS 9 did not have a material impact on the Fund's consolidated financial statements.

The Fund has adopted the narrow-scope amendments to IFRS 2, *Share-based Payment* on January 1, 2018. The adoption of IFRS 2 did not have a material impact on the Fund's consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

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

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

The Fund is continuing to evaluate the impact of adopting IFRS 16 on its financial statements, but expects this standard will have a significant impact on its consolidated statement of financial position, through recognition of right-of-use assets and lease liabilities. The Fund also expects to recognize a decrease in lease expenses, which are

classified as operating expenses, as well as a significant increase in depreciation expense and finance costs as a result of the depreciation of the right-of-use assets and interest costs on the lease liability.

The Fund will apply the standard effective January 1, 2019 and plans to transition using the modified retrospective approach without restatement of prior reporting periods. The Fund expects to apply the recognition exemption for short-term leases. Other practical expedients available under the guidance are still being evaluated. Measurement of the right-of-use assets and lease liabilities is in progress.

Since many of the Fund's leases are denominated in U.S. dollars, there will be additional volatility in foreign exchange amounts recognized due to the revaluation to the rate of exchange in effect at the date of the statement of financial position.

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 2018, 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 2017 annual MD&A.

ADDITIONAL INFORMATION

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

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

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

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Boyd Group Income Fund** (the “issuer”) for the interim period ended **September 30, 2018**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2018 and ended on September 30, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 14, 2018

(signed)

Brock Bulbuck
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

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

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Boyd Group Income Fund** (the “issuer”) for the interim period ended **September 30, 2018**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2018 and ended on September 30, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 14, 2018

(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, 2018

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, 2018	December 31, 2017
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 51,348	\$ 47,831
Accounts receivable		95,606	104,545
Income taxes recoverable		1,098	6,662
Inventory		31,610	27,011
Prepaid expenses		28,211	25,294
		207,873	211,343
Property, plant and equipment	6	213,216	196,099
Deferred income tax asset		-	106
Intangible assets	7	258,502	251,902
Goodwill	8	375,327	351,943
		\$ 1,054,918	\$ 1,011,393
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 205,280	\$ 195,837
Distributions and dividends payable	9	875	869
Current portion of long-term debt	10	12,818	15,134
Current portion of obligations under finance leases		3,707	3,652
		222,680	215,492
Long-term debt	10	212,063	242,842
Obligations under finance leases		4,967	5,269
Deferred income tax liability		32,988	26,302
Exchangeable Class A common shares	9,12	24,298	20,218
Unit based payment obligation	13	34,597	40,185
Non-controlling interest put options and call liability	12	21,377	21,242
		552,970	571,550
Equity			
Accumulated other comprehensive earnings		51,889	38,810
Deficit		(13,217)	(46,432)
Unitholders' capital		459,274	443,463
Contributed surplus		4,002	4,002
		501,948	439,843
		\$ 1,054,918	\$ 1,011,393

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, 2017	18,065,060	\$ 306,261	\$ 4,002	\$ 65,560	\$ (95,285)	\$ 280,538	
Issue costs (net of tax of \$nil)		(192)				(192)	
Units issued in connection with acquisition	537,872	51,716				51,716	
Retractions	3,798	355				355	
Conversion and redemption of convertible debentures	907,134	85,323				85,323	
Other comprehensive loss				(26,750)		(26,750)	
Net earnings					58,435	58,435	
Comprehensive earnings				(26,750)	58,435	31,685	
Distributions to unitholders					(9,582)	(9,582)	
Balances - December 31, 2017	19,513,864	\$ 443,463	\$ 4,002	\$ 38,810	\$ (46,432)	\$ 439,843	
Issue costs (net of tax of \$nil)		(101)				(101)	
Units issued from treasury in connection with options exercised	150,000	15,134				15,134	
Retractions	7,520	778				778	
Other comprehensive earnings				13,079		13,079	
Net earnings					47,735	47,735	
Comprehensive earnings				13,079	47,735	60,814	
Adjustment on adoption of IFRS 15 (net of tax of \$1,804)					(6,731)	(6,731)	
Distributions to unitholders					(7,789)	(7,789)	
Balances - September 30, 2018	19,671,384	\$ 459,274	\$ 4,002	\$ 51,889	\$ (13,217)	\$ 501,948	
Balances - January 1, 2017	18,065,060	\$ 306,261	\$ 4,002	\$ 65,560	\$ (95,285)	\$ 280,538	
Issue costs (net of tax of \$nil)		(192)				(192)	
Units issued in connection with acquisition	537,872	51,716				51,716	
Retractions	3,275	307				307	
Conversion and redemption of convertible debentures	25,112	2,334				2,334	
Other comprehensive loss				(28,392)		(28,392)	
Net earnings					35,268	35,268	
Comprehensive earnings				(28,392)	35,268	6,876	
Distributions to unitholders					(7,063)	(7,063)	
Balances - September 30, 2017	18,631,319	\$ 360,426	\$ 4,002	\$ 37,168	\$ (67,080)	\$ 334,516	

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

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

	Note	Three months ended September 30, 2018		Nine months ended September 30, 2017	
		2018	2017	2018	2017
Sales	15	\$ 459,564	\$ 391,933	\$ 1,369,482	\$ 1,154,829
Cost of sales		250,830	213,013	746,321	624,509
Gross profit		208,734	178,920	623,161	530,320
Operating expenses		167,531	143,359	497,341	426,495
Acquisition and transaction costs		684	670	1,672	1,286
Depreciation of property, plant and equipment	6	8,969	6,918	24,793	19,631
Amortization of intangible assets	7	4,421	4,268	12,924	9,930
Fair value adjustments	11	3,326	(12,262)	13,460	867
Finance costs		2,452	8,199	7,372	13,713
		187,383	151,152	557,562	471,922
Earnings before income taxes		21,351	27,768	65,599	58,398
Income tax expense (recovery)					
Current		5,559	4,193	14,636	16,763
Deferred		(779)	3,740	3,228	6,367
		4,780	7,933	17,864	23,130
Net earnings		\$ 16,571	\$ 19,835	\$ 47,735	\$ 35,268

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

Basic earnings per unit	16	\$ 0.842	\$ 1.067	\$ 2.427	\$ 1.933
Diluted earnings per unit	16	\$ 0.752	\$ 0.396	\$ 2.379	\$ 1.598
Basic weighted average number of units outstanding	16	19,671,303	18,597,708	19,667,668	18,245,027
Diluted weighted average number of units outstanding	16	19,844,483	20,331,777	19,840,848	18,469,364

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

	Three months ended September 30, 2018		Nine months ended September 30, 2017	
	2018	2017	2018	2017
Net earnings	\$ 16,571	\$ 19,835	\$ 47,735	\$ 35,268
Other comprehensive earnings (loss)				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings				
Change in unrealized earnings on translating financial statements of foreign operations	(7,906)	(15,074)	13,079	(28,392)
Other comprehensive earnings (loss)	(7,906)	(15,074)	13,079	(28,392)
Comprehensive earnings	\$ 8,665	\$ 4,761	\$ 60,814	\$ 6,876

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, 2018		2017		Nine months ended September 30, 2018		2017	
	<i>Note</i>							
Cash flows from operating activities								
Net earnings	\$	16,571	\$	19,835	\$	47,735	\$	35,268
Items not affecting cash								
Fair value adjustments		3,326		(12,262)		13,460		867
Deferred income taxes		(779)		3,740		3,228		6,367
Amortization of discount on convertible debt		-		5,177		-		5,657
Amortization of intangible assets		4,421		4,268		12,924		9,930
Depreciation of property, plant and equipment		8,969		6,918		24,793		19,631
Other		(44)		(17)		(154)		188
		32,464		27,659		101,986		77,908
Changes in non-cash working capital items		(15,872)		(13,865)		11,442		(7,309)
		16,592		13,794		113,428		70,599
Cash flows (used in) from financing activities								
Fund units issued from treasury								
in connection with options exercised		-		-		405		-
Issue costs		-		(91)		(101)		(192)
Increase in obligations under long-term debt		-		158,362		18,427		164,917
Repayment of long-term debt		(14,954)		(6,866)		(59,968)		(22,989)
Repayment of obligations under finance leases		(999)		(1,082)		(2,978)		(3,460)
Dividends and distributions paid		(2,626)		(2,407)		(7,870)		(7,127)
Payment to non-controlling interests		-		(81)		-		(221)
Payment of financing costs		-		-		-		(859)
		(18,579)		147,835		(52,085)		130,069
Cash flows used in investing activities								
Proceeds on sale of equipment and software		150		104		503		363
Equipment purchases and facility improvements		(8,154)		(6,842)		(16,702)		(14,700)
Acquisition and development of businesses (net of cash acquired)		(10,692)		(171,830)		(42,465)		(195,458)
Software purchases and licensing		(313)		(100)		(605)		(317)
		(19,009)		(178,668)		(59,269)		(210,112)
Effect of foreign exchange rate changes on cash		(902)		(1,594)		1,443		(3,089)
Net increase (decrease) in cash position		(21,898)		(18,633)		3,517		(12,533)
Cash, beginning of year		73,246		59,615		47,831		53,515
Cash, end of year	\$	51,348	\$	40,982	\$	51,348	\$	40,982
Income taxes paid	\$	1,103	\$	5,939	\$	4,803	\$	21,794
Interest paid	\$	2,458	\$	2,327	\$	7,390	\$	6,854

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, 2018 and 2017
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

1. GENERAL INFORMATION

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

The Company’s business consists of the ownership and operation of autobody/autoglass repair facilities and related services. At the reporting date, the Company operated locations in five Canadian provinces under the trade name Boyd Autobody & Glass and Assured Automotive, as well as in 24 U.S. states under the trade name Gerber Collision & Glass. The Company uses newly acquired brand names during a transition period until acquired locations have been rebranded. The Company is also a major retail auto glass operator in the U.S. with locations across 34 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services (“GNCS”), which offers glass, emergency roadside and first notice of loss services with approximately 5,500 glass provider locations and 4,600 Emergency Roadside Services provider locations throughout the U.S.

The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol “BYD.UN”. The head office and principal address of the Fund are located at 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 13, 2018, 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, 2018 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2018 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, 2017, except for the adoption of new standards as set out below. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

A number of new or amended standards became applicable for the current reporting period and the Fund had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 *Financial Instruments*, and
- IFRS 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed in notes 3 and 12.

The Fund has also adopted the narrow-scope amendments to IFRS 2, *Share-based Payment* on January 1, 2018. The adoption of IFRS 2 did not have a material impact on the Fund’s consolidated financial statements.

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

For the three and nine months ended September 30, 2018 and 2017
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

3. CHANGES IN ACCOUNTING POLICIES

a) Revenue recognition

The Fund has adopted IFRS 15 *Revenue from Contracts with Customers* on January 1, 2018 using the modified retrospective approach, which recognizes the cumulative effect of initial application as an adjustment to the opening balance of retained earnings (deficit) at January 1, 2018 without restatement of comparatives. Beginning January 1, 2018, the Fund recognizes revenue upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. Revenue is measured at the fair value of the consideration received. Previously, revenue was recognized to the extent that it was probable that the economic benefits would flow to the Fund, the sales price was fixed or determinable and collectability was reasonably assured. As a result, revenue that met the revenue recognition criteria under the prevailing IAS 18 was recognized in the year ended December 31, 2017. The same revenue; however, would not have met the recognition criteria under IFRS 15. As such, the impact on the consolidated financial statements as at January 1, 2018 is a decrease to opening retained earnings (deficit) of \$6,731.

b) Financial instruments

The Fund has adopted IFRS 9 *Financial Instruments* on January 1, 2018 using the modified retrospective approach. 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 adoption of IFRS 9 has resulted in changes to the classification of the Fund's financial assets but has not changed the classification of the Fund's financial liabilities. The carrying values of the Fund's financial instruments were not impacted by the adoption of IFRS 9.

All financial assets previously classified as loans and receivables are now classified as amortized cost. All financial liabilities previously classified as other financial liabilities are now classified as amortized cost. There were no changes to the category of financial liabilities classified as fair value through profit or loss ("FVPL").

At the date of adoption, the application of IFRS 9 had no material impact on the Fund's consolidated financial statements.

Recognition

Financial assets and liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Classification

Effective January 1, 2018, the Fund classifies its financial assets and liabilities in the following categories depending on the Fund's business model for managing the financial assets and the contractual terms of the cash flows:

- Those to be measured subsequently at fair value, either through profit or loss or through OCI, and
- Those to be measured at amortized cost.

Cash and accounts receivable are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method, as reduced by appropriate allowances for estimated lifetime expected credit losses.

Accounts payable and accrued liabilities, dividends and distributions payable, and long-term debt are classified as amortized cost and are net of any related financing fees or issue costs. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

Derivative contracts including the non-controlling interest put option and call liability are classified as financial assets or financial liabilities at FVPL with mark-to-market adjustments being recorded to net earnings at each period end.

BOYD GROUP INCOME FUND

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2018 and 2017

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

As a result of the Fund's units being redeemable for cash, the exchangeable Class A shares of the Fund's subsidiary BGHI, are presented as financial liabilities and classified as financial assets or financial liabilities at FVPL. Exchangeable Class A shares are measured at the market price of the units of Fund as of the statement of financial position date.

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

For those financial instruments where fair value is recognized in the Consolidated Statement of Financial Position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 includes inputs that are observable other than quoted prices included in Level 1
- Level 3 includes inputs that are not based on observable market data

Impairment

IFRS 9 replaces the incurred loss model under IAS 39 with an expected credit loss model. Expected credit losses are to be recognized at all times in a forward looking approach that reflects changes in credit risk of the financial instrument. The expected losses are recognized and measured according to one of three approaches: a general approach, a simplified approach, or a credit adjusted approach. For accounts receivable that do not contain a significant financing component, it is mandatory to use the simplified approach. Under the simplified approach, the measurement basis for the allowance is the lifetime expected credit losses.

4. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED

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

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

The Fund is continuing to evaluate the impact of adopting IFRS 16 on its financial statements, but expects this standard will have a significant impact on its consolidated statement of financial position, through recognition of right-of-use assets and lease liabilities. The Fund also expects to recognize a decrease in lease expenses, which are classified as operating expenses, as well as a significant increase in depreciation expense and finance costs as a result of the depreciation of the right-of-use assets and interest costs on the lease liability.

The Fund will apply the standard effective January 1, 2019 and plans to transition using the modified retrospective approach without restatement of prior reporting periods. The Fund expects to apply the recognition exemption for short term leases. Other practical expedients available under the guidance are still being evaluated. Measurement of the right-of-use assets and lease liabilities is in progress.

Since many of the Fund's leases are denominated in U.S. dollars, there will be additional volatility in foreign exchange amounts recognized due to the revaluation to the rate of exchange in effect at the date of the statement of financial position.

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5. ACQUISITIONS

The Fund completed 17 acquisitions that added 27 locations during the nine months ended September 30, 2018 as follows:

<u>Acquisition Date</u>	<u>Location</u>
January 19, 2018	Collier County, FL (2 locations)
January 31, 2018	Sudbury, ON (4 locations)
February 20, 2018	Falcon, CO
February 23, 2018	Dallas, TX (3 locations)
April 17, 2018	Seattle, WA (3 locations)
May 18, 2018	Alexandria, LA
May 25, 2018	Atlanta, GA (2 locations)
May 28, 2018	Bradford, ON
June 8, 2018	Chicago, IL
June 27, 2018	Elk Grove Village, IL
July 3, 2018	Aurora, ON
July 6, 2018	Brunswick, OH
July 9, 2018	Nanaimo, BC
July 10, 2018	Elkhart, IN
August 3, 2018	Bessemer & Birmingham, AL
August 3, 2018	Kenosha, WI
September 21, 2018	Dundas, ON

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

Acquisitions in 2018	Total acquisitions
Identifiable net assets acquired at fair value:	
Cash	\$ 416
Other current assets	2,078
Property, plant and equipment	12,144
Identified intangible assets	
Customer relationships	13,040
Non-compete agreements	520
Liabilities assumed	(1,499)
Deferred income tax liability	(595)
<hr/>	
Identifiable net assets acquired	\$ 26,104
Goodwill	15,265
<hr/>	
Total purchase consideration	\$ 41,369
<hr/>	
Consideration provided	
Cash paid or payable	\$ 36,479
Sellers notes	4,890
<hr/>	
Total consideration provided	\$ 41,369

The preliminary purchase prices for the 2018 acquisitions as disclosed above may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

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

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

Goodwill recognized during 2018 is expected to be deductible for tax purposes, except for the goodwill related to the January 31, 2018 acquisition in Sudbury. Goodwill recognized on this transaction totalled \$2,658.

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6. PROPERTY, PLANT AND EQUIPMENT

As at	September 30, 2018	December 31, 2017
Balance, beginning of year	\$ 196,099	\$ 161,813
Acquired through business combination	12,144	31,836
Additions	24,669	41,576
Proceeds on disposal	(503)	(750)
Gain on disposal	187	269
Depreciation	(24,793)	(28,057)
Foreign exchange	5,413	(10,588)
Balance, end of period	\$ 213,216	\$ 196,099

7. INTANGIBLE ASSETS

As at	September 30, 2018	December 31, 2017
Balance, beginning of year	\$ 251,902	\$ 158,514
Acquired through business combination	13,560	116,135
Additions	605	416
Amortization	(12,924)	(13,608)
Purchase price allocation adjustments within the measurement period	-	1,109
Foreign exchange	5,359	(10,664)
Balance, end of period	\$ 258,502	\$ 251,902

8. GOODWILL

As at	September 30, 2018	December 31, 2017
Balance, beginning of year	\$ 351,943	\$ 230,701
Acquired through business combination	15,265	136,482
Purchase price allocation adjustments within the measurement period	-	73
Foreign exchange	8,119	(15,313)
Balance, end of period	\$ 375,327	\$ 351,943

The purchase price allocation adjustments represent additional consideration which resulted in the recognition of additional goodwill as well as balance sheet reclassifications between property, plant and equipment and goodwill within the measurement period for certain 2017 acquisitions.

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9. DISTRIBUTIONS AND DIVIDENDS

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

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

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

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

At September 30, 2018, there were 192,875 (December 31, 2017 – 200,395) exchangeable Class A shares outstanding with a carrying value of \$24,298 (December 31, 2017 - \$20,218).

During the first nine months of 2018, a fair value adjustment expense in the amount of \$4,858 (2017 – \$1,256) was recorded against earnings related to these exchangeable Class A shares.

Further distributions and dividends were declared for the month of October 2018 in the amount of \$0.044 per unit/share.

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10. LONG-TERM DEBT

Long-term debt is comprised of the following:

As at	September 30, 2018	December 31, 2017
Revolving credit facility (net of financing costs)	\$ 173,322	\$ 200,222
Seller notes	51,559	57,754
Current portion	\$ 224,881	\$ 257,976
	12,818	15,134
	\$ 212,063	\$ 242,842

The following is the continuity of long-term debt:

As at	September 30, 2018	December 31, 2017
Balance, beginning of year	\$ 257,976	\$ 101,617
Consideration on acquisition	4,890	6,641
Draws	18,427	209,053
Repayments	(59,968)	(53,212)
Deferred financing costs	-	(859)
Amortization of deferred finance costs	126	350
Foreign exchange	3,430	(5,614)
Balance, end of period	\$ 224,881	\$ 257,976

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

Principal Payments	September 30, 2018	December 31, 2017
Less than 1 year	\$ 12,818	\$ 15,134
1 to 5 years	197,506	227,060
Greater than 5 years	14,557	15,782
	\$ 224,881	\$ 257,976

Included in finance costs for the nine month period ended September 30, 2018 is interest on long-term debt of \$6,919 (2017 - \$5,058).

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11. FAIR VALUE ADJUSTMENTS

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Convertible debenture conversion feature	\$ -	\$ (7,909)	\$ -	\$ 159
Exchangeable Class A common shares	1,692	(898)	4,858	1,256
Unit based payment obligation	3,281	(781)	9,141	5,208
Non-controlling interest put options and call liability	(1,647)	(2,674)	(539)	(5,756)
Total fair value adjustments	\$ 3,326	\$ (12,262)	\$ 13,460	\$ 867

12. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	September 30, 2018		December 31, 2017	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	51,348	51,348	47,831	47,831
Accounts receivable	Amortized cost	n/a	95,606	95,606	104,545	104,545
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	205,280	205,280	195,837	195,837
Distributions and dividends payable	Amortized cost	n/a	875	875	869	869
Long-term debt	Amortized cost	n/a	224,881	224,881	257,976	257,976
Exchangeable Class A common shares	FVPL ⁽¹⁾	1	24,298	24,298	20,218	20,218
Non-controlling interest put options and call liability	FVPL ⁽¹⁾	3	21,377	21,377	21,242	21,242

(1) Fair Value Through Profit or Loss

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

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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.

Collateral

The Company's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at September 30, 2018 was approximately \$146,954 (December 31, 2017 - \$152,376).

Non-controlling interest put option and call liability

On May 31, 2013, the Fund entered into a contribution agreement whereby Glass America Inc. contributed its auto-glass business to Gerber Glass in exchange for membership representing a 30% ownership interest in a new combined Glass America LLC. The GA Company Agreement contains a put option as well as a call option, which provide the non-controlling interest with the right to require Gerber Glass to purchase their retained interest and Gerber Glass with the right to require the non-controlling interest to sell their retained interest respectively, according to a valuation formula defined in the GA Company Agreement. On September 29, 2017, Gerber Glass exercised its call option to acquire the 30% interest in the Glass America entity. All changes in the estimated liability are recorded in earnings.

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

The liability recognized in connection with both the put option and the call have been calculated using formulas defined in the applicable limited liability company agreements. The formula for the Glass America call is based on a multiple of EBITDA for the trailing twelve months ended August 31, 2017. The formula for the U.S. management team member put option is based on multiples of estimated future earnings of the Glass America business and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised in three months at a probability weighted estimated EBITDA level as at December 31, 2018 of approximately \$6,500 USD using a discount rate of 8%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

During the first nine months of 2018, the Fund made \$nil (2017 - \$221) in payments to the Glass America non-controlling interest.

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

As at	September 30, 2018	December 31, 2017
Glass-business operating partner non-controlling interest put option	\$ 6,759	\$ 7,075
Glass America non-controlling interest call liability	14,618	14,167
	\$ 21,377	\$ 21,242

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

	September 30, 2018		December 31, 2017	
	Glass-business operating partner	Glass America non-controlling interest	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	\$ 7,075	\$ 14,167	\$ 7,998	\$ 21,204
Fair value adjustments	(539)	-	(381)	(5,498)
Payment to non-controlling interests	-	-	-	(221)
Foreign exchange	223	451	(542)	(1,318)
Balance, end of period	\$ 6,759	\$ 14,618	\$ 7,075	\$ 14,167

During the first nine months of 2018, a fair value adjustment recovery in the amount of \$539 (2017 – \$5,756) was recorded to earnings related to the non-controlling interest put option and call liability.

The exercise price for the call option regarding the Glass America non-controlling interest has been calculated in accordance with the terms of the GA Company Agreement. The Glass America non-controlling interest member has not agreed on the calculation of the exercise price, including certain material changes, and the matter has been submitted to binding arbitration in accordance with the terms of the GA Company Agreement. A reasonable estimate of the financial effect of these material changes and the timing of settlement of the call liability cannot be made at this time. As at November 13, 2018, the acquisition of the non-controlling interest in Glass America has not been completed.

13. UNIT BASED PAYMENT OBLIGATION

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

Issue Date	Number of Units	Exercise Price	Expiry Date	September 30, 2018	December 31, 2017
				Fair Value	Fair Value
January 2, 2008	150,000	\$ 2.70	January 2, 2018	\$ -	\$ 14,729
January 2, 2009	150,000	\$ 3.14	January 2, 2019	18,252	13,465
January 2, 2010	150,000	\$ 5.41	January 2, 2020	16,345	11,991
				\$ 34,597	\$ 40,185

On January 2, 2018, the Fund completed the settlement of the unit options issued on January 2, 2008. As a result of the settlement, 150,000 units were issued at an exercise price of \$2.70. The fair value of the unit options at settlement was \$14,729.

The fair value of each outstanding option is estimated using a Black-Scholes valuation model with the following assumptions used for the outstanding options granted: stock price \$125.98, dividend yield 0.54% and expected volatility 21.49% (determined as a weighted standard deviation of the unit price over the past four years). The risk free interest rate assumptions used in the valuation model are as follows: January 2, 2008 issuance - N/A, January 2, 2009 issuance – 1.54%, January 2, 2010 issuance – 2.04%.

During the first nine months of 2018, a fair value adjustment expense in the amount of \$9,141 (2017 – \$5,208) was recorded to earnings related to these unit based payment obligations.

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On September 15, 2018, certain key executives provided irrevocable notice that the unit options issued to executives on January 2, 2009 would be exercised, which will result in the issuance of 150,000 units at an exercise price of \$3.14 between November 14, 2018 and January 2, 2019.

14. SEASONALITY

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

15. SEGMENTED REPORTING

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

Revenues	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Canada	\$ 68,798	\$ 64,219	\$ 216,106	\$ 111,335
United States	390,766	327,714	1,153,376	1,043,494
	\$ 459,564	\$ 391,933	\$ 1,369,482	\$ 1,154,829

Reportable Assets	September 30,		December 31,	
As at	2018		2017	
Canada	\$ 235,977	\$ 231,928		
United States	611,068	568,016		
	\$ 847,045	\$ 799,944		

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16. EARNINGS PER UNIT

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Net earnings	\$ 16,571	\$ 19,835	\$ 47,735	\$ 35,268
Less:				
2014 convertible debentures	-	(7,462)	-	-
Exchangeable class A shares	-	(869)	-	-
Unit options	-	(781)	-	-
Non-controlling interest put options and call liability	(1,647)	(2,674)	(539)	(5,756)
Net earnings - diluted basis	\$ 14,924	\$ 8,049	\$ 47,196	\$ 29,512
Basic weighted average number of units	19,671,303	18,597,708	19,667,668	18,245,027
Add:				
2014 convertible debentures	-	902,579	-	-
Exchangeable class A shares	-	226,526	-	-
Unit options	-	380,627	-	-
Non-controlling interest put options and call liability	173,180	224,337	173,180	224,337
Average number of units outstanding - diluted basis	19,844,483	20,331,777	19,840,848	18,469,364
Basic earnings per unit	\$ 0.842	\$ 1.067	\$ 2.427	\$ 1.933
Diluted earnings per unit	\$ 0.752	\$ 0.396	\$ 2.379	\$ 1.598

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2017	Cash Flows	Non-cash changes			September 30, 2018
			Acquisition	Other items	Fair value changes	
Fund units issued from treasury in connection with options exercised	\$ -	\$ 405	\$ -	\$ -	\$ -	\$ -
Long-term debt	257,976	(41,541)	4,890	126	-	3,430
Obligations under finance leases	8,921	(2,978)	-	2,517	-	214
Dividends and distributions	869	(7,870)	-	7,876	-	-
Non-controlling interest put options and call liability	21,242	-	-	-	(539)	674
Issue costs	-	(101)	-	-	-	-
	\$ 289,008	(52,085)	4,890	10,519	(539)	4,318
						\$ 255,807