BOYD GROUP INCOME FUND

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that the Fund’s assets are safeguarded and that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting, disclosure control and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of the Fund. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte LLP, to satisfy itself that management’s responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

(signed)

Brock Bulbuck
Chief Executive Officer

(signed)

Narendra Pathipati
Executive Vice President & Chief Financial Officer

Winnipeg, Manitoba
March 20, 2018

INDEPENDENT AUDITOR’S REPORT

To the Unitholders of Boyd Group Income Fund

We have audited the accompanying consolidated financial statements of Boyd Group Income Fund, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of earnings, consolidated statements of comprehensive earnings, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boyd Group Income Fund as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants

March 20, 2018
Winnipeg, Manitoba

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31,
(thousands of Canadian dollars)

	Note		**2017**		2016
Assets					
Current assets:					
Cash		**$**	**47,831**	$	53,515
Accounts receivable	*16*		**104,545**		87,822
Income taxes recoverable			**6,662**		-
Inventory	*6*		**27,011**		23,517
Prepaid expenses			**25,294**		20,285
			211,343		185,139
Property, plant and equipment	*7*		**196,099**		161,813
Deferred income tax asset	*8*		**106**		1,329
Intangible assets	*9*		**251,902**		158,514
Goodwill	*10*		**351,943**		230,701
		$	**1,011,393**	$	737,496
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities		**$**	**195,837**	$	158,794
Income taxes payable			**-**		2,810
Distributions and dividends payable	*11*		**869**		787
Current portion of long-term debt	*12*		**15,134**		12,329
Current portion of obligations under finance leases	*14*		**3,652**		4,229
			215,492		178,949
Long-term debt	*12*		**242,842**		89,288
Obligations under finance leases	*14*		**5,269**		7,663
Convertible debentures	*13,16*		**-**		50,808
Convertible debenture conversion features	*16*		**-**		27,697
Deferred income tax liability	*8*		**26,302**		25,478
Exchangeable Class A common shares	*11,16*		**20,218**		17,471
Unit based payment obligation	*17*		**40,185**		30,402
Non-controlling interest put options and call liability	*16*		**21,242**		29,202
			571,550		456,958
Equity					
Accumulated other comprehensive earnings	*20*		**38,810**		65,560
Deficit			**(46,432)**		(95,285)
Unitholders' capital	*21*		**443,463**		306,261
Contributed surplus	*22*		**4,002**		4,002
			439,843		280,538
		$	**1,011,393**	$	737,496

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

Approved by the Board:

BROCK BULBUCK
Trustee

ALLAN DAVIS
Trustee

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(thousands of Canadian dollars, except unit amounts)

	Note	Unitholders' Capital Units		Unitholders' Capital Amount		Contributed Surplus		Accumulated Other Comprehensive Earnings		Deficit		Total Equity
Balances - January 1, 2016		16,788,209	$	222,331	$	4,002	$	75,111	$	(116,517)	$	184,927
Issue costs (net of tax of $nil)				(75)								(75)
Units issued from treasury in connection with options exercised	*21*	200,000		12,432								12,432
Retractions	*16*	30,843		2,255								2,255
Conversion and redemption of convertible debentures	*13,21*	1,046,008		69,318								69,318
Other comprehensive loss	*20*							(9,551)				(9,551)
Net earnings										30,365		30,365
Comprehensive earnings								(9,551)		30,365		20,814
Distributions to unitholders	*11*									(9,133)		(9,133)
Balances - December 31, 2016		18,065,060	$	306,261	$	4,002	$	65,560	$	(95,285)	$	280,538
Issue costs (net of tax of $nil)				(192)								(192)
Units issued in connection with acquisition	*5*	537,872		51,716								51,716
Retractions	*16*	3,798		355								355
Conversion and redemption of convertible debentures	*13,21*	907,134		85,323								85,323
Other comprehensive loss	*20*							(26,750)				(26,750)
Net earnings										58,435		58,435
Comprehensive earnings								(26,750)		58,435		31,685
Distributions to unitholders	*11*									(9,582)		(9,582)
Balances - December 31, 2017		19,513,864	$	443,463	$	4,002	$	38,810	$	(46,432)	$	439,843

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

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS
For the years ended December 31,
(thousands of Canadian dollars, except unit and per unit amounts)

	Note		**2017**		2016
Sales	*26*	**$**	**1,569,448**	$	1,387,119
Cost of sales			**851,075**		752,103
Gross profit			**718,373**		635,016
Operating expenses			**572,738**		510,749
Acquisition and transaction costs			**2,149**		2,381
Depreciation of property, plant and equipment	*7*		**28,057**		23,392
Amortization of intangible assets	*9*		**13,608**		10,698
Fair value adjustments	*15*		**8,167**		20,866
Finance costs			**16,505**		9,869
			641,224		577,955
Earnings before income taxes			**77,149**		57,061
Income tax expense					
Current	*8*		**16,130**		20,514
Deferred	*8*		**2,584**		6,182
			18,714		26,696
Net earnings		**$**	**58,435**	$	30,365

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

Basic earnings per unit	*31*	**$**	**3.160**	$	1.684
Diluted earnings per unit	*31*	**$**	**2.808**	$	1.420
Basic weighted average number of units outstanding	*31*		**18,489,781**		18,030,527
Diluted weighted average number of units outstanding	*31*		**18,714,443**		18,374,423

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
For the years ended December 31,
(thousands of Canadian dollars)

			2017		2016
Net earnings		**$**	**58,435**	$	30,365
Other comprehensive loss					
Items that may be reclassified subsequently to Consolidated Statements of Earnings					
Change in unrealized earnings on translating financial statements of foreign operations	*20*		**(26,750)**		(9,551)
Other comprehensive loss			**(26,750)**		(9,551)
Comprehensive earnings		**$**	**31,685**	$	20,814

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

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,
(thousands of Canadian dollars)

	Note	**2017**	2016
Cash flows from operating activities			
Net earnings		**$ 58,435**	$ 30,365
Items not affecting cash			
Fair value adjustments	15	**8,167**	20,866
Deferred income taxes		**2,584**	6,182
Amortization of discount on convertible debt	13	**5,657**	927
Amortization of intangible assets	9	**13,608**	10,698
Depreciation of property, plant and equipment	7	**28,057**	23,392
Other		**98**	(382)
		116,606	92,048
Changes in non-cash working capital items	32	**3,066**	(1,140)
		119,672	90,908
Cash flows from financing activities			
Fund units issued from treasury in connection with options exercised		**-**	382
Issue costs		**(192)**	(75)
Increase in obligations under long-term debt	12,33	**209,053**	54,332
Repayment of long-term debt	12,33	**(53,212)**	(31,147)
Repayment of obligations under finance leases	33	**(4,349)**	(5,301)
Dividends and distributions paid	33	**(9,618)**	(9,184)
Payment to non-controlling interests	16,33	**(221)**	(156)
Payment of financing costs	12	**(859)**	-
		140,602	8,851
Cash flows used in investing activities			
Proceeds on sale of equipment and software	7	**750**	936
Equipment purchases and facility improvements		**(23,133)**	(11,058)
Acquisition and development of businesses (net of cash acquired)		**(240,155)**	(106,280)
Software purchases and licensing		**(416)**	(1,369)
		(262,954)	(117,771)
Effect of foreign exchange rate changes on cash		**(3,004)**	(1,399)
Net decrease in cash position		**(5,684)**	(19,411)
Cash, beginning of year		**53,515**	72,926
Cash, end of year		**$ 47,831**	$ 53,515
Income taxes paid		$ 25,568	$ 14,593
Interest paid		$ 10,865	$ 8,985

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

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 21 U.S. states under the trade name Gerber Collision & Glass. The Company uses newly acquired brand names during a transition period until acquired locations have been rebranded. The Company is also a major retail auto glass operator in the U.S. with locations across 31 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates 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 consolidated financial statements for the year ended December 31, 2017 (including comparatives) were approved and authorized for issue by the Board of Trustees on March 20, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements are presented in thousands of Canadian dollars, except unit, share and per unit/share amounts.

b) Revenue recognition

The Fund recognizes revenue to the extent that it is probable that the economic benefits will flow to the Fund, the sales price is fixed or determinable and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received. Revenue is recognized when the profitability of the repair or service can be measured reliably. As the majority of repairs and services are of short duration, revenue is recognized when the repair or service is complete or substantially complete.

c*) Inventory*

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

d) Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the declining balance and straight line rates as disclosed in the property, plant and equipment note. Leasehold improvements are amortized on the straight line basis over the period of estimated benefit.

An item of property, plant and equipment is reclassified as held for sale or derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of earnings.

The Fund conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by the Fund prospectively.

e) Consolidation

The financial statements of the Fund consolidate the accounts of the Fund and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Fund controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are de-consolidated from the date that control ceases.

f) Business combinations, goodwill and other intangible assets

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values (at the acquisition date) of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Fund in exchange for control of the acquired company. Acquisition costs are expensed as incurred. The acquired company's identifiable assets (including previously unrecognized intangible assets), liabilities and contingent liabilities are recognized at their fair values at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Fund's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Fund and the cost can be reliably measured. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. Customer relationships are amortized on a straight-line basis over the expected period of benefit of 20 years. Contractual rights, which consist of non-compete agreements, zoned property rights and favourable lease agreements, are amortized on a straight-line basis over the term of the contract. Computer software is amortized on a straight-line basis over periods of three and five years. Brand names which the Company continues to use in the conduct of its business are considered indefinite life because their value is not expected to degrade over time. To the extent the Company decides to discontinue the use of a certain brand, an estimate of the remaining useful life is made and the intangible asset is amortized over the remaining period.

g) *Impairment of non-financial assets*

Property, plant and equipment and definite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating unit or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill and indefinite lived intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists. As well, newly acquired goodwill is reviewed for impairment at the end of the year in which it was acquired.

Goodwill acquired through a business combination is allocated to each CGU, or group of CGUs, that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment losses on goodwill are not reversed.

The Fund evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

h) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

i) *Income taxes*

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of earnings except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

j) *Unitholders' capital*

Under IAS 32, a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability, except for those instruments that meet the exceptions to be classified as equity instruments. The trust units of the Fund meet the puttable equity exceptions and therefore are classified as equity.

The Fund's declaration of trust allows a unitholder to tender their units for cash redemption. This cash redemption right is restricted, at the Fund's option, to an aggregate cash amount of $25 per month. Historically, the Fund has not been asked to redeem units for cash.

k) *Unit-Based Compensation*

The Fund issues unit-based awards to certain employees in the form of unit options. The unit options are financial liabilities since the units are ultimately puttable back to the Fund in exchange for cash. The cost of cash-settled unit-based transactions are measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The liability is re-measured at each reporting date with changes in fair value recognized in earnings.

l) *Earnings per unit*

Basic earnings per unit (EPU) is calculated by dividing the net earnings for the period attributable to equity owners of the Fund by the weighted average number of units outstanding during the period.

Diluted EPU is calculated by adjusting the weighted average number of units outstanding and corresponding earnings impact for dilutive instruments. The Fund's dilutive instruments comprise unit options, exchangeable shares, convertible debentures and non-controlling interest put options and call liability. The number of shares included with respect to unit options is computed using the treasury stock method. The exchangeable Class A shares are evaluated as to whether or not they are dilutive based on the effect on earnings per unit of eliminating the liability adjustment for the period and increasing the weighted average number of units outstanding for the units that would be exchanged for the Class A shares. The dilutive impact of the convertible debentures and non-controlling interest put options and call liability is calculated using the "if converted" method.

m) *Foreign currency translation*

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Fund's functional currency. The financial statements of entities that have a functional currency different from that of the Fund are translated into Canadian dollars. Assets and liabilities are translated into Canadian dollars at the average rate of exchange (2016 – noon rate of exchange) prevailing at the statement of financial position dates and income and expense items are translated at the average exchange rate during the period (as this is considered a reasonable approximation to actual rates). The adjustment arising from the translation of these accounts is recognized in other comprehensive earnings (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the foreign operation are recognized in earnings. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the subsidiary are reallocated between controlling and non-controlling interests.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in earnings.

n) Financial instruments

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

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Fund classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Cash is classified as “Financial Assets at Fair Value Through Profit or Loss” (FVTPL). This financial asset is measured at fair value at each period end.

Derivative contracts including convertible debenture conversion features and non-controlling interest put options and call liability are classified as “Financial Assets or Financial Liabilities at Fair Value Through Profit or Loss” with mark-to-market adjustments being recorded to net earnings at each period end.

Accounts receivable and notes receivable are classified as “Loans and Receivables”. After their initial fair value measurement, they are measured at amortized cost using the effective interest method, as reduced by appropriate allowances for estimated unrecoverable amounts.

Accounts payable and accrued liabilities, dividends and distributions payable, the non-derivative component of convertible debentures, and long-term debt are classified as “Other Liabilities” 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.

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 Fair Value Through Profit or Loss”. Exchangeable Class A shares are measured at the market price of the units of Fund as of the statement of financial position date.

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

For net investment hedging relationships, foreign exchange gains and losses are recognized in other comprehensive earnings (loss). Amounts recorded in accumulated other comprehensive earnings (loss) are recognized in net earnings when there is a disposition of the foreign subsidiary.

o) Non-controlling interests

The Company accounts for transactions where a non-controlling interest exists, and where a put option has been granted to third parties under IFRS 10 whereby the non-controlling interest is initially recognized at fair value and then immediately derecognized upon the issuance and recognition of the put option. Differences between the put option liability recognized at fair value and the amount of any non-controlling interest derecognized is recognized directly in equity.

When there is no allocation of profit or loss to non-controlling partners, no non-controlling interest is recognized in the Consolidated Statement of Financial Position. Distributions to non-controlling partners are recognized as an expense when paid or payable based on the distribution formula of the agreement.

p) *Pensions and other post-retirement benefits*

The Company contributes to defined contribution pension plans of employees. Contributions are recognized within operating expenses at an amount equal to contributions payable for the period. Any outstanding contributions are recognized as liabilities within accrued liabilities.

q) *Provisions*

Provisions are recognized when the Fund has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is significant. The increase in the provision due to the passage of time is recognized as a finance cost.

r) *Segment reporting*

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the joint responsibility of the Chief Executive Officer of the Fund , the Chief Operating Officer and President of the Fund and the Executive Vice President and Chief Financial Officer of the Fund.

The Fund's primary line of business is automotive collision and glass repair and related services, with the majority of revenues relating to this group of similar services. This line of business operates in Canada and the U.S. and both regions exhibit similar long-term economic characteristics. In this circumstance, IFRS requires the Company to provide specific geographical disclosure. For the years reported, the Company's revenues were derived within Canada or the U.S. and all property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Critical accounting estimates

The Fund makes estimates, including the assumptions applied therein, concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of Goodwill and Intangible Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the CGU or group of CGUs to which the asset relate for the most recent two years, and an estimate or forecast of cash flows for the next year to establish an estimate of the Fund's future cash flows. An estimate of the recoverable amount is then calculated as the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lives of the intangible assets. Goodwill and intangible asset impairments, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period.

Impairment of Other Long-lived Assets

The Fund assesses the recoverability of its long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Fund's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the discounted sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Fund's consolidated financial statements.

Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value of certain financial liabilities recorded on the Consolidated Statement of Financial Position, as well as disclosed in the notes to the consolidated financial statements. The Fund also establishes mark-to-market valuations for derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Fair Value of Call Liability

The call liability has been valued based on the exercise price calculated in accordance with the terms of the Amended and Restated Limited Liability Company Agreement of Glass America LLC dated June 1, 2013 (the "GA Company Agreement"). The 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. The value of the call liability is subject to estimation and the valuation at settlement of the call could result in a material impact on the Fund's consolidated financial statements.

Income Taxes

The Fund is subject to income tax in several jurisdictions and estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Fund recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite the Fund's belief that its tax return positions are supportable, the Fund believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Fund believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Critical judgments in applying the entity's accounting policies

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Fund's latest forecasts which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Fund operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. The judgments inherent in these assessments are subject to uncertainty and, if changed, could materially affect the Fund's assessment of its ability to realize the benefit of these tax assets.

Leases

In applying the classification of leases in IAS 17, management considers its premise leases as well as certain equipment and vehicle leases as operating lease arrangements. In some cases, the lease transaction is not conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership or an operating lease where substantially all the risks and rewards incidental to ownership are not transferred.

4. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED

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

IFRS 15, Revenue from Contracts with Customers, was issued by the IASB on May 28, 2014 and will replace current guidance found in IAS 11, Construction Contracts and IAS 18, Revenue. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. IFRS 15 provides a principles-based five-step model to be applied to all contracts with customers. IFRS 15 requires a company to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. On July 22, 2015, the IASB announced a deferral in the effective date for this standard. The standard is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. A choice of retrospective application or a modified transition approach is provided. On April 12, 2016, the IASB issued clarifying amendments to IFRS 15, Revenue from Contracts with Customers. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments also include additional relief to reduce cost and complexity on initial application. The amendments also require application January 1, 2018. The Fund is applying the standard effective January 1, 2018 using the modified retrospective approach. The Fund has reviewed its various revenue streams and contracts with customers to assess the implication of adoption of IFRS 15. Under IFRS 15, revenue will be recognized upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. Currently, revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund, the sales price is fixed or determinable and collectability is reasonably assured. The anticipated impact on the consolidated financial statements as at January 1, 2018 is a decrease to opening retained earnings of $8,525. The Fund will expand disclosures in the notes to the consolidated financial statements as required by IFRS 15 upon its adoption on January 1, 2018.

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

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

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

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

5. ACQUISITIONS

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

The Fund also completed 16 acquisitions that added 33 locations during the year ended December 31, 2017 as follows:

Acquisition Date	Location
January 6, 2017	Monroe, North Carolina
January 13, 2017	Phoenix, Arizona (4 locations)
March 17, 2017	Portland, Oregon (2 locations)
April 19, 2017	Salem, Oregon
April 27, 2017	Orem, Utah
June 14, 2017	Greensboro, Georgia
June 27, 2017	Spokane, Washington
August 4, 2017	Calgary, Alberta (4 locations)
September 1, 2017	Westerville, Ohio
September 8, 2017	Lafayette, Louisiana
September 20, 2017	Issaquah, Washington
October 18, 2017	Toronto, ON
October 27, 2017	Nashville, TN (9 locations)
December 5, 2017	Tumwater, WA
December 12, 2017	Glenwood Springs, CO
December 15, 2017	Cleveland, OH (3 locations)

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

The Fund also completed 25 acquisitions that added 51 locations, as well as the acquisition of a glass repair business with four locations during the year ended December 31, 2016 as follows:

Acquisition Date	Location
January 4, 2016	Lafayette, Indiana (2 locations)
January 15, 2016	Saanichton, British Columbia and Sidney, British Columbia
March 18, 2016	Cincinnati, Ohio (4 autoglass locations)
March 21, 2016	Portland Area, Oregon (5 locations)
March 31, 2016	Indianapolis Area, Indiana (6 locations)
April 19, 2016	Hudson, Ohio
April 29, 2016	Rocky Mount, North Carolina
May 6, 2016	Burnaby, British Columbia
May 20, 2016	Sapulpa, Oklahoma
May 31, 2016	Tulsa, Oklahoma
June 10, 2016	Airway Heights, Washington
July 8, 2016	Portland, Oregon
July 15, 2016	Statesville, North Carolina
July 22, 2016	Titusville, Florida
July 29, 2016	Cincinatti Region, Ohio (9 locations), Southgate, Kentucky (1 location)
August 31, 2016	LaPorte, Indiana
September 7, 2016	Sebastian, Florida
September 16, 2016	Burnaby, British Columbia
September 23, 2016	Portage, Indiana
September 30, 2016	Baton Rouge, Louisiana
October 14, 2016	Greenville, North Carolina
October 14, 2016	Battle Creek, Michigan
October 24, 2016	Greenville, North Carolina
October 28, 2016	Grand Junction, Colorado
November 4, 2016	Detroit, Michigan Region (5 locations)
December 5, 2016	Crestview, Fort Walton Beach and Panama City Beach, Florida

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

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

Acquisitions in 2017	Assured	Other acquisitions	Total acquisitions
Identifiable net assets acquired at fair value:			
Other currents assets	$ 16,915	$ 1,933	$ 18,848
Property, plant and equipment	12,083	19,753	31,836
Identified intangible assets			
Customer relationships	65,000	27,773	92,773
Brand name	14,000	-	14,000
Non-compete agreements	8,000	1,362	9,362
Liabilities assumed	(18,766)	(520)	(19,286)
Identifiable net assets acquired	$ 97,232	$ 50,301	$ 147,533
Goodwill	104,731	31,751	136,482
Total purchase consideration	$ 201,963	$ 82,052	$ 284,015
Consideration provided			
Cash paid or payable	$ 150,247	$ 75,411	$ 225,658
Units issued	51,716	-	51,716
Sellers notes	-	6,641	6,641
Total consideration provided	$ 201,963	$ 82,052	$ 284,015

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

The following table summarizes the preliminary purchase consideration and preliminary purchase price allocation as reported in the Fund's 2016 year-end financial statements and subsequent adjustments to finalize the purchase price allocation within the measurement period:

Purchase price allocation	Preliminary	Adjustments	**Final**
Identifiable net assets acquired at fair value:			
Other currents assets	$ 1,908	$ -	**$ 1,908**
Property, plant and equipment	20,979	-	**20,979**
Identified intangible assets			
Customer relationships	26,788	1,071	**27,859**
Non-compete agreements	1,183	38	**1,221**
Liabilities assumed	(441)	(75)	**(516)**
Deferred income tax liability	(430)	(1,107)	**(1,537)**
Identifiable net assets acquired	$ 49,987	$ (73)	**$ 49,914**
Goodwill	51,319	73	**51,392**
Total purchase consideration	$ 101,306	-	**$ 101,306**
Consideration provided			
Cash paid or payable	$ 85,887	$ -	**$ 85,887**
Contingent consideration	1,713	-	**1,713**
Sellers notes	13,706	-	**13,706**
Total consideration provided	$ 101,306		**$ 101,306**

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

The preliminary purchase prices for the 2017 acquisitions as disclosed above may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

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

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

Goodwill recognized during 2017 is expected to be deductible for tax purposes. Goodwill recognized during 2016 is expected to be deductible for tax purposes, except for the goodwill related to the March 21, 2016 acquisition in the Portland Area of Oregon. Goodwill recognized on this transaction totalled $7,008.

On November 4, 2016, the Company acquired the assets of Adrian Enterprises, Inc. The contingent consideration recorded is based on business meeting predetermined earnings targets during the period from April 1, 2017 to March 31, 2018. A maximum payment of $1,500 in 2018 would be required if the business meets or exceeds the target. The present value of the contingent consideration has been determined at the maximum payment level using a 9% discount rate.

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

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. Revenue contributed by Assured and other acquisitions since the acquisition were $82,162 and $38,847 respectively. Net earnings contributed by Assured and other acquisitions since the acquisition were $4,484 and $1,339 respectively. If 2017 acquisitions had been acquired on January 1, 2017, the Fund's net earnings for the year ended December 31, 2017 would have been $59,806 (unaudited).

6. INVENTORY

As at	**December 31, 2017**	December 31, 2016
Parts and materials	**$ 12,846**	$ 11,076
Work in process	**14,165**	12,441
	$ 27,011	$ 23,517

Included in cost of sales for the year ended December 31, 2017 are parts and material costs of $479,460 (2016 – $420,106) and labour costs of $259,940 (2016 – $229,537) with the balance of cost of sales primarily made up of sublet charges.

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

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leasehold Improvements	Total
Depreciation rates		5%	15%	20%	30%	15%	30%	10 to 25 years straight line	
As at January 1, 2016									
Cost	$ 3,008	$ 6,317	$ 99,430	$ 8,693	$ 10,334	$ 8,657	$ 17,338	$ 71,029	$ 224,806
Accumulated depreciation	-	(531)	(42,643)	(4,079)	(6,638)	(3,204)	(10,004)	(24,664)	(91,763)
Net book value	$ 3,008	$ 5,786	$ 56,787	$ 4,614	$ 3,696	$ 5,453	$ 7,334	$ 46,365	$ 133,043
For the year ended December 31, 2016									
Additions	1,743	2,503	18,429	2,941	1,527	2,242	4,990	21,105	55,480
Proceeds on disposal	-	-	(158)	-	-	-	(747)	(31)	(936)
Gain (loss) on disposal	-	-	47	-	(2)	(1)	555	(25)	574
Depreciation	-	(310)	(9,517)	(1,339)	(1,249)	(926)	(3,038)	(7,013)	(23,392)
Foreign exchange	(47)	(109)	(1,592)	(61)	(68)	(112)	(89)	(878)	(2,956)
Net book value	$ 4,704	$ 7,870	$ 63,996	$ 6,155	$ 3,904	$ 6,656	$ 9,005	$ 59,523	$ 161,813
As at December 31, 2016									
Cost	$ 4,704	$ 8,704	$ 114,915	$ 11,456	$ 11,264	$ 10,635	$ 20,756	$ 90,134	$ 272,568
Accumulated depreciation	-	(834)	(50,919)	(5,301)	(7,360)	(3,979)	(11,751)	(30,611)	(110,755)
Net book value	$ 4,704	$ 7,870	$ 63,996	$ 6,155	$ 3,904	$ 6,656	$ 9,005	$ 59,523	$ 161,813
For the year ended December 31, 2017									
Additions	2,650	11,574	26,078	2,508	6,440	1,490	2,520	20,152	73,412
Proceeds on disposal	-	-	(39)	-	(23)	(10)	(399)	(279)	(750)
Gain (loss) on disposal	-	-	(16)	-	3	(2)	284	-	269
Depreciation	-	(505)	(11,167)	(1,440)	(1,665)	(1,074)	(2,979)	(9,227)	(28,057)
Foreign exchange	(339)	(717)	(3,928)	(363)	(338)	(381)	(530)	(3,992)	(10,588)
Net book value	$ 7,015	$ 18,222	$ 74,924	$ 6,860	$ 8,321	$ 6,679	$ 7,901	$ 66,177	$ 196,099
As at December 31, 2017									
Cost	$ 7,015	$ 19,510	$ 133,477	$ 13,275	$ 16,812	$ 11,370	$ 20,686	$ 103,186	$ 325,331
Accumulated depreciation	-	(1,288)	(58,553)	(6,415)	(8,491)	(4,691)	(12,785)	(37,009)	(129,232)
Net book value	$ 7,015	$ 18,222	$ 74,924	$ 6,860	$ 8,321	$ 6,679	$ 7,901	$ 66,177	$ 196,099

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

8. INCOME TAXES

The Fund is a "specified investment flow-through" ("SIFT") and until December 31, 2010 was exempt from tax on its income to the extent that its income was distributed to unitholders. This exemption did not apply to the Company or its subsidiaries, which are corporations that are subject to income tax. Fund distributions that are sourced from U.S. business earnings are not subject to the SIFT tax.

The Fund accounts for deferred income tax assets and liabilities in respect of accounting and tax basis differences. Deferred income tax assets and liabilities which relate to the same jurisdiction are netted on the Consolidated Statement of Financial Position.

a) The reconciliation between income tax expense and the accounting earnings multiplied by the combined basic Canadian and U.S. federal, provincial and state tax rates is as follows:

	For the years ended December 31,			
		2017		2016
Earnings before income taxes	**$**	**77,149**	$	57,061
Earnings subject to tax in the hands of unitholders not the Fund		**(9,582)**		(9,132)
Income subject to income taxes	**$**	**67,567**	$	47,929
Combined basic Canadian and U.S. federal, provincial and state tax rates		**37.87%**		36.36%
Income tax expense at combined statutory tax rates	**$**	**25,588**	$	17,427
Adjustments for the tax effect of:				
Non-deductible depreciation		**(92)**		(66)
Other non-deductible expenses		**430**		279
Amortization of permanent goodwill deductions		**-**		(100)
Allocation to non-controlling interest		**(286)**		(1,286)
Changes in deferred tax assets and liabilities resulting from changes in substantively enacted tax rates		**(13,571)**		2
Dividends treated as interest		**961**		762
Non-deductible fair value adjustments		**1,470**		5,060
Effective rate adjustment		**3,211**		4,437
Items affecting equity - issue costs		**1,022**		166
Other		**(19)**		15
Income tax expense	**$**	**18,714**	$	26,696

U.S. tax reform resulted in a one-time income tax recovery of $13,571, which is included in changes in deferred tax assets and liabilities resulting from changes in substantively enacted rates.

The structure of the Fund is such that a portion of the Fund's earnings continue to be subject to tax in the hands of the unitholders, not the Fund. This permits the Company to reduce its tax obligation. As a result during the year, the Company benefitted from an interest deduction in the amount of $10,240 (2016 - $10,640). This amount was received by the Fund who then is permitted to reduce its taxable income for the distributions declared in the year.

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

b) Deferred income taxes consist of the following:

As at	**December 31, 2017**	December 31, 2016
Intangible assets	**$ (1,052)**	$ (337)
Non-capital losses carried forward	**1,196**	1,718
Property, plant and equipment	**(401)**	(393)
Issue costs	**193**	496
Other	**170**	(155)
Deferred income tax asset	**$ 106**	$ 1,329

As at	**December 31, 2017**	December 31, 2016
Intangible assets	**$ (20,152)**	$ (23,109)
Accrued liabilities	**7,187**	10,429
Property, plant and equipment	**(15,597)**	(16,011)
Acquisition costs	**2,115**	3,213
Other	**145**	-
Deferred income tax liability	**$ (26,302)**	$ (25,478)

c) The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred income tax asset as at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ 1,329**	$ 2,622
Deferred income tax expense	**(1,223)**	(1,293)
Balance, end of year	**$ 106**	$ 1,329

Deferred income tax liability as at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ (25,478)**	$ (20,602)
Acquired through business combination	**(1,107)**	(430)
Deferred income tax expense	**(1,361)**	(4,889)
Foreign exchange	**1,644**	443
Balance, end of year	**$ (26,302)**	$ (25,478)

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

d) Deferred income tax assets are recognized to the extent it is probable that sufficient future taxable income will be available to allow a deferred income tax asset to be realized. At December 31, 2017, the Fund has recognized all of its deferred income tax assets with the exception of $7,510 (2016 - $7,510) in capital losses available in Canada. At December 31, 2017, the Fund has non-capital losses in Canada of $4,432 (2016 - $6,413) and net operating losses in the U.S. of $nil (2016 - $nil).

The losses expire as follows:

Year of expiry	
2033	3,211
2034	1,221

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

9. INTANGIBLE ASSETS

	Customer Relationships	Brand Name	Computer Software	Non-compete Agreements	Zoned Property Rights	Favourable Lease Agreements	Total
As at January 1, 2016							
Cost	$ 147,814	$ 16,000	$ 3,221	$ 8,505	$ 54	$ 8,725	$ 184,319
Accumulated amortization	(26,035)	(6,813)	(2,481)	(5,257)	(54)	-	(40,640)
Net book value	$ 121,779	$ 9,187	$ 740	$ 3,248	$ -	$ 8,725	$ 143,679
For the year ended December 31, 2016							
Acquired through business combinations	26,788	-	-	1,183	-	-	27,971
Additions	-	-	1,369	-	-	-	1,369
Amortization	(7,846)	(44)	(656)	(1,595)	-	(557)	(10,698)
Foreign exchange	(3,221)	(275)	50	(94)	-	(267)	(3,807)
Net book value	$ 137,500	$ 8,868	$ 1,503	$ 2,742	$ -	$ 7,901	$ 158,514
As at December 31, 2016							
Cost	$ 170,710	$ 15,523	$ 4,640	$ 9,457	$ 54	$ 8,465	$ 208,849
Accumulated amortization	(33,210)	(6,655)	(3,137)	(6,715)	(54)	(564)	(50,335)
Net book value	$ 137,500	$ 8,868	$ 1,503	$ 2,742	$ -	$ 7,901	$ 158,514
For the year ended December 31, 2017							
Acquired through business combinations	92,773	14,000	-	9,362	-	-	$ 116,135
Additions	-	-	416	-	-	-	416
Purchase price allocation adjustments	1,071	-	-	38	-	-	1,109
Amortization	(10,344)	(5)	(765)	(1,949)	-	(545)	(13,608)
Foreign exchange	(9,392)	(582)	(28)	(161)	-	(501)	(10,664)
Net book value	$ 211,608	$ 22,281	$ 1,126	$ 10,032	$ -	$ 6,855	$ 251,902
As at December 31, 2017							
Cost	$ 252,696	$ 28,503	$ 5,055	$ 18,257	$ 54	$ 7,909	$ 312,474
Accumulated amortization	(41,088)	(6,222)	(3,929)	(8,225)	(54)	(1,054)	(60,572)
Net book value	$ 211,608	$ 22,281	$ 1,126	$ 10,032	$ -	$ 6,855	$ 251,902

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

10. GOODWILL

As at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ 230,701**	$ 183,623
Acquired through business combination	**136,482**	51,319
Purchase price allocation adjustments within the measurement period	**73**	-
Foreign exchange	**(15,313)**	(4,241)
Balance, end of year	**$ 351,943**	$ 230,701

The Fund has used the value in use method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current cash flow, taxes, a growth rate of 2% and capital maintenance expenditures. These assumptions are based on past experience. A discount rate of 10% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures.

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

11. 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, 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
October 31, 2017	November 28, 2017	0.0430	801	10
November 30, 2017	December 20, 2017	0.0440	859	10
December 31, 2017	January 29, 2018	0.0440	859	10
		$ 0.5180	$ 9,582	$ 120

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

Record date	Payment date	Distribution per Unit / Dividend per Share	Distribution amount	Dividend amount
January 31, 2016	February 25, 2016	$ 0.0420	$ 757	$ 11
February 29, 2016	March 29, 2016	0.0420	757	11
March 31, 2016	April 27, 2016	0.0420	757	11
April 30, 2016	May 27, 2016	0.0420	758	10
May 31, 2016	June 28, 2016	0.0420	758	10
June 30, 2016	July 27, 2016	0.0420	758	10
July 31, 2016	August 29, 2016	0.0420	758	10
August 31, 2016	September 29, 2016	0.0420	759	10
September 30, 2016	October 27, 2016	0.0420	759	10
October 31, 2016	November 28, 2016	0.0420	759	10
November 30, 2016	December 21, 2016	0.0430	776	9
December 31, 2016	January 27, 2017	0.0430	777	9
		$ 0.5060	$ 9,133	$ 121

At December 31, 2017, there were 200,395 (December 31, 2016 – 204,193) exchangeable Class A shares outstanding with a carrying value of $20,218 (December 31, 2016 - $17,471).

During 2017, a fair value adjustment expense in the amount of $3,102 (2016 - $4,189) was recorded against earnings related to these exchangeable Class A shares.

Further distributions and dividends were declared for the months of January, February and March 2018 in the amount of $0.044 per unit/share. The total amount of distributions and dividends declared after the reporting date was $2,596 and $30, respectively.

12. LONG-TERM DEBT

On May 26, 2017, the Company entered into a second amended and restated credit agreement for a term of five years, increasing the revolving credit facility to $300,000 U.S., with an accordion feature which can increase the facility to a maximum of $450,000 U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate is based on a pricing grid of the Fund’s ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances (“BA”) or London Inter Bank Offer Rate (“LIBOR”). The total syndicated facility includes a swing line up to a maximum of $5,000 U.S. in Canada and $20,000 U.S. in the U.S.

Under the revolving facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt to EBITDA ratio of less than 4.25; a senior debt to EBITDA ratio of less than 3.50 up to March 31, 2018 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt to EBITDA ratio may be increased to less than 4.75 and the senior debt to EBITDA ratio may be increased to less than 4.00 up to March 31, 2018 and less than 3.75 thereafter. The debt calculations exclude the convertible debentures. As at December 31, 2017, $200,980 (including $40,000 U.S.) had been drawn under the revolving facility.

Deferred financing costs of $356 were incurred during 2015 to complete the amended and restated credit agreement. These fees were amortized to finance costs on a straight line basis over the five year term of the amended and restated credit agreement until May 26, 2017 when the second amended and restated credit agreement was signed. At that time, the unamortized deferred financing costs of $226 were recorded as finance costs. Financing costs of $859 incurred during 2017 to complete the second amended and restated credit agreement have been deferred. These fees are amortized to finance costs on a straight line basis over the five year term of the second amended and restated credit agreement. The unamortized deferred financing costs of $758 have been netted against the debt drawn as at December 31, 2017.

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

As at December 31, 2017, the Company was in compliance with all financial covenants.

Seller notes payable of $45,690 U.S. on the financing of certain acquisitions are unsecured, at interest rates ranging from 1% to 8%. The notes are repayable from January 2018 to January 2027 in the same currency as the related note.

Long-term debt is comprised of the following:

As at	**December 31, 2017**	December 31, 2016
Revolving credit facility (net of financing costs)	**$ 200,222**	$ 33,318
Seller notes	**57,754**	68,299
	$ 257,976	$ 101,617
Current portion	**15,134**	12,329
	$ 242,842	$ 89,288

The following is the continuity of long-term debt:

As at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ 101,617**	$ 66,547
Consideration on acquisition	**6,641**	13,706
Draw	**209,053**	54,332
Repayment	**(53,212)**	(31,147)
Deferred financing costs	**(859)**	(321)
Amortization of deferred finance costs	**350**	71
Foreign exchange	**(5,614)**	(1,571)
Balance, end of year	**$ 257,976**	$ 101,617

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

Principal Payments	**December 31, 2017**	December 31, 2016
Less than 1 year	**$ 15,134**	$ 12,329
1 to 5 years	**227,060**	69,928
Greater than 5 years	**15,782**	19,360
	$ 257,976	$ 101,617

Included in finance costs for the year ended December 31, 2017 is interest on long-term debt of $7,454 (2016 - $4,510).

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

13. CONVERTIBLE DEBENTURES

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

Between January 1, 2017 and September 6, 2017, at the request of the holders, the Fund converted $1,542 principal amount of the 2014 Debentures into 25,112 units of the Fund. The fair value of the 2014 Debentures at the time of conversion was $2,334. On November 2, 2017, the Fund completed the early redemption and cancellation of the 2014 Debentures. Subsequent to the initial announcement of the early redemption, $52,376 principal amount of the 2014 Debentures were converted into 853,027 units of the Fund. The remaining $2,547 in 2014 Debentures were redeemed and cancelled by issuing 28,995 units. As a result of redemption and cancellation, the 2014 Debentures previously listed on the Toronto Stock Exchange under the symbol "BYD.DB.A" were de-listed.

During 2016, at the request of the holders, the Fund converted $1,035 principal amount of the 2014 Debentures into 16,856 units of the Fund. The fair value of the 2014 Debentures at the time of conversion was $1,291.

During 2017, a fair value adjustment expense in the amount of $1,161 (2016 – $11,612) was recorded to earnings related to convertible debentures and accelerated amortization of the discount on the convertible debt in the amount of $4,925 (2016 - $nil) was recorded to earnings related to the notice of redemption provided by the Fund on September 6, 2017.

As at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ 50,808**	$ 50,916
Adjusted for:		
Accretion charges	**5,657**	927
Conversion to Fund units	**(56,465)**	(1,035)
Balance, end of year	**$ -**	$ 50,808

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

14. OBLIGATIONS UNDER FINANCE LEASES

As at		**December 31, 2017**		December 31, 2016
Equipment leases, at interest rates ranging from 4.65% to 9.09%, due January 2018 to June 2020 (2016 - 3.58% to 9.17%, due January 2017 to June 2020), secured by equipment with a net book value of $4,264 (2016 - $6,739)	**$**	**2,599**	$	4,661
Vehicle leases, at interest rates ranging from 5.50% to 13.67%, due January 2018 to August 2021 (2016 - 5.43% to 13.67%, due January 2017 to March 2020), secured by vehicles with a net book value of $6,447 (2016 - $7,777)		**7,043**		8,112
	$	**9,642**	$	12,773
Amounts representing interest		**721**		881
	$	**8,921**	$	11,892
Current portion		**3,652**		4,229
	$	**5,269**	$	7,663

Included in finance costs is interest related to finance leases of $782 (2016 - $1,305).

Minimum lease payments required as at December 31, 2017 are as follows:

	Principal and Interest Payments	Amounts Representing Interest	Principal Payments
Less than 1 year	$ 4,177	525	$ 3,652
1 to 5 years	5,465	196	$ 5,269
	$ 9,642	721	$ 8,921

15. FAIR VALUE ADJUSTMENTS

	For the years ended December 31,			
		2017		2016
Convertible debenture conversion feature	**$**	**1,161**	$	11,612
Exchangeable Class A common shares		**3,102**		4,189
Unit based payment obligation		**9,783**		9,334
Non-controlling interest put options and call liability		**(5,879)**		(4,269)
Total fair value adjustments	**$**	**8,167**	$	20,866

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

16. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	**December 31, 2017** Carrying amount	**December 31, 2017** Fair value	December 31, 2016 Carrying amount	December 31, 2016 Fair value
Financial assets						
Cash	FVTPL (1)	1	**47,831**	47,831	53,515	53,515
Accounts receivable	Loans and receivables	n/a	**104,545**	104,545	87,822	87,822
Financial liabilities						
Accounts payable and accrued liabilities	Other financial liabilities	n/a	**195,837**	195,837	158,794	158,794
Distributions and dividends payable	Other financial liabilities	n/a	**869**	869	787	787
Long-term debt	Other financial liabilities	n/a	**257,976**	257,976	101,617	101,617
2014 convertible debenture	Other financial liabilities	2	**-**	-	50,808	84,698
2014 convertible debenture conversion feature	FVTPL (1)	2	**-**	-	27,697	27,697
Exchangeable Class A common shares	FVTPL (1)	1	**20,218**	20,218	17,471	17,471
Non-controlling interest put options and call liability	FVTPL (1)	3	**21,242**	21,242	29,202	29,202

(1) Fair Value Through Profit or Loss

For the Fund's current financial assets and liabilities, including accounts receivable and accounts payable and accrued liabilities, 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. 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 December 31, 2017 was approximately $152,376 (December 31, 2016 - $141,337).

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

Interest rate risk

The Company's operating line and syndicated loan facility are exposed to interest rate fluctuations and the Company does not hold any financial instruments to mitigate this risk. Convertible debentures and seller notes are at fixed interest rates.

Foreign currency risk

The Company's operations in the U.S. are more closely tied to its domestic currency. Accordingly, the U.S. operations are measured in U.S. dollars and the Company's foreign exchange translation exposure relates to these operations. When the U.S. operation's net asset values are converted to Canadian dollars, currency fluctuations result in period to period changes in those net asset values. The Fund's equity position reflects these changes in net asset values as recorded in accumulated other comprehensive earnings. The income and expenses of the U.S. operations are translated into Canadian dollars at the average rate for the period in order to include their financial results in the consolidated financial statements. Period to period changes in the average exchange rates cause translation effects that have an impact on net earnings. Unlike the effect of exchange rate fluctuations on transaction exposure, the exchange rate translation risk does not affect local currency cash flows.

Transactional foreign currency risk also exists in circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. No forward foreign exchange contracts were used during 2017 or 2016.

The Fund earns interest on promissory notes issued to The Boyd Group (U.S.) Inc., the parent of the Fund's U.S. operations. As at December 31, 2017 and December 31, 2016, promissory notes denominated in Canadian dollars are as follows:

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

On January 4, 2016, $11,000 of the $25,000 note due January 1, 2024 was assigned by the Fund to The Boyd Group Inc. This assignment was related to the conversion and redemption of the Fund's 2012 convertible debentures and was made in exchange for The Boyd Group Inc. issuing 11,000 Class IV shares to the Fund.

On September 29, 2017, the $108,000 note was renewed for a term of 10 years at an interest rate of 5.0%. On October 16, 2017, $83,500 of the $108,000 note due September 29, 2027 was assigned by the Fund to The Boyd Group Inc. This assignment was related to the conversion and redemption of the Fund's 2014 convertible debentures and was made in exchange for The Boyd Group Inc. issuing 83,500 Class IV shares to the Fund.

Currently the Fund's U.S. operations purchase Canadian dollars at market rates to fund the monthly interest payments.

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

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. Cash is in the form of deposits on demand with major financial institutions that have strong long-term credit ratings. The Fund is subject to risk of non-payment of accounts receivable; however, the Fund's receivables are largely collected from the insurers of its customers. Accordingly, the Fund's accounts receivable comprises mostly amounts due from national and international insurance companies or provincial crown corporations.

Aging of accounts receivable As at	**December 31, 2017**	December 31, 2016
Neither impaired nor past due	**$ 101,437**	$ 85,988
Past due:		
Over 90 days	**4,616**	2,833
	$ 106,053	$ 88,821
Allowance for doubtful accounts	**(1,508)**	(999)
Accounts receivable	**$ 104,545**	$ 87,822

The Fund uses an allowance account to record an estimate of potential impairment for accounts receivables based on aging and other factors. The Fund has not identified specific accounts it believes to be impaired.

Allowance for doubtful accounts As at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ 999**	$ 1,018
Increase (decrease) in allowance (net of recoveries and amounts written off)	**509**	(19)
Balance, end of year	**$ 1,508**	$ 999

Liquidity risk

The following table details the Fund's remaining contractual maturities for its financial liabilities.

	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	$ 195,837	$195,837	$ -	$ -	$ -	$ -	$ -
Long-term debt	257,976	15,134	10,320	8,087	5,072	203,581	15,782
Obligations under finance leases	8,921	3,652	3,346	1,337	506	80	-
Operating lease obligation	535,715	72,929	75,467	68,625	61,185	52,551	204,958
	$ 998,449	$287,552	$ 89,133	$ 78,049	$ 66,763	$256,212	$220,740

Obligations of the Fund are generally satisfied through future operating cash flows and the collection of accounts receivable.

Market Risk and Sensitivity Analysis

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Fund is exposed are interest rate risk and foreign exchange rate risk as discussed above.

The Fund has used a sensitivity analysis technique that measures the estimated change to net earnings and equity of a 1% (100 basis points) difference in market interest rates. The sensitivity analysis assumes that changes in market interest rates only affect interest income or expense of variable financial instruments not covered by hedging instruments. For the year ended December 31, 2017 it is estimated that the impact of a 1% increase to market rates would result in a $965 decrease (2016 – $169 decrease) to net earnings as well as comprehensive earnings.

The currency risk sensitivity analysis is based on a 5% strengthening or weakening of the Canadian Dollar against the U.S. Dollar and assumes that all other variables remain constant. Under this assumption, net earnings for the year ended December 31, 2017 as well as comprehensive earnings would have changed by $nil due to no foreign exchange contracts being in place at the end of 2017 and 2016.

Exchangeable Class A Common Shares

The Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. The exchangeable feature results in the Class A common shares of BGHI being presented as financial liabilities of the Fund. Exchangeable Class A shares are measured at the market price of the units of the Fund as at the statement of financial position date. Exchanges are recorded at carrying value. At December 31, 2017 there were 200,395 (2016 – 204,193) shares outstanding with a carrying value of $20,218 (2016 – $17,471). Total retractions for the year were 3,798 (2016 – 30,843) for $355 (2016 – $2,255).

Non-controlling interest put option

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 1 year at a probability weighted estimated EBITDA level as at December 31, 2018 of approximately $7,500 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.

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

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

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

As at		**December 31, 2017**		December 31, 2016
Glass-business operating partner non-controlling interest put option	**$**	**7,075**	$	7,998
Glass America non-controlling interest put option / call liability		**14,167**		21,204
	$	**21,242**	$	29,202

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

	December 31, 2017				December 31, 2016			
		Glass-business operating partner		**Glass America non-controlling interest**		Glass-business operating partner		Glass America non-controlling interest
Balance, beginning of year	**$**	**7,998**	**$**	**21,204**	$	10,850	$	23,888
Fair value adjustments		**(381)**		**(5,498)**		(2,480)		(1,789)
Payment to non-controlling interests		**-**		**(221)**		-		(156)
Foreign exchange		**(542)**		**(1,318)**		(372)		(739)
Balance, end of year	**$**	**7,075**	**$**	**14,167**	$	7,998	$	21,204

During 2017, a fair value adjustment recovery in the amount of $5,879 (2016 – $4,269) 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 March 20, 2018, the acquisition of the non-controlling interest in Glass America has not been completed.

17. 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**		**December 31, 2017 Fair Value**		December 31, 2016 Fair Value
January 2, 2008	150,000	$	2.70	January 2, 2018	**$**	**14,729**	$	11,301
January 2, 2009	150,000	$	3.14	January 2, 2019		**13,465**		10,138
January 2, 2010	150,000	$	5.41	January 2, 2020		**11,991**		8,963
					$	**40,185**	$	30,402

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

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.

On January 11, 2016, the Fund completed the settlement of the unit options issued on January 11, 2006. As a result of the settlement, 200,000 units were issued at an exercise price of $1.91. The fair value of the unit options at settlement was $12,432.

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 $100.89, dividend yield 0.62% and expected volatility 23.76% (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 – 1.28%, January 2, 2010 issuance – 1.50%.

During 2017, a fair value adjustment expense in the amount of $9,783 (2016 – $9,334) was recorded to earnings related to these unit based payment obligations.

18. LEASE COMMITMENTS

The Fund has various operating lease commitments, primarily in respect of leased premises. The aggregate amount of future minimum lease payments associated with these leases is $535,715 (2016 - $384,397). The minimum amounts payable over the next five years are as follows:

Less than 1 year	$	72,929
1 to 5 years		257,828
Greater than 5 years		204,958
	$	535,715

Included in operating expenses for the year ended December 31, 2017 are operating lease expenses, primarily in respect of leased premises of $78,556 (2016 – $69,721).

19. CONTINGENCIES

The Fund has two U.S. denominated letters of credit for $225 U.S. (2016 –$225 U.S.).

20. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

		December 31, 2017		December 31, 2016
Balance, beginning of year	**$**	**65,560**	$	75,111
Unrealized loss on translating financial statements of foreign operations		**(26,750)**		(9,551)
Balance, end of year	**$**	**38,810**	$	65,560

There is no tax impact of translating the financial statements of the foreign operation.

21. CAPITAL

Unitholders' Capital

Authorized:
Unlimited number of trust units

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

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

On July 4, 2017, the Company acquired the assets and business of Assured. Funding for the Assured transaction included the issuance of 537,872 units of the Fund to the sellers at a unit price of $96.15.

On November 2, 2017, the Fund completed the early redemption and cancellation of its 2014 Debentures due October 31, 2021. Subsequent to the initial announcement of the early redemption, $52,376 principal amount of the 2014 Debentures were converted into 853,027 units of the Fund. The remaining $2,547 in 2014 Debentures were redeemed and cancelled by issuing 28,995 units.

On January 5, 2016, the Fund completed the early redemption and cancellation of the 2012 Debentures. Subsequent to the initial announcement of the early redemption, $24,012 principal amount of the 2012 Debentures were converted into 1,026,152 units of the Fund. The remaining $192 in 2012 Debentures were redeemed and cancelled by issuing 3,000 units. The fair value of the 2012 Debentures on conversion and redemption was $68,027.

On January 11, 2016, the Fund completed the settlement of the unit options issued on January 11, 2006. As a result of the settlement, 200,000 units were issued at an exercise price of $1.91. The fair value of the unit options at settlement was $12,432.

22. CONTRIBUTED SURPLUS

Units purchased under the Fund's Normal Course Issuer Bid for a value below their carrying amount represent a contribution to the benefit of the remaining unitholders and the difference is credited to contributed surplus. The Fund purchased units for cancellation under Normal Course Issuer Bids in 2009, 2008, and 2007.

23. CAPITAL STRUCTURE

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

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

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

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

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

24. 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.

25. RELATED PARTY TRANSACTIONS

To broaden and deepen management ownership in the Fund, the Company established the Senior Managers Unit Loan Program ("Unit Loan Program") in December 2012, which facilitated the one-time purchase of 121,607 of trust units held by Brock Bulbuck, President and Chief Executive Officer, and Tim O'Day, President and Chief Operating Officer US Operations, to existing Boyd trustees and senior managers. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager's unit purchase. The loans bear interest at a fixed rate of 3% per annum with interest payable monthly. Each year, 2% of the original loan amount will be forgiven and applied as a reduction of the loan principal for the first five years of the loan. This forgiveness is conditional on the employee being employed by the Company and the employee not being in default of the loan. Participants are required to make monthly payments equal to .25% of the original principal amount. Beginning March 31, 2013 participants are required to make additional minimum repayments of principal equal to the lesser of 12.5% of their annual pre-tax bonus or 12.5% of the original loan amount. Participants are required to repay the loan in full on the earlier of termination of employment, the sale of the units, or ten years from the date of loan issuance. The loan can be repaid at any time without penalty; however, the 2% future annual forgiveness would be forfeited. Units purchased are held by the Company as security for repayment of the loan. Pursuant to the conditions of the senior manager unit loan program, loan repayments by senior managers amounted to $223 for 2017 (2016 - $240). At December 31, 2017, the carrying value of loans made under the Unit Loan Program was $85 (2016 - $308).

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

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

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

Landlord	Affiliated Person(s)	Location	Lease Expires	**December 31, 2017**	December 31, 2016
1440298 Ontario Limited	Desmond D'Silva	Richmond Hill, ON	2035	**$ 92**	$ -
242890 Ontario Inc.	Desmond D'Silva	Ottawa, ON	2035	**127**	-
2440782 Ontario Inc.	Desmond D'Silva	Ajax, ON	2036	**42**	-
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2027	**-**	35
861866 Ontario Inc.	Desmond D'Silva	Mississauga, ON	2032	**25**	-
861866 Ontario Inc.	Desmond D'Silva	Oakville, ON	2035	**92**	-
D'Silva Real Estate Holdings Inc.	Desmond D'Silva	Barrie, ON	2032	**180**	-
Gerber Building No. 1 Ptnrp	Eddie Cheskis, & Tim O'Day	South Elgin, IL	2018	**120**	120
Kard Properties Ltd.	Desmond D'Silva	Missisauga, ON	2035	**52**	-
Kard Properties Ltd.	Desmond D'Silva	Hamilton,ON	2036	**31**	-
Kard Properties Ltd.	Desmond D'Silva	Missisauga, ON	2035	**24**	-
Kard Properties Ltd.	Desmond D'Silva	Missisauga, ON	2035	**153**	-
Kard Properties Ltd.	Desmond D'Silva	Missisauga, ON	2036	**50**	-
Kard Properties Ltd.	Desmond D'Silva	Scarborough, ON	2036	**44**	-
Kard Properties Ltd.	Desmond D'Silva	Toronto, ON	2023	**25**	-
Kard Properties Ltd.	Desmond D'Silva	Brampton, ON	2036	**49**	-
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2035	**51**	-
Kard Properties Ltd.	Desmond D'Silva	Woodstock, ON	2037	**33**	-
Kard Properties Ltd.	Desmond D'Silva	Etobicoke, ON	2037	**105**	-
Supreme Auto Collision Inc.	Desmond D'Silva	Milton, ON	2035	**56**	-

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

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $56 (2016 - $54), through BGHI to 4612094 Manitoba Inc., an entity controlled by a senior officer of the Fund. At December 31, 2017, 4612094 Manitoba Inc. owned 107,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

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

26. 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 years ended December 31, **2017**	2016
Canada	**$ 178,968**	$ 85,261
United States	**1,390,480**	1,301,858
	$ 1,569,448	$ 1,387,119

Reportable Assets As at	**December 31, 2017**	December 31, 2016
Canada	**$ 231,928**	$ 19,369
United States	**568,016**	531,659
	$ 799,944	$ 551,028

The Fund's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Fund operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Fund's customers. Sales generated in these three markets represent approximately 4% (2016 – 4%) of the Fund's total sales. Although the Fund's services in these markets are predominately paid for by these government-owned insurance companies, the Fund's customers (automobile owners) have freedom of choice of repair provider. In markets where non-government owned insurance companies are predominant, formal relationships with insurance companies such as Direct Repair Programs ("DRPs") play an important role in generating sales volumes for the Fund. Although automobile owners still have the freedom of choice of repair provider, that choice can be influenced by the insurance companies with DRPs. Of the top five non-government owned insurance companies that the Fund deals with, which in aggregate account for approximately 44% (2016 – 47%) of total sales, one insurance company represents approximately 14% (2016 – 15%) of the Fund's total sales, while a second insurance company represents approximately 13% (2016 – 14%).

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

27. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

	For the years ended December 31,	
	2017	2016
Salaries and short-term employee benefits	**$ 4,654**	$ 4,723
Post-employment benefits	**90**	87
Long-term incentive plan	**2,266**	2,059
Unit options	**9,783**	9,334
	$ 16,793	$ 16,203

Key management includes the Fund's Trustees as well the most senior officers of the Fund and Subsidiary Companies.

28. SHARE-BASED COMPENSATION

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

Long-term incentive plan

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

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

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

Directors Deferred Share Unit Plan

A Directors Deferred Share Unit Plan ("DSUP") is administered through BGHI and requires independent Trustees, who are also Directors of BGHI, to receive at least 60% of their Director compensation in the form of deferred shares, which are essentially notional shares of BGHI and are redeemable for cash on termination. Directors may elect to receive up to 100% of their Director compensation in the form of deferred shares. The number of deferred share units to which a Director is entitled will be adjusted for the payment of dividends or other cash distributions on the Class A common shares of BGHI.

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

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

29. EMPLOYEE EXPENSES

	For the years ended December 31, **2017**	2016
Salaries and short-term employee benefits	**$ 596,309**	$ 527,865
Post-employment benefits	**90**	87
Long-term incentive plan	**3,139**	2,686
Unit options	**9,783**	9,334
	$ 609,321	$ 539,972

30. DEFINED CONTRIBUTION PENSION PLANS

The Fund has defined contribution pension plans for certain employees. The Fund matches U.S. employee contributions at rates up to 6.0% of the employees' salary. The expense and payments for the year were $1,248 (2016 - $1,149). The Fund has established a Retirement Defined Contribution Arrangement Trust Agreement for the CEO which qualifies as retirement compensation arrangement as defined in the Income Tax Act (Canada), RSC 1985, c.1 (5th Supplement), as amended. The agreement specifies that quarterly contributions are to be made until the end of 2024. During 2017, $90 (2016 - $87) was paid related to these arrangements.

31. EARNINGS PER UNIT

	For the years ended December 31, **2017**	2016
Net earnings	**$ 58,435**	$ 30,365
Less:		
Non-controlling interest put options and call liability	**(5,879)**	(4,269)
Net earnings - diluted basis	**$ 52,556**	$ 26,096
Basic weighted average number of units	**18,489,781**	18,030,527
Add:		
Non-controlling interest put options and call liability	**224,662**	343,896
Average number of units outstanding - diluted basis	**18,714,443**	18,374,423
Basic earnings per unit	**$ 3.160**	$ 1.684
Diluted earnings per unit	**$ 2.808**	$ 1.420

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

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

32. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the years ended December 31, **2017**	2016
Accounts receivable	**$ (7,702)**	$ (24,437)
Inventory	**(674)**	(1,579)
Prepaid expenses	**(5,480)**	(6,504)
Accounts payable	**26,586**	25,460
Income taxes, net	**(9,664)**	5,920
	$ 3,066	$ (1,140)

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at			Non-cash changes				
	December 31, 2016	Cash Flows	Acquisition	Other items	Fair value changes	Foreign exchange	**December 31, 2017**
Long-term debt	$ 101,617	$ 154,982	$ 6,641	$ 350	$ -	$ (5,614)	**$ 257,976**
Obligations under finance leases	11,892	(4,349)	-	1,951	-	(573)	**8,921**
Dividends and distributions	787	(9,618)	-	9,700	-	-	**869**
Non-controlling interest put options and call liability	29,202	(221)	-	-	(5,879)	(1,860)	**21,242**
Issue costs	-	(192)	-	-	-	-	**-**
	$ 143,498	140,602	6,641	12,001	(5,879)	(8,047)	**$ 289,008**

34. COMPARATIVE FIGURES

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