BOYD GROUP INCOME FUND

Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2019

Notice: These interim condensed consolidated financial statements have not been audited or reviewed by the Fund's independent external auditors, Deloitte LLP.

BOYD GROUP INCOME FUND

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

(thousands of Canadian dollars)

	Note		March 31, 2019		December 31, 2018
Assets					
Current assets:					
Cash		$	**52,192**	$	64,476
Accounts receivable			**118,355**		105,088
Income taxes recoverable			**-**		3,064
Inventory			**39,250**		41,804
Prepaid expenses			**31,188**		30,292
			240,985		244,724
Property, plant and equipment	3,5		**254,427**		253,103
Right of use assets	3,6		**459,289**		-
Intangible assets	7		**323,758**		295,789
Goodwill	8		**502,635**		439,867
		$	**1,781,094**	$	1,233,483
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities	3	**$**	**272,410**	$	267,991
Income taxes payable			**2,044**		-
Distributions and dividends payable	9		**904**		902
Current portion of long-term debt	10		**16,485**		16,390
Current portion of lease liabilities	3,11		**102,329**		3,846
Non-controlling interest call liability	13		**-**		13,651
			394,172		302,780
Long-term debt	10		**350,183**		271,769
Lease liabilities	3,11		**392,797**		4,561
Deferred income tax liability	3		**30,962**		39,882
Exchangeable Class A common shares	9, 13		**26,211**		21,549
Unit based payment obligation	14		**18,774**		14,936
Non-controlling interest put option	13		**4,305**		6,905
			1,217,404		662,382
Equity					
Accumulated other comprehensive earnings			**67,739**		77,637
Retained earnings	3		**11,069**		14,038
Unitholders' capital			**480,880**		475,424
Contributed surplus			**4,002**		4,002
			563,690		571,101
		$	**1,781,094**	$	1,233,483

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

Approved by the Board:

BROCK BULBUCK
Trustee

ALLAN DAVIS
Trustee

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

	Note	Unitholders' Capital Units	Unitholders' Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings (Deficit)	Total Equity
Balances - January 1, 2018		19,513,864	$ 443,463	$ 4,002	$ 38,810	$ (46,432)	$ 439,843
Issue costs (net of tax of $nil)			(101)				(101)
Units issued from treasury in connection with options exercised		300,000	31,020				31,020
Retractions		9,611	1,042				1,042
Other comprehensive earnings					38,827		38,827
Net earnings						77,639	77,639
Comprehensive earnings					38,827	77,639	116,466
Adjustment on adoption of IFRS 15 (net of tax of $1,804)						(6,731)	(6,731)
Distributions to unitholders						(10,438)	(10,438)
Balances - December 31, 2018		19,823,475	$ 475,424	$ 4,002	$ 77,637	$ 14,038	$ 571,101
Issue costs (net of tax of $nil)			(101)				(101)
Units issued in connection with acquisition	4	45,371	5,538				5,538
Retractions		174	19				19
Other comprehensive loss					(9,898)		(9,898)
Net earnings						21,389	21,389
Comprehensive earnings					(9,898)	21,389	11,491
Adjustment on adoption of IFRS 16 (net of tax of $9,663)	3					(21,681)	(21,681)
Distributions to unitholders	9					(2,677)	(2,677)
Balances - March 31, 2019		19,869,020	$ 480,880	$ 4,002	$ 67,739	$ 11,069	$ 563,690
Balances - January 1, 2018		19,513,864	$ 443,463	$ 4,002	$ 38,810	$ (46,432)	$ 439,843
Issue costs (net of tax of $nil)			(101)				(101)
Units issued from treasury in connection with options exercised		150,000	15,134				15,134
Retractions		4,737	478				478
Other comprehensive earnings					11,501		11,501
Net earnings						18,336	18,336
Comprehensive earnings					11,501	18,336	29,837
Adjustment on adoption of IFRS 15 (net of tax of $1,804)						(6,731)	(6,731)
Distributions to unitholders	9					(2,596)	(2,596)
Balances - March 31, 2018		19,668,601	$ 458,974	$ 4,002	$ 50,311	$ (37,423)	$ 475,864

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

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

	Note	Three months ended March 31, 2019	2018
Sales	16	$ **557,897**	$ 453,291
Cost of sales		**304,914**	248,746
Gross profit		**252,983**	204,545
Operating expenses		**174,661**	162,422
Acquisition and transaction costs		**1,259**	334
Depreciation of property, plant and equipment	5	**9,075**	7,698
Depreciation of right of use assets	6	**21,004**	-
Amortization of intangible assets	7	**4,818**	4,177
Fair value adjustments	12	**5,813**	2,305
Finance costs		**7,929**	2,622
		224,559	179,558
Earnings before income taxes		**28,424**	24,987
Income tax expense			
Current		**5,714**	4,052
Deferred		**1,321**	2,599
		7,035	6,651
Net earnings		$ **21,389**	$ 18,336

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	Note	2019	2018
Basic earnings per unit	17	**1.08**	0.93
Diluted earnings per unit	17	**0.95**	0.93
Basic weighted average number of units outstanding	17	**19,839,203**	19,663,886
Diluted weighted average number of units outstanding	17	**19,874,950**	19,877,252

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

	Three months ended March 31, 2019	2018
Net earnings	$ **21,389**	$ 18,336
Other comprehensive (loss) earnings		
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings		
Change in unrealized earnings on translating financial statements of foreign operations	**(9,898)**	11,501
Other comprehensive (loss) earnings	**(9,898)**	11,501
Comprehensive earnings	$ **11,491**	$ 29,837

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

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

	Note	Three months ended March 31, 2019	2018
Cash flows from operating activities			
Net earnings		**$ 21,389**	$ 18,336
Items not affecting cash			
Fair value adjustments	12	**5,813**	2,305
Deferred income taxes		**1,321**	2,599
Interest expense on lease liabilities	11	**5,332**	-
Amortization of intangible assets	7	**4,818**	4,177
Depreciation of property, plant and equipment	5	**9,075**	7,698
Depreciation of right of use assets	6	**21,004**	-
Other		**43**	(50)
		68,795	35,065
Changes in non-cash working capital items		**(5,076)**	(832)
		63,719	34,233
Cash flows from (used in) financing activities			
Fund units issued from treasury in connection with options exercised		**-**	405
Issue costs	18	**(101)**	(101)
Increase in obligations under long-term debt	10,18	**80,228**	18,427
Repayment of long-term debt	10,18	**(9,254)**	(15,789)
Repayment of obligations under property leases	18	**(24,147)**	-
Repayment of obligations under vehicle and equipment leases	18	**(1,063)**	(914)
Acquisition of non-controlling interest in Glass America LLC	13,18	**(13,152)**	-
Dividends and distributions paid	18	**(2,705)**	(2,619)
		29,806	(591)
Cash flows used in investing activities			
Proceeds on sale of equipment and software	5	**47**	171
Equipment purchases and facility improvements		**(7,283)**	(3,846)
Acquisition and development of businesses (net of cash acquired)		**(97,074)**	(19,605)
Software purchases and licensing	7	**(360)**	(64)
		(104,670)	(23,344)
Effect of foreign exchange rate changes on cash		**(1,139)**	1,086
Net (decrease) increase in cash position		**(12,284)**	11,384
Cash, beginning of year		**64,476**	47,831
Cash, end of year		**$ 52,192**	$ 59,215
Income taxes paid		**$ 674**	$ 1,814
Interest paid		**$ 2,381**	$ 2,629

The accompanying notes are an integral part of these interim condensed 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 27 U.S. states under the trade name Gerber Collision & Glass. The Company uses newly acquired brand names during a transition period until acquired locations have been rebranded. The Company is also a major retail auto glass operator in the U.S. with locations across 34 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services ("GNCS"), which offers glass, emergency roadside and first notice of loss services with approximately 5,500 glass provider locations and 4,600 Emergency Roadside Services provider locations throughout the U.S.

The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol "BYD.UN". The head office and principal address of the Fund are located at 1745 Ellice Avenue, Winnipeg, Manitoba, Canada, R3H 1A6.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of May 14, 2019, the date the Board of Trustees approved the statements. Any subsequent changes to IFRS that are given effect in the Fund's annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the three months ended March 31, 2019 have been prepared in accordance with IAS 34, *Interim financial reporting* using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16, *Leases*. The date of initial application of IFRS 16 for the Fund is January 1, 2019. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS.

The impact of the adoption of IFRS 16 and the new accounting policies are disclosed in notes 3, 6 and 11. IFRS 16, *Leases*, replaced the guidance found in IAS 17, *Leases* and related interpretations. The new standard brings most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases.

3. CHANGES IN ACCOUNTING POLICIES

Leases

The Fund has adopted IFRS 16, *Leases* on January 1, 2019 using the modified retrospective approach, which recognizes the cumulative effect of initial application as an adjustment to the opening balances of property, plant and equipment, right of use assets, accounts payable and accrued liabilities, lease liabilities, obligations under finance leases, deferred income tax liability and retained earnings at January 1, 2019 without restatement of comparatives. Accounts payable and accrued liabilities were impacted on adoption of IFRS 16 due to the reversal of deferred rent amounts recorded under the previous accounting standard, IAS 17, Leases. The impact on the consolidated financial statements as at January 1, 2019 is as follows:

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

	December 31, 2018	Adjustment as a result of IFRS 16	January 1, 2019
Assets			
Property, plant and equipment	$ **253,103**	$ (10,382)	$ **242,721**
Right of use assets	**-**	452,938	**452,938**
	$ **253,103**	$ 442,556	$ **695,659**
Liabilities			
Accounts payable and accrued liabilities	$ **267,991**	$ (5,679)	$ **262,312**
Current portion of lease liabilities	**-**	103,880	**103,880**
Current portion of obligations under finance leases	**3,846**	(3,846)	**-**
	271,837	94,355	**366,192**
Lease liabilities	**-**	384,106	**384,106**
Obligations under finance leases	**4,561**	(4,561)	**-**
Deferred income tax liability	**39,882**	(9,663)	**30,219**
	316,280	464,237	**780,517**
Equity			
Retained earnings (deficit)	**14,038**	(21,681)	**(7,643)**
	14,038	(21,681)	**(7,643)**
	$ **330,318**	$ 442,556	$ **772,874**

As part of the initial application of IFRS 16, the Fund has utilized the following recognition exemptions and practical expedients:

- not to apply the requirements to short term leases and leases for which the underlying asset is of low value;
- not to reassess whether a contract is, or contains, a lease at the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust the right of use asset at the date of initial application by the amount of any provision for onerous leases recognized in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of the right of use asset at the date of initial application;
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and
- not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application.

The following reconciliation to the opening balance for the lease liabilities as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018:

	January 1, 2019
Operating lease obligations at December 31, 2018	$ 535,533
Finance lease obligations at December 31, 2018	8,407
Discounting	(88,306)
Adjustment for extensions	30,018
Other adjustments	2,334
Lease liabilities at January 1, 2019	$ 487,986

On adoption of IFRS 16, the Fund's right of use assets were measured based on the carrying amount as if the Standard had been applied since the commencement date, discounted at the incremental borrowing rate at the date of initial application. For leases previously classified as finance leases, the carrying amount of the right of use asset and the lease liability at the date of initial application were measured based on the carrying amount of the lease asset and lease liability immediately before that date, measured applying IAS 17.

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

The right of use assets and lease liabilities were discounted at the incremental borrowing rate as at January 1, 2019. The weighted average discount rate was 4.47%. In order to calculate the incremental borrowing rate, reference interest rates were derived for periods of up to 20 years from the yields of corporate bonds in Canada and the U.S. The reference interest rates were supplemented by a leasing risk premium.

Extension options exist for a number of leases, particularly for property. In determining lease terms, extension options are considered only if they are reasonably certain to be exercised.

Leases are presented in the consolidated statement of earnings as follows:

	For the three months ended March 31, 2019	
Operating expenses	$	1,151
Depreciation of right of use assets	$	21,004
Finance costs	$	5,332

Under IFRS 16, right of use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

After initial implementation of IFRS 16 on January 1, 2019, the Fund assesses whether a contract is or contains a lease, at inception of the contract. The Fund recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases, defined as leases with a lease term of 12 months or less, and leases of low value assets. For these leases, the Fund recognizes the lease payments as operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

After initial implementation of IFRS 16 on January 1, 2019, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the interest rate implicit in the leases cannot be readily determined, the Fund uses its incremental borrowing rate. In order to calculate the incremental borrowing rate, reference interest rates are derived from the yields of corporate bonds in Canada and the U.S. The reference interest rates are supplemented by a leasing risk premium.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the Fund is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made.

The Fund remeasures the lease liability when:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

During the period presented, the Fund made the following such adjustments:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value.

After initial implementation of IFRS 16 on January 1, 2019, right of use assets include the initial measurement of the corresponding lease liability, lease payment made at or before the commencement date and any initial direct costs. Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a straight line basis over the term of the lease.

4. ACQUISITIONS

The Fund completed eight acquisitions that added 41 locations during the three months ended March 31, 2019 as follows:

Acquisition Date	Location
January 9, 2019	Cayce, SC
January 11, 2019	Peoria, AZ
February 28, 2019	New York (18 locations)
March 8, 2019	Michigan (11 locations)
March 15, 2019	Guelph, ON
March 18, 2019	Richland, WA
March 25, 2019	Bullhead City, AZ
March 29, 2019	Oregon & Washington (7 locations)

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

The Fund has accounted for the 2019 acquisitions using the acquisition method as follows:

Acquisitions in 2019	Total acquisitions
Identifiable net assets acquired at fair value:	
Other currents assets	$ 6,131
Property, plant and equipment	13,804
Right of use assets	33,906
Identified intangible assets	
Customer relationships	35,791
Non-compete agreements	784
Liabilities assumed	(17,022)
Lease liability	(33,906)
Identifiable net assets acquired	$ 39,488
Goodwill	69,492
Total purchase consideration	$ 108,980
Consideration provided	
Cash paid or payable	$ 93,271
Units issued	5,538
Seller notes	10,171
Total consideration provided	$ 108,980

Funding for the February 28, 2019 transaction was a combination of cash and the issuance of 45,371 units to the sellers at a unit price of $122.05.

The preliminary purchase prices for the 2019 acquisitions 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 2019 is expected to be deductible for tax purposes.

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

5. PROPERTY, PLANT AND EQUIPMENT

As at		**March 31, 2019**		December 31, 2018
Balance, beginning of year	**$**	**253,103**	$	196,099
Acquired through business combination		**13,804**		31,836
Additions		**11,631**		44,510
Proceeds on disposal		**(47)**		(565)
(Loss) gain on disposal		**(32)**		210
Depreciation		**(9,075)**		(34,067)
Reclassification of leased vehicles and equipment to right of use asset on adoption of IFRS 16		**(10,382)**		-
Foreign exchange		**(4,575)**		15,080
Balance, end of period	**$**	**254,427**	$	253,103

6. RIGHT OF USE ASSETS

		Property		**Vehicles**		**Equipment**		**Total**
As at January 1, 2019	$	442,557	$	7,624	$	2,757	$	452,938
Acquired through business combinations		33,906		-		-		33,906
Additions		1,041		481		-		1,522
Loss on disposal		-		(69)		(255)		(324)
Depreciation		(20,343)		(565)		(96)		(21,004)
Foreign exchange		(7,580)		(134)		(35)		(7,749)
Net book value	**$**	**449,581**	**$**	**7,337**	**$**	**2,371**	**$**	**459,289**

7. INTANGIBLE ASSETS

As at		**March 31, 2019**		December 31, 2018
Balance, beginning of year	**$**	**295,789**	$	251,902
Acquired through business combination		**36,575**		45,343
Additions		**360**		909
Amortization		**(4,818)**		(17,674)
Foreign exchange		**(4,148)**		15,309
Balance, end of period	**$**	**323,758**	$	295,789

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

8. GOODWILL

As at		**March 31, 2019**		December 31, 2018
Balance, beginning of year	**$**	**439,867**	$	351,943
Acquired through business combination		**69,492**		65,381
Purchase price allocation adjustments within the measurement period		**(505)**		-
Foreign exchange		**(6,219)**		22,543
Balance, end of period	**$**	**502,635**	$	439,867

The purchase price allocation adjustments represent balance sheet reclassifications between property, plant and equipment and goodwill within the measurement period for certain 2018 acquisitions.

9. DISTRIBUTIONS AND DIVIDENDS

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

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

Record date	**Payment date**		**Distribution per Unit / Dividend per Share**		**Distribution amount**		**Dividend amount**
January 31, 2019	February 26, 2019	$	0.0450	$	891	$	10
February 28, 2019	March 27, 2019		0.0450		892		10
March 31, 2019	April 26, 2019		0.0450		894		9
		$	0.1350	$	2,677	$	29

Record date	**Payment date**		**Distribution per Unit / Dividend per Share**		**Distribution amount**		**Dividend amount**
January 31, 2018	February 26, 2018	$	0.0440	$	865	$	10
February 28, 2018	March 27, 2018		0.0440		865		10
March 31, 2018	April 26, 2018		0.0440		866		9
		$	0.1320	$	2,596	$	29

At March 31, 2019, there were 190,610 (December 31, 2018 – 190,784) exchangeable Class A shares outstanding with a carrying value of $26,211 (December 31, 2018 - $21,549).

During the first quarter of 2019, a fair value adjustment expense in the amount of $4,681 (2018 – $644) was recorded against earnings related to these exchangeable Class A shares.

Further distributions and dividends were declared for the month of April 2019 in the amount of $0.045 per unit/share.

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

10. LONG-TERM DEBT

On May 26, 2017, the Company entered into a second amended and restated credit agreement for a term of five years, increasing the revolving credit facility to $300,000 U.S., with an accordion feature which can increase the facility to a maximum of $450,000 U.S. On April 3, 2019, the Company amended the agreement to expand the facility to $400,000 U.S. through the accordion feature. 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 lease liabilities. At March 31, 2019, the Company has drawn $121,800 U.S. (December 31, 2018 - $61,300 U.S.) and $134,000 Canadian (December 31, 2018 - $139,000) on the revolving credit facility.

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 $544 have been netted against the debt drawn as at March 31, 2019.

As at March 31, 2019, the Company was in compliance with all financial covenants.

Seller notes payable of $70,450 (of which $69,818, or $52,247 U.S., are U.S. denominated) on the financing of certain acquisitions are unsecured, at interest rates ranging from 1% to 8%. The notes are repayable from April 2019 to January 2027 in the same currency as the related note.

Long-term debt is comprised of the following:

As at	**March 31, 2019**	December 31, 2018
Revolving credit facility (net of financing costs)	**$ 296,218**	$ 222,039
Seller notes	**70,450**	66,120
	$ 366,668	$ 288,159
Current portion	**16,485**	16,390
	$ 350,183	$ 271,769

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

The following is the continuity of long-term debt:

As at		**March 31, 2019**		December 31, 2018
Balance, beginning of year	**$**	**288,159**	$	257,976
Consideration on acquisition		**10,171**		20,073
Draws		**80,228**		67,799
Repayments		**(9,254)**		(66,079)
Amortization of deferred finance costs		**43**		172
Foreign exchange		**(2,679)**		8,218
Balance, end of period	**$**	**366,668**	$	288,159

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

Principal Payments		**March 31, 2019**		December 31, 2018
Less than 1 year	**$**	**16,485**	$	16,390
1 to 5 years		**334,392**		256,674
Greater than 5 years		**15,791**		15,095
	$	**366,668**	$	288,159

Included in finance costs for the three months ended March 31, 2019 is interest on long-term debt of $2,572 (2018 - $2,470).

11. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at		**March 31, 2019**
Balance, beginning of year	**$**	**487,986**
Assumed on acquisition		**33,906**
Additions		**1,522**
Repayments		**(25,210)**
Financing costs		**5,332**
Foreign exchange		**(8,410)**
Balance, end of period	**$**	**495,126**

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

The following table summarizes the repayment schedule of the lease liability:

Less than 1 year	$	102,329
1 to 5 years		275,939
Greater than 5 years		116,858
	$	495,126

Included in operating expenses are short-term and low-value asset lease expenses of $1,118.

12. FAIR VALUE ADJUSTMENTS

	For the three months ended March 31,			
		2019		2018
Exchangeable Class A common shares	**$**	**4,681**	$	644
Unit based payment obligation		**3,837**		1,558
Non-controlling interest put option and call liability		**(2,460)**		103
Contingent consideration		**(245)**		-
Total fair value adjustments	**$**	**5,813**	$	2,305

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

13. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	**March 31, 2019** Carrying amount	**March 31, 2019** Fair value	December 31, 2018 Carrying amount	December 31, 2018 Fair value
Financial assets						
Cash	Amortized cost	n/a	**52,192**	52,192	64,476	64,476
Accounts receivable	Amortized cost	n/a	**118,355**	118,355	105,088	105,088
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	**272,410**	272,410	267,991	267,991
Distributions and dividends payable	Amortized cost	n/a	**904**	904	902	902
Long-term debt	Amortized cost	n/a	**366,668**	366,668	288,159	288,159
Exchangeable Class A common shares	FVPL (1)	1	**26,211**	26,211	21,549	21,549
Non-controlling interest put options and call liability	FVPL (1)	3	**4,305**	4,305	20,556	20,556

(1) Fair Value Through Profit or Loss

For the Fund's current financial assets and liabilities, including accounts receivable, accounts payable and accrued liabilities, and distributions and dividends payable, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund's long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair value for the non-controlling interest put option and call liability is based on the estimated cash payment or receipt necessary to settle the contract at the Statement of Financial Position date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk. 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 March 31, 2019 was approximately $170,547 (December 31, 2018 - $169,564).

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

Non-controlling interest put option and call liability

On May 31, 2013, the Fund entered into a contribution agreement whereby Glass America Inc. contributed its auto-glass business to Gerber Glass in exchange for membership representing a 30% ownership interest in a new combined Glass America LLC. The GA Company Agreement contained a put option as well as a call option, which provided 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. On January 31, 2019, the call option transaction was completed, and Gerber Glass LLC acquired the 30% non-controlling interest in Glass America LLC.

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 was not exercisable until December 31, 2018. 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 liability have been calculated using formulas defined in the applicable limited liability company agreements. The formula for the Glass America call was based on a multiple of EBITDA, as defined in the agreement, for the trailing twelve months ended August 31, 2017. The formula for the U.S. management team member put option is based on a multiple of EBITDA, as defined in the agreement, for the trailing twelve months ended March 31, 2019.

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

	March 31, 2019		December 31, 2018	
	Glass-business operating partner	**Glass America non-controlling interest**	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	**$ 6,905**	**$ 13,651**	$ 7,075	$ 14,167
Fair value adjustments	**(2,460)**	**-**	(753)	(1,728)
Payment to non-controlling interests	**-**	**(13,152)**	-	-
Foreign exchange	**(140)**	**(499)**	583	1,212
Balance, end of year	**$ 4,305**	**$ -**	$ 6,905	$ 13,651

During the first quarter of 2019, a fair value adjustment recovery in the amount of $2,460 (2018 – expense of $103) was recorded to earnings related to the non-controlling interest put option and call liability.

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

14. UNIT BASED PAYMENT OBLIGATION

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

Issue Date	Number of Units	Exercise Price	Expiry Date	March 31, 2019 Fair Value	December 31, 2018 Fair Value
January 2, 2010	150,000	$ 5.41	January 2, 2020	**18,774**	14,936
				$ 18,774	$ 14,936

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 $137.51, dividend yield 0.50%, expected volatility 24.11% (determined as a weighted standard deviation of the unit price over the past four years) and risk free interest rate 1.69%.

During the first quarter of 2019, a fair value adjustment expense in the amount of $3,837 (2018 – $1,558) was recorded to earnings related to these unit based payment obligations.

15. SEASONALITY

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

16. 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, right of use assets, goodwill and intangible assets which are all located within these two geographic areas.

	For the three months ended March 31,	
Revenues	**2019**	2018
Canada	**$ 76,467**	$ 74,739
United States	**481,430**	378,552
	$ 557,897	$ 453,291

Reportable Assets As at	**March 31, 2019**	December 31, 2018
Canada	**$ 307,391**	$ 235,498
United States	**1,232,718**	593,674
	$ 1,540,109	$ 829,172

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

17. EARNINGS PER UNIT

	For the three months ended March 31, 2019	2018
Net earnings	**$ 21,389**	$ 18,336
Less:		
Non-controlling interest put options and call liability	**(2,460)**	103
Net earnings - diluted basis	**$ 18,929**	$ 18,439
Basic weighted average number of units	**19,839,203**	19,663,886
Add:		
Non-controlling interest put options and call liability	**35,747**	213,366
Average number of units outstanding - diluted basis	**19,874,950**	19,877,252
Basic earnings per unit	**$ 1.08**	$ 0.93
Diluted earnings per unit	**$ 0.95**	$ 0.93

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)

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2018	Cash Flows	Non-cash changes: Acquisition	Non-cash changes: Other items	Non-cash changes: Fair value changes	Non-cash changes: Foreign exchange	**March 31, 2019**
Long-term debt	$ 288,159	70,974	10,171	43	-	(2,679)	**$ 366,668**
Obligations under finance leases	8,407	-	-	(8,407)	-	-	**-**
Lease liabilities	-	(25,210)	33,906	494,840	-	(8,410)	**495,126**
Dividends and distributions	902	(2,705)	-	2,707	-	-	**904**
Non-controlling interest put option and call liability	20,556	(13,152)	-	-	(2,460)	(639)	**4,305**
Issue costs	-	(101)	-	-	-	-	**-**
	$ 318,024	29,806	44,077	489,183	(2,460)	(11,728)	**$ 867,003**

As at	December 31, 2017	Cash Flows	Non-cash changes: Acquisition	Non-cash changes: Other items	Non-cash changes: Fair value changes	Non-cash changes: Foreign exchange	**March 31, 2018**
Fund units issued from treasury in connection with options exercised	$ -	405	-	-	-	-	**$ -**
Long-term debt	257,976	2,638	1,499	43	-	3,457	**265,613**
Obligations under finance leases	8,921	(914)	-	257	-	195	**8,459**
Dividends and distributions	869	(2,619)	-	2,625	-	-	**875**
Non-controlling interest put option and call liability	21,242	-	-	-	103	591	**21,936**
Issue costs	-	(101)	-	-	-	-	**-**
	$ 289,008	(591)	1,499	2,925	103	4,243	**$ 296,883**