BOYD GROUP INCOME FUND

Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2016

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, 2016		December 31, 2015
Assets					
Current assets:					
Cash		$	**49,274**	$	72,926
Accounts receivable			**75,554**		64,798
Income taxes recoverable			**-**		3,115
Inventory			**18,563**		20,977
Prepaid expenses			**12,215**		13,140
			155,606		174,956
Note receivable			**635**		678
Property, plant and equipment	*5*		**129,776**		133,043
Deferred income tax asset			**2,386**		2,622
Deferred financing costs	*9*		**-**		321
Intangible assets	*6*		**144,077**		143,679
Goodwill	*7*		**200,306**		183,623
		$	**632,786**	$	638,922
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$	**122,770**	$	134,431
Income taxes payable			**34**		-
Distributions payable	*8*		**757**		705
Dividends payable	*8*		**11**		11
Current portion of long-term debt	*9*		**9,681**		9,802
Current portion of obligations under finance leases			**4,349**		4,547
			137,602		149,496
Long-term debt	*9*		**75,729**		56,745
Obligations under finance leases			**8,180**		8,476
Convertible debentures	*10*		**51,144**		75,120
Convertible debenture conversion features	*12*		**23,204**		60,164
Deferred income tax liability			**21,093**		20,602
Exchangeable Class A common shares	*12*		**17,184**		15,536
Unit based payment obligation	*13*		**24,493**		33,118
Non-controlling interest put options	*12*		**32,102**		34,738
			390,731		453,995
Equity					
Accumulated other comprehensive earnings			**53,063**		75,111
Deficit			**(118,506)**		(116,517)
Unitholders' capital	*15*		**303,496**		222,331
Contributed surplus			**4,002**		4,002
			242,055		184,927
		$	**632,786**	$	638,922

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	Deficit	Total Equity
Balances - January 1, 2015		16,359,107	$ 196,406	$ 4,002	$ 21,977	$ (86,402)	$ 135,983
Issue costs (net of tax of $nil)			(29)				(29)
Retractions		4,875	259				259
Conversion of convertible debentures		424,227	25,695				25,695
Other comprehensive earnings					53,134		53,134
Net loss						(21,962)	(21,962)
Comprehensive earnings					53,134	(21,962)	31,172
Distributions to unitholders						(8,153)	(8,153)
Balances - December 31, 2015		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	15	200,000	12,432				12,432
Retractions		9,968	659				659
Conversion and redemption of convertible debentures	15	1,029,152	68,149				68,149
Other comprehensive loss					(22,048)		(22,048)
Net earnings						282	282
Comprehensive loss					(22,048)	282	(21,766)
Distributions to unitholders	8					(2,271)	(2,271)
Balances - March 31, 2016		18,027,329	$ 303,496	$ 4,002	$ 53,063	$ (118,506)	$ 242,055
Balances - January 1, 2015		16,359,107	$ 196,406	$ 4,002	$ 21,977	$ (86,402)	$ 135,983
Issue costs (net of tax of $nil)			(29)				(29)
Retractions		526	25				25
Other comprehensive earnings					24,733		24,733
Net loss						(8,436)	(8,436)
Comprehensive earnings					24,733	(8,436)	16,297
Distributions to unitholders	8					(2,013)	(2,013)
Balances - March 31, 2015		16,359,633	$ 196,402	$ 4,002	$ 46,710	$ (96,851)	$ 150,263

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

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

	Note		Three months ended March 31, 2016		2015
Sales	17	$	**350,356**	$	281,770
Cost of sales			**192,286**		153,174
Gross profit			**158,070**		128,596
Operating expenses			**128,580**		107,411
Acquisition and transaction costs	4		**443**		233
Depreciation of property, plant and equipment	5		**5,436**		3,997
Amortization of intangible assets	6		**2,383**		2,567
Fair value adjustments	11		**12,253**		15,962
Finance costs			**2,414**		2,928
			151,509		133,098
Earnings (loss) before income taxes			**6,561**		(4,502)
Income tax expense					
Current			**4,223**		3,498
Deferred			**2,056**		436
			6,279		3,934
Net earnings (loss)		$	**282**	$	(8,436)

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	Note		2016		2015
Basic earnings (loss) per unit	18	$	**0.016**	$	(0.516)
Diluted loss per unit	18	$	**(0.010)**	$	(0.516)
Basic weighted average number of units outstanding	18		**17,970,470**		16,359,439
Diluted weighted average number of units outstanding	18		**18,472,736**		16,359,439

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

		Three months ended March 31, 2016		2015
Net earnings (loss)	$	**282**	$	(8,436)
Other comprehensive (loss) earnings				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings (Loss)				
Change in unrealized earnings on translating financial statements of foreign operations		**(22,048)**		24,733
Other comprehensive (loss) earnings		**(22,048)**		24,733
Comprehensive (loss) earnings	$	**(21,766)**	$	16,297

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

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

	Three months ended March 31, 2016	2015
Cash flows from operating activities		
Net earnings (loss)	**$ 282**	$ (8,436)
Items not affecting cash		
Fair value adjustments	**12,253**	15,962
Deferred income taxes	**2,056**	436
Amortization of discount on convertible debt	**228**	397
Amortization of deferred finance costs	**18**	53
Amortization of intangible assets	**2,383**	2,567
Depreciation of property, plant and equipment	**5,436**	3,997
Gain on disposal of equipment and software	**(32)**	(2)
Interest accrued on Exchangeable Class A common shares	**33**	33
	22,657	15,007
Changes in non-cash working capital items	**(15,350)**	8,544
	7,307	23,551
Cash flows provided by (used in) financing activities		
Fund units issued from treasury in connection with options exercised	**382**	-
Issue costs	**(75)**	(29)
Increase in obligations under long-term debt	**21,823**	-
Repayment of long-term debt	**(2,626)**	(2,124)
Repayment of obligations under finance leases	**(1,439)**	(1,320)
Dividends paid on Exchangeable Class A common shares	**(33)**	(33)
Distributions paid to unitholders	**(2,219)**	(2,013)
Collection of notes receivable	**-**	17
	15,813	(5,502)
Cash flows used in investing activities		
Proceeds on sale of equipment and software	**153**	21
Equipment purchases and facility improvements	**(2,546)**	(1,713)
Acquisition and development of businesses (net of cash acquired)	**(41,683)**	(11,237)
Software purchases and licensing	**(150)**	(87)
Senior managers unit loan program	**35**	55
	(44,191)	(12,961)
Effect of foreign exchange rate changes on cash	**(2,581)**	4,306
Net (decrease) increase in cash position	**(23,652)**	9,394
Cash, beginning of year	**72,926**	57,510
Cash, end of year	**$ 49,274**	$ 66,904
Income taxes paid	**$ 1,213**	$ 2,072
Interest paid	**$ 1,956**	$ 926

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, as well as in 19 U.S. states under the trade name Gerber Collision & Glass. The Company is a major retail auto glass operator in the U.S. with locations across 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"), an auto glass repair and replacement referral business with approximately 5,500 glass provider locations and 4,600 Emergency Roadside Services provider locations throughout the U.S.

The units and convertible debentures of the Fund are listed on the Toronto Stock Exchange and trade under the symbols "BYD.UN" and "BYD.DB.A". The head office and principal address of the Fund are located at 3570 Portage Avenue, Winnipeg, Manitoba, Canada, R3K 0Z8.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of May 12, 2016, 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, 2016 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

These interim condensed consolidated financial statements for the three months ended March 31, 2016 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, 2015, except for the accounting policy for share-based compensation, which came into effect January 1, 2016 and has been outlined in note 14. During the three months ended March 31, 2016, the Fund did not adopt any changes in accounting policy that resulted in a material impact to the financial statements of the Fund. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS.

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

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

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board ("IASB") on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. On July 22, 2015, the IASB announced a deferral in the effective date for this standard. The standard is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. A choice of retrospective application or a modified transition approach is provided. 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 licence 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 currently evaluating the impact of adopting IFRS 15 on its financial statements.

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

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund is currently evaluating the impact of adopting IFRS 9 on its financial statements.

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 on-balance sheet 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.

On January 19, 2016, the IASB issued narrow-scope amendments to IAS 12, *Income Taxes.* The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value, and require application for annual periods beginning on or after January 1, 2017 with early application permitted. The Fund is currently evaluating the impact of adopting these amendments on its financial statements.

On January 29, 2016, the IASB issued amendments to IAS 7, *Statement of Cash Flows.* The amendments require a reconciliation of liabilities arising from financing activities to enable users of the financial statements to evaluate both cash flow and non-cash changes in the net debt of a company. The amendments become mandatory for annual periods beginning on or after January 1, 2017. The Fund is currently evaluating the impact of adopting these amendments on its financial statements.

4. ACQUISITIONS

The Fund completed four acquisitions that added 15 locations, as well as the acquisition of a glass repair business with four locations during the three months ended March 31, 2016 as follows:

Acquisition Date	Location
January 5, 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)

(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 2016		Total acquisitions
Identifiable net assets acquired at fair value:		
Cash	$	-
Other currents assets		1,075
Property, plant and equipment		4,400
Identified intangible assets		
Customer relationships		11,362
Brand name		-
Non-compete agreements		419
Liabilities assumed		(349)
Identifiable net assets acquired	$	16,907
Goodwill		28,030
Total purchase consideration	$	44,937
Consideration provided		
Cash paid or payable	$	40,407
Sellers notes		4,530
Total consideration provided	$	44,937

The preliminary purchase prices for the 2016 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 2016 is expected to be deductible for tax purposes, except for goodwill related to the March 21, 2016 acquisition. Goodwill recognized on this transaction totalled $7,040.

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

5. PROPERTY, PLANT AND EQUIPMENT

As at		**March 31, 2016**		December 31, 2015
Balance, beginning of year	**$**	**133,043**	$	89,264
Acquired through business combination		**4,400**		14,377
Additions		**5,838**		29,792
Proceeds on disposal		**(153)**		(352)
Gain on disposal		**32**		215
Depreciation		**(5,436)**		(18,022)
Foreign exchange		**(7,948)**		17,769
Balance, end of period	**$**	**129,776**	$	133,043

6. INTANGIBLE ASSETS

As at		**March 31, 2016**		December 31, 2015
Balance, beginning of year	**$**	**143,679**	$	112,053
Acquired through business combination		**11,781**		10,730
Additions		**150**		9,102
Amortization		**(2,383)**		(10,072)
Foreign exchange		**(9,150)**		21,866
Balance, end of period	**$**	**144,077**	$	143,679

7. GOODWILL

As at		**March 31, 2016**		December 31, 2015
Balance, beginning of year	**$**	**183,623**	$	142,755
Acquired through business combination		**28,030**		11,565
Deferred tax liability (asset) on purchase price allocation adjustment		**-**		756
Purchase price allocation adjustments within the measurement period		**-**		(293)
Additional consideration provided		**-**		1,221
Foreign exchange		**(11,347)**		27,619
Balance, end of period	**$**	**200,306**	$	183,623

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

The purchase price allocation adjustments represent balance sheet reclassifications between accounts payable and accrued liabilities, deferred income taxes and goodwill within the measurement period for the Collision Revision acquisition.

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

8. 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, 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
		$ 0.1260	$ 2,271	$ 33

Record date	Payment date	Distribution per Unit / Dividend per Share	Distribution amount	Dividend amount
January 31, 2015	February 25, 2015	$ 0.0410	$ 671	$ 11
February 28, 2015	March 27, 2015	0.0410	671	11
March 31, 2015	April 28, 2015	0.0410	671	11
		$ 0.1230	$ 2,013	$ 33

At March 31, 2016, there were 225,068 (December 31, 2015 – 235,036) exchangeable Class A shares outstanding with a carrying value of $17,184 (December 31, 2015 - $15,536).

During 2016, an expense in the amount of $2,307 (2015 - $1,293) was recorded against earnings (loss) related to these exchangeable Class A shares.

Further distributions and dividends were declared for the month of April 2016 in the amount of $0.042 per unit/share.

9. LONG-TERM DEBT

On July 23, 2015, the Company entered into an amended and restated credit agreement for a term of five years, increasing the revolving credit facility to $150,000 U.S., with an accordion feature which can increase the facility to a maximum of $250,000 U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars and can be drawn in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of $3,000 in Canada and $12,000 in the U.S.

Under the revolving facility 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 3.5 up to December 31, 2016 and less than 3.25 thereafter; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt to EBITDA ratio may be increased to less than 4.75, the senior debt to EBITDA ratio may be increased to less than 4.0 up to December 31, 2016 and increased to less than 3.75 thereafter. The debt calculations exclude the convertible debentures. As at March 31, 2016, $21,402 ($16,500 U.S.) had been drawn under the revolving facility. As at December 31, 2015, neither the revolving facility nor the swing line had been drawn on.

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

Deferred financing costs of $356 were incurred during 2015 to complete the amended and restated credit agreement. These fees are amortized to finance costs on a straight line basis over the five year term of the amended and restated credit agreement. The unamortized deferred financing costs of $303 have been netted against the debt drawn as at March 31, 2016.

As at March 31, 2016, the Company was in compliance with all financial covenants.

Long-term debt is comprised of the following:

As at		**March 31, 2016**		December 31, 2015
Revolving credit facility (net of financing costs)	**$**	**21,099**	$	-
Seller notes		**64,311**		66,547
	$	**85,410**	$	66,547
Current portion		**9,681**		9,802
	$	**75,729**	$	56,745

The following is the continuity of long-term debt:

As at		**March 31, 2016**		December 31, 2015
Balance, beginning of year	**$**	**66,547**	$	56,598
Consideration on acquisition		**4,530**		7,971
Net draw		**21,099**		-
Repayment		**(2,626)**		(8,926)
Foreign exchange		**(4,140)**		10,904
Balance, end of period	**$**	**85,410**	$	66,547

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

Principal Payments		**March 31, 2016**		December 31, 2015
Less than 1 year	**$**	**9,681**	$	9,802
1 to 5 years		**54,601**		33,242
Greater than 5 years		**21,128**		23,503
	$	**85,410**	$	66,547

Included in finance costs is interest on long-term debt of $1,056 (2015 - $1,075).

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

10. CONVERTIBLE DEBENTURES

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

Between December 19, 2012 and November 6, 2015, at the request of the holder, the Fund converted $9,996 of principal amount of Debentures into units of the Fund. On January 5, 2016, the Fund completed the early redemption and cancellation of the Debentures. Subsequent to the initial announcement of the early redemption, $24,012 principal amount of the Debentures were converted into 1,026,152 units of the Fund. The remaining $192 in Debentures were redeemed and cancelled by issuing 3,000 units. As a result of redemption and cancellation, the Debentures previously listed on the Toronto Stock Exchange under the symbol "BYD.DB" were de-listed.

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

The 2014 Debentures bear interest at an annual rate of 5.25% payable semi-annually, and are convertible at the option of the holder into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after October 31, 2017 provided that certain thresholds are met surrounding the weighted average market price of the trust units at that time. On redemption or maturity, the 2014 Debentures may, at the option of the Fund, be repaid in cash or, subject to regulatory approval, units of the Fund.

Details of the 2014 Debentures carrying value are as follows:

As at	**March 31, 2016**	December 31, 2015
Balance, beginning of year	**$ 50,916**	$ 50,047
Adjusted for:		
Accretion charges	**228**	869
Balance, end of period	**$ 51,144**	$ 50,916

During 2016, an expense in the amount of $6,985 (2015 – $10,063) was recorded to earnings (loss) related to convertible debentures.

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

11. FAIR VALUE ADJUSTMENTS

	For the period ended March 31, **2016**	2015
Convertible debenture conversion features	**$ 6,985**	$ 10,063
Exchangeable Class A common shares	**2,307**	1,293
Unit based payment obligation	**3,424**	3,368
Non-controlling interest put options	**(463)**	1,238
Total fair value adjustments	**$ 12,253**	$ 15,962

12. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	**March 31, 2016** Carrying amount	**March 31, 2016** Fair value	December 31, 2015 Carrying amount	December 31, 2015 Fair value
Financial assets						
Cash	FVTPL (1)	1	**49,274**	**49,274**	72,926	72,926
Financial liabilities						
2012 convertible debenture	Other financial liabilities	2	**-**	**-**	24,204	70,918
2012 convertible debenture conversion feature	FVTPL (1)	2	**-**	**-**	43,945	43,945
2014 convertible debenture	Other financial liabilities	2	**51,144**	**75,900**	50,916	70,725
2014 convertible debenture conversion feature	FVTPL (1)	2	**23,204**	**23,204**	16,219	16,219
Exchangeable Class A common shares	FVTPL (1)	1	**17,184**	**17,184**	15,536	15,536
Non-controlling interest put options	FVTPL (1)	3	**32,102**	**32,102**	34,738	34,738

(1) Fair Value Through Profit or Loss

For the Fund's current financial assets and liabilities, including accounts receivable, notes receivable and accounts payable and accrued liabilities, distributions payable 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 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. The fair value for the 2014 convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price $76.35, dividend yield 0.97%, expected volatility 28.08%, risk free interest rate of 0.88%, term of six years. The fair value for the Fund's debentures will change based on the movement in bond rates and changes in the Fund's credit rating.

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

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, 2016 was approximately $124,828 (December 31, 2015 - $137,724).

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 (loss). 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 (loss). 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 2016 or 2015.

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 March 31, 2016 and December 31, 2015, promissory notes denominated in Canadian dollars are as follows:

Promissory notes As at	**March 31, 2016**	December 31, 2015
Promissory note at 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	14,000	25,000
Promissory note at 8.58% due January 1, 2024	30,000	30,000
	$ 200,600	$ 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.

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)

Non-controlling interest put option

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

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

The liability recognized in connection with both put options has been calculated using formulas defined in the agreements. The formula for the Glass America put is based on a multiple of EBITDA for the trailing twelve months. The formula for the Gerber Glass put is based on multiples of estimated future earnings of the combined Gerber Glass and Glass America business, and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised in one year at a probability weighted estimated EBITDA level of approximately $10,600 USD using a discount rate of 9%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

During 2016, the Fund made $nil (2015 - $nil) in payments to the Glass America non-controlling interest.

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

As at	**March 31, 2016**	December 31, 2015
Glass-business operating partner non-controlling interest put option	**$ 9,888**	$ 10,850
Glass America non-controlling interest put option	**22,214**	23,888
	$ 32,102	$ 34,738

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

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

	March 31, 2016		December 31, 2015	
	Glass-business operating partner	**Glass America non-controlling interest**	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	**$ 10,850**	**$ 23,888**	$ 6,510	$ 16,720
Fair value adjustments	**(286)**	**(177)**	2,990	4,603
Payment to non-controlling interests	**-**	**-**	-	(1,086)
Foreign exchange	**(676)**	**(1,497)**	1,350	3,651
Balance, end of period	**$ 9,888**	**$ 22,214**	$ 10,850	$ 23,888

13. UNIT BASED PAYMENT OBLIGATION

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

Issue Date	**Number of Units**	**Exercise Price**	**Expiry Date**	**March 31, 2016 Fair Value**	December 31, 2015 Fair Value
January 11, 2006	200,000	$ 1.91	January 11, 2016	**$ -**	$ 12,803
January 2, 2008	150,000	$ 2.70	January 2, 2018	**9,134**	7,599
January 2, 2009	150,000	$ 3.14	January 2, 2019	**8,173**	6,786
January 2, 2010	150,000	$ 5.41	January 2, 2020	**7,186**	5,930
				$ 24,493	$ 33,118

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 $76.35, dividend yield 0.97% and expected volatility 28.08% (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 - 0.47%, January 2, 2009 issuance - 0.48%, January 2, 2010 issuance - 0.59%.

During 2016, an expense in the amount of $3,424 (2015 – $3,368) was recorded to earnings (loss) related to these unit based payment obligations.

14. 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

For the year ended December 31, 2015, Performance Cash Awards were granted to certain executive officers under the Fund's long-term incentive plan. Performance Cash Awards represent the right to receive payments, conditional, in whole or in part, upon the achievement of one or more objective performance goals. A Performance Cash Award granted under the Plan is denominated and payable in cash and will vest and be paid out over a three-year period, subject to the terms of the plan.

On January 1, 2016, Performance Cash Units were granted to certain executive officers for the 2016 grant year in place of Performance Cash Awards. 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 2015 Award and 2016 Award 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 (loss) 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

On December 22, 2015, the Board of Trustees approved a Directors Deferred Share Unit Plan ("DSUP"), effective December 31, 2015. The plan 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.

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.

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

15. 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.

On January 5, 2016, the Fund completed the early redemption and cancellation of the Debentures. Subsequent to the initial announcement of the early redemption, $24,012 principal amount of the Debentures were converted into 1,026,152 units of the Fund. The remaining $192 in Debentures were redeemed and cancelled by issuing 3,000 units. The fair value of the Debentures on conversion and redemption was $68,149.

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.

16. SEASONALITY

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

17. SEGMENTED REPORTING

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

	For the period ended March 31,	
Revenues	**2016**	2015
Canada	**$ 22,198**	$ 21,321
United States	**328,158**	260,449
	$ 350,356	$ 281,770

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

Reportable Assets As at		**March 31,** **2016**		December 31, 2015
Canada	**$**	**17,629**	$	16,428
United States		**456,530**		443,917
	$	**474,159**	$	460,345

18. EARNINGS (LOSS) PER UNIT

		For the period ended March 31, **2016**		2015
Net earnings (loss)	**$**	**282**	$	(8,436)
Less:				
Non-controlling interest put options		(463)		-
Net loss - diluted basis	**$**	**(181)**	$	(8,436)
Basic weighted average number of units		**17,970,470**		16,359,439
Add:				
Non-controlling interest put options		**502,266**		-
Average number of units outstanding - diluted basis		**18,472,736**		16,359,439
Basic earnings (loss) per unit	**$**	**0.016**	$	(0.516)
Diluted loss per unit	**$**	**(0.010)**	$	(0.516)

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