BOYD GROUP INCOME FUND

2013 Annual Report

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2013 REPORT TO UNITHOLDERS

To Our Unitholders,

We are excited to report that we closed this exemplary year by delivering another strong quarter and a strong year overall. In 2013 we continued to execute on our growth strategy and took prudent steps to position our Company for enhanced profitability and continued growth in the future. The successful completion of the multi-location Glass America and Hansen Collision and Glass acquisitions combined with steady increases in same-store sales and the addition of 17 single locations contributed to strong year-over-year sales growth. Additionally, the completion of our bought deal equity financing and our new credit facility together increased our financial flexibility and put Boyd in a strong position to continue to execute on accretive opportunities to achieve our growth objectives in the future. And finally, our unitholders were rewarded with a 103% increase in unit price over the course of the year, along with an increase in monthly distributions that came into effect in November and contributed to the Fund's addition to the S&P/TSX Canadian Dividend Aristocrats Index.

Our 17 single location additions during the year translated into an 8% growth rate from our single location growth strategy, thereby achieving our target of 6% to 10%. Our acquisition of a controlling interest in Glass America in the second quarter of the year significantly expanded and enhanced our glass business, which is a complimentary and natural extension of our collision repair business. It also positioned our glass business as the second largest auto glass retailer in the U.S. Our acquisition of Hansen Collision and Glass in late third quarter demonstrated our ability to continue to execute on multi-location collision repair acquisition growth, as well as expanded our footprint into the Michigan market.

In addition to executing on our growth strategy, we also completed a number of other meaningful steps to position Boyd for enhanced profitability and continued growth in the future. Our $63.5 million bought deal equity offering in October, combined with our new five year $100 million U.S. (expandable to $135 million U.S. with its accordion feature) revolving credit facility, allowed us to repay unamortized prepaid rebates and positioned us for higher back-end purchase discounts on paint. To this end, subsequent to the quarter, we entered into a letter of intent with our existing paint supplier with respect to a new paint supply agreement. that will allow us to continue to benefit from a higher back-end purchase discount structure that was put in place in October 2013 as part of an amendment and restructuring of our original paint supply agreement. These balance sheet initiatives also positioned us with expanded borrowing capacity to allow us to continue to execute on accretive growth opportunities as they arise in the future.

This year has also proven to be an exceptional year for financial performance where we once again achieved meaningful organic growth and record-breaking results. On the strength of our success, in November, we once again announced an increase to our monthly distribution of 2.6%, from $0.039 to $0.04. With this increase, we have now raised our distributions annually over each of the past six years. This contributed to the Fund being added to the S&P/TSX Canadian Dividend Aristocrats Index in December.

Finally, the financial markets rewarded our growth and financial performance in 2013 with unit price appreciation of 103% for the year as our units increased from $16.29 at the beginning of the year to $33.15 at December 31.

For the year ended December 2013, sales increased by 33.1% to $578.3 million, from $434.4 million for the same period a year ago. The increase in sales was due primarily to multi-shop acquisitions and new locations, which contributed $96.6 million of incremental sales. Additional sales came from same-store sales growth of 4.1% or $16.0 million and $24.6 million of incremental sales from the glass business due primarily to the acquisition of Glass America. Sales benefited further from an increase of $10.1 million as a result of currency translation of sales generated by our U.S. operations. This was partially offset by $3.3 million in lost sales from the closure of four under-performing locations. A core component of our growth strategy is our ability to grow organically with our existing operations. We attribute our overall success in revenue growth to our high quality of service offerings, strong brand recognition, and market share gained through the continuing consolidation of the industry.

Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the convertible debenture conversion feature, exchangeable share liability, unit option liability, non-controlling interest put option, gain on sale of software, write-down of goodwill and acquisition, transaction and process improvement costs ("Adjusted EBITDA")[1] for the year ended December 31, was $41.5 million, or 7.2% of sales, compared with Adjusted

EBITDA of $29.8 million, or 6.9% of sales, in the prior year. The 39.1% increase in Adjusted EBITDA was primarily due to increased same-store sales, which contributed $4.5 million of incremental EBITDA, combined with $4.3 million of incremental EBITDA from new locations and $1.4 million from the translation of U.S. results to Canadian dollars at higher exchange rates. Our glass business, which generates its strongest sales during the spring and summer months, contributed $1.8 million of incremental EBITDA. The closure of under-performing stored reduced Adjusted EBITDA by $0.2 million.

The net loss for the year-end 2013 was $11.6 million, or $0.891 per unit (fully diluted), compared to net earnings of $7.1 million, or $0.563 per unit (fully diluted), for the same period last year. The loss in the current period resulted from non-cash expenses for fair value adjustments to financial instruments of $27.1 million. Fair value adjustments, which are non-cash charges to our earnings, resulted primarily from the 103% appreciation in our unit price during the year. Excluding the impact of these and other adjustments, net earnings would have increased to $18.5 million, or 3.2% of sales. This compares to adjusted earnings of $14.7 million, or 3.4% of sales, for the same period in 2012 if the same items were adjusted.

For the year ended December 31, 2013, the Fund generated adjusted distributable cash of $22.3 million and declared distributions and dividends of $6.4 million, resulting in a payout ratio based on adjusted distributable cash of 28.0% for the year. This compares with a payout ratio of 32.6% a year ago. The increase in adjusted distributable cash is largely due to higher cash flow from operations resulting from the growth of the company.

With respect to our balance sheet, the Fund had total debt, net of cash at December 31, 2013, of $48.4 million, compared with $47.1 million at December 31, 2012 and $70.5 million at September 30, 2013. The decrease in debt from September 30, 2013 was primarily due to the repayment of U.S. senior debt in the fourth quarter of 2013. The Fund had a cash position at December 31, 2013 of $19.3 million, compared with $39.0 million for the same period one year ago. The decrease in cash for the year was primarily a result of acquisition activity and the investment in Hansen Collision and Glass. As we have already noted, our balance sheet is strong and very well positioned for future growth.

We expect the momentum gained by the Company in 2013 to continue into 2014. With three single-location acquisitions already completed in 2014, we are on track to once again meet our 6% to 10% single location growth target for 2014. While the market for larger multi-shop operator ("MSO") acquisitions is becoming more competitive, we continue to believe that there are opportunities for accretive MSO acquisition growth. We intend to remain disciplined and selective in pursuit of those opportunities. We remain confident in the ability of our business model to increase market share through organic growth from our existing operations and by expanding in both the U.S. and Canada through strategic acquisitions. Accretive growth remains our focus, whether it is through same-store sales growth, single location growth or acquisitions. The North American collision repair industry remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. The Company remains confident in its management team, systems and experience. This, along with a strong balance sheet and financing options, will continue to position Boyd well for success into the future.

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

Sincerely,

(signed)

Brock Bulbuck
President & Chief Executive Officer

BOYD GROUP INCOME FUND

2013 CHAIRMAN'S MESSAGE

To Our Unitholders,

Boyd Group Income Fund delivered a remarkable year that saw the company experience significant growth in revenue and adjusted earnings while continuing to advance its acquisition strategy and financing arrangements to position itself for continued growth in the future.

The company reported a healthy 33% increase in overall revenue year-over-year. While much of that growth came from the addition of single and multi-location acquisitions during the year, a significant portion also came from strong organic growth from existing locations.

The company continued to expand its North American footprint and service offerings with the successful addition of 17 new single locations during the year and two multi-shop acquisitions. Chief among these transactions was the deal that saw Boyd obtain a controlling interest in Glass America's glass repair business operating across 23 states, and the subsequent acquisition of HC Capital Group's 25 Hansen Collision and Glass locations primarily in Michigan and Indiana. While remaining disciplined and selective in their pursuit of accretive growth, the management team has demonstrated their ability to take advantage of opportunities for consolidation that exist within the fragmented collision repair industry. The company remains on track to stay within their 6% to 10% single-location acquisition growth target.

The Board supported management's efforts in 2013 to further enhance the Company's ability to take advantage of opportunities for accretive growth going forward through its new credit facility and the completion of a bought deal public offering. With these activities complete, the Boyd Group is well positioned to further grow its network and build on its market presence, scale and market share.

I am pleased to report that the major beneficiaries of the remarkable growth the Fund experienced in 2013 have been our unitholders. Over the past year, investors saw the value of their units rise an impressive 103%. Meanwhile, the Fund declared $6.4 million in distributions and dividends during the course of the year, and the growth achieved in 2013 made it possible for the Board to approve for the sixth year in a row an increase in the monthly distribution in November. We are especially proud that the impressive performance of the Fund's units prompted their addition to the S&P/TSX Canadian Dividend Aristocrats Index.

On behalf of the Trustees of the Boyd Group Income Fund, I would like to congratulate the management team and all employees on another record-breaking year and thank them for their continued commitment and hard work. The Board, working with the management team, will endeavour to keep Boyd Group Income Fund on its current growth trajectory and to continue to enhance value for unitholders.

In closing, I want to thank our unitholders for their continued support in 2013. We look forward to another successful year in 2014.

Sincerely,

(signed)

Allan Davis
Independent Chair

Management's Discussion & Analysis

OVERVIEW

Boyd Group Income Fund (the "Fund"), through its operating company, The Boyd Group Inc. and its subsidiaries ("Boyd" or the "Company"), is in terms of locations, the largest operator of non-franchised collision repair centres in North America and one of the largest in terms of sales. The Company operates locations in five Canadian provinces under the trade name Boyd Autobody & Glass (http://www.boydautobody.com), as well as in 15 U.S. states under the trade names Gerber Collision & Glass (http://www.gerbercollision.com) and Hansen Collision. The Company is also a major retail auto glass operator in the U.S. with locations across 28 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Services, Auto Glass Authority, S&L Glass and Hansen Auto Glass. The Company also operates Gerber National Glass Services, an auto glass repair and replacement referral business with approximately 3,000 affiliated service providers throughout the United States. The following is a geographic breakdown of the collision repair locations by trade name.

Boyd Autobody & Glass	**39 centers**	Gerber Collision & Glass			**198 centers**	Hansen Collision · Glass	**25 centers**
Manitoba	14	Florida	38	Maryland	10	Michigan	24
Alberta	12	Illinois	35	Indiana	9	Indiana	1
British Columbia	10	North Carolina	24	Ohio	9		
Saskatchewan	2	Arizona	17	Pennsylvania	5		
Ontario	1	Georgia	15	Nevada	4		
		Washington	15	Oklahoma	3		
		Colorado	13	Kansas	1		

Boyd provides collision repair services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company's revenue being derived from insurance-paid collision repair services. In Canada, government-owned insurers operating in Manitoba, Saskatchewan and British Columbia, dominate the insurance-paid collision repair markets in which they operate. In the U.S. and Canadian markets other than Manitoba and Saskatchewan, private insurance carriers compete for consumer policyholders, and in many cases significantly influence the choice of collision repairer through Direct Repair Programs ("DRP's").

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN. The Fund's consolidated financial statements as well as Annual Information Form have been filed on SEDAR at www.sedar.com.

The following review of the Fund's operating and financial results for the year ended December 31, 2013, including material transactions and events up to and including March 20, 2014, as well as management's expectations for the year ahead should be read in conjunction with the annual audited consolidated financial statements of Boyd Group Income Fund for the year ended December 31, 2013 included on pages 46 to 87 of this report.

SIGNIFICANT EVENTS

On January 16, 2013, the Company acquired the assets of Wilmington Paint & Body Works, a single location collision repair business located in Wilmington, North Carolina.

On February 9, 2013, the Company acquired the assets of Twin City Collision, a single location collision repair business in Stanwood, Washington.

On February 25, 2013, the Company acquired the assets of a former single location collision repair business in Lakeland, Florida.

On March 28, 2013, the Company acquired the assets of CBS Quality Cars, a single location collision repair business in Durham, North Carolina.

On April 1, 2013, the Company acquired the assets of Factory Finish, a single location collision repair business in Wilmington, North Carolina.

On April 30, 2013, the Company acquired the assets of Swanson’s Auto Body, a single location collision repair business in Spokane, Washington.

On May 9, 2013, the Company acquired the assets of Sonny Hancock Collision Center, a single location collision repair business in Gastonia, North Carolina.

On May 30, 2013, the Company combined the Remington, Schaumburg and Woodfield, Schaumburg locations in Illinois.

On May 31, 2013, the Company acquired a controlling interest in the retail auto glass business of Glass America, Inc. ("Glass America"), which operated across 23 U.S. states under the trade names of Glass America and Auto Glass Services. The Fund and its operating partner in its glass business each contributed their interests in their existing U.S. auto glass business ("Gerber Glass") on a relative valuation basis, along with a $6.25 million U.S. cash equity contribution into a new entity and received a combined equity interest of 70%. Boyd funded $5.25 million U.S. of the cash equity contribution and holds 55.19% of the new entity, as well as operating and Board control positions. Boyd’s operating partner funded $1.0 million U.S. of the cash equity contribution and holds 14.81% of the new entity. The shareholders of Glass America contributed the business of Glass America on a relative valuation basis for a 30% non-controlling interest position. The cash equity contributions by Boyd and its operating partner were used to pay off third party debt of Glass America. In connection with the acquisition, the Glass America partner was issued a put option, which if exercised would obligate Boyd to purchase the non-controlling interest ownership at agreed upon valuation multiples as early as June 1, 2015. At the same time Boyd obtained a call option, which would require Glass America to sell their non-controlling interest ownership to Boyd at agreed upon valuation multiples as early as December 1, 2016. Under the call and put options, Boyd will have the option, but not the obligation, to pay the purchase price with Boyd units. In connection with the Glass America acquisition, the Company terminated its original put option agreement with its glass operating partner and issued a new put option. The new put option is restricted until December 1, 2016 and is exercisable anytime thereafter by the glass 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 glass operating partner.

On May 31, 2013, the Company completed the acquisition of Queensway Auto Body, Limited, a single location collision repair business in Kitchener, Ontario.

On June 3, 2013, the Fund was recognized in the 25th annual PROFIT 500 ranking of Canada's Fastest-Growing Companies by PROFIT Magazine.

On June 14, 2013, the Company acquired the assets of Morris Auto Body, a single location collision repair business in Loveland, Colorado.

On June 26, 2013, the Company ceased operations in one of its glass facilities in Vancouver, British Columbia.

On June 28, 2013, the Company acquired the assets of Shenandoah Collision Center, a single location collision repair business in Newnan, Georgia.

On September 3, 2013, the Company completed the acquisition of HC Capital Group, Inc., which owned and operated 25 collision repair centers in western Michigan and north-eastern Indiana under the trade name "Hansen Collision”. The transaction was completed for total consideration of approximately US$23.6 million, subject to normal post-closing working capital adjustments, and was financed by a combination of cash, seller notes, third party financing and a US$2.0 million unit issuance to the sellers at a prior fifteen-day weighted-average price of $24.83 per unit.

On October 1, 2013, the Company acquired the assets of Lamar's Main Street Collision Center, a single location collision repair business in Douglasville, Georgia.

On October 7, 2013 the Company amended its agreement with its paint supplier, allowing it to obtain the benefit of higher back-end purchase discounts. The amendment was in effect from October 1, 2013 to January 31, 2014, while Boyd and its paint supplier worked to negotiate a final agreement setting forth the complete terms of the arrangement and while Boyd validated the market competitiveness of the back end discount. As a result of this amendment, the Company realized on the accretive nature of this restructured arrangement beginning in the fourth quarter of 2013. During the interim period, Boyd validated the market competitiveness of the back-end discount. The terms of the amendment required the Fund to repay the unamortized prepaid rebates in the fourth quarter of 2013. The payment was made on December 31, 2013 (see January 31, 2014 update below).

On October 22, 2013, the Fund completed a bought deal public offering where it sold to an underwriting syndicate 2,000,000 trust units issued out of treasury at a gross price of $27.60 per unit for net proceeds to the Fund of $52.4 million, after deducting estimated expenses of the offering. Concurrent with the closing, the Underwriters exercised an over-allotment option in full and purchased an additional 300,000 trust units at the offering price, which increased the net proceeds under the Offering to $60.3 million after deducting estimated expenses of the offering.

On October 31, 2013, the Company acquired the assets of Pie's Collision Centers, a two-location collision repair business, which operated under the names Pie's Auto Collision Expert and Pie's Body Shop in Ellicott City, Maryland and Catonsville, Maryland.

On November 1, 2013, the Company issued a request for financing proposals from certain Canadian and US Banks with the intent to enter into a new long-term debt facility, which would be commensurate with the size and financing leverage capacity of the business, to assist in financing future growth (see also December 20, 2013 update below).

On November 12, 2013, the Company acquired the assets of Certified Collision Centers, a three-location collision repair business serving the Phoenix, Arizona market area.

On November 14, 2013, the Trustees of the Fund and the Directors of BGHI approved a $0.001 or 2.6% increase in monthly distributions and dividends to $0.04 per unit commencing November 2013, for unitholders and shareholders of record on November 30, 2013.

On November 15, 2013, the Company acquired the assets of Dew, Inc., a single location collision repair business in Jacksonville, North Carolina.

On December 19, 2013, the S&P Dow Jones Canadian Index Services announced it added the Boyd Group Income Fund to the S&P/TSX Canadian Dividend Aristocrats Index as part of its annual review.

On December 20, 2013, the Company entered into a new five year $100 million U.S. revolving credit facility, with a syndicate of Canadian and U.S. banks that includes an accordion feature which can increase the facility to a maximum of $135 million U.S.

On January 31, 2014, the Company announced that it entered into a letter of intent with its existing paint supplier for a new or amended agreement. Under the new or amended agreement, the Company will continue to benefit from a back-end purchase discount structure that was put in place as part of the amendment and restructuring of its paint supply agreement in October, 2013.

On January 31, 2014, the Company completed the acquisition of Kustom Koachworks, Inc., a two-location collision repair business in Phoenix, Arizona.

On February 5, 2014, as part of a new start-up, the Company commenced operations in a new collision repair facility in Ellicott City, Maryland.

OUTLOOK

Boyd continues to execute on its growth strategy of new single locations. Single location growth opportunities continue to be available and a great avenue for accretive growth with attractive pricing and development costs within Boyd's targeted range. The Company has announced 17 new locations in 2013, with an additional three thus far in 2014 and with a number of others in progress. Boyd will continue this momentum and therefore maintains its target to grow with single location growth by 6% to 10% annually for the foreseeable future. For 2014, this translates into 16 to 26 new locations. As well, the Company remains both positive and patient for additional opportunities to grow by acquiring multi-shop operations ("MSO's"). While the Company remains opportunistic in its strategy to acquire MSO's, there has been more competition for these types of acquisitions. The Company maintains its position of being disciplined and selective in its identification and assessments of all acquisition opportunities.

Boyd's commitment to growth was further demonstrated by its acquisition of Glass America in the second quarter of 2013. This was a positive step for the Company's glass business which is a complimentary and natural extension of the collision repair business. Boyd continued its MSO growth strategy with the acquisition of Hansen Collision and Glass in the third quarter of 2013, a 25 location acquisition based in Michigan and Indiana. The integration of both Glass America and Hansen Collision and Glass are continuing into 2014 and are proceeding as planned and expected.

In the fourth quarter of 2013 the Company amended its agreement with its paint supplier changing its current paint supply arrangement away from a pre-purchase rebate system to a post-purchase discount system. The amendment was effective October 1, 2013 and provided the company with the immediate benefit of higher value post-purchase discounts which have reduced the cost of paint materials and supplies and increased gross margins and EBITDA margins. The amendment was extended with a signed letter of intent with its paint supplier on January 31, 2014 and it is expected that Boyd will sign a new agreement before March 31, 2014 providing for the continuation of these arrangements and their related benefits.

As performance based DRP programs with insurance companies continue to develop and evolve it is becoming increasingly important that top performing collision repairers, including Boyd, continue to drive towards higher levels of operating performance as measured primarily by customer satisfaction ratings, repair cycle times and average cost of repair. To this end, Boyd has initiated incremental investments to enhance its processes and operational performance. Additional investments will continue into 2014, and are expected to be in the range $1 million and $3 million.

Management remains confident in its business model to increase market share by expanding its presence in both the U.S. and Canada through strategic acquisitions alongside organic growth from Boyd's existing operations. Accretive growth remains the Company's focus whether it is through organic growth or acquisitions. The North American collision repair industry remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. As a growth company offering yield, our objective continues to be to maintain a conservative distribution policy that will provide us with the financial flexibility necessary to support our growth initiatives while gradually increasing distributions over time. The Company remains confident in its management team, systems and experience. This, along with a strong balance sheet and financing options, will continue to position Boyd well for success into the future.

BUSINESS ENVIRONMENT & STRATEGY

The collision repair industry in North America is estimated by Boyd to represent approximately $30 to $40 billion U.S. in annual revenue. The industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets. It is estimated that car dealerships have approximately 23% of the total market. It is believed that multi-unit collision repair operators with greater than $20 million in annual revenues (including multi-unit car dealerships), now have approximately 15% of the total market.

Customer relationship dynamics in the Company's principal markets differ from region to region. In three of the Canadian provinces where Boyd operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to automobile owners. Although Boyd's services in these markets are predominantly paid for by government-owned insurance companies, these insurers do not typically refer insured automobile owners to specific collision repair centres. In these markets Boyd focuses its marketing to attract business from individual vehicle owners primarily through consumer based advertising. Boyd manages relationships in the government-owned insurance markets through active participation in industry associations.

In Alberta, British Columbia and in the United States, where private insurers operate, a greater emphasis is placed on establishing and maintaining DRP's and other referral arrangements with insurance, fleet and lease companies. DRP's are established between insurance companies and collision repair shops to better manage automobile repair claims and increase levels of customer satisfaction. Insurance, fleet and lease companies select collision repair operators to participate in their programs based on integrity, convenience and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time and other key performance metrics. There is a continuing trend among major insurers in both the public and private insurance markets towards using performance-based criteria for selecting and for referring and assigning collision repair work to collision repair partners. Local and regional DRP's, and more recently national and self-managed DRP relationships, represent an opportunity for Boyd to increase its business as the percentage of insurance paid collision claims handled through DRP's continues to increase. Along with the growth in DRP's, insurers have also moved to consolidate DRP repair volumes with a fewer number of repair shops. There is some preference among some insurance carriers to do business with multi-location collision repairers in order to reduce the number and complexity of contacts necessary to manage their networks of collision repair providers and to achieve a higher level of consistent performance. Boyd continues to develop and strengthen its DRP relationships with insurance carriers in both Canada and the United States and believes it is well positioned to take advantage of these trends.

In addition, Boyd has used consumer based advertising in some of its markets to complement and supplement its DRP growth strategies. The Company believes this strategy is effective in increasing its brand awareness and overall sales. Boyd plans to continue this strategy and to continue to expand it into other Canadian and U.S. markets, as it achieves sufficient critical mass in these other markets to do so.

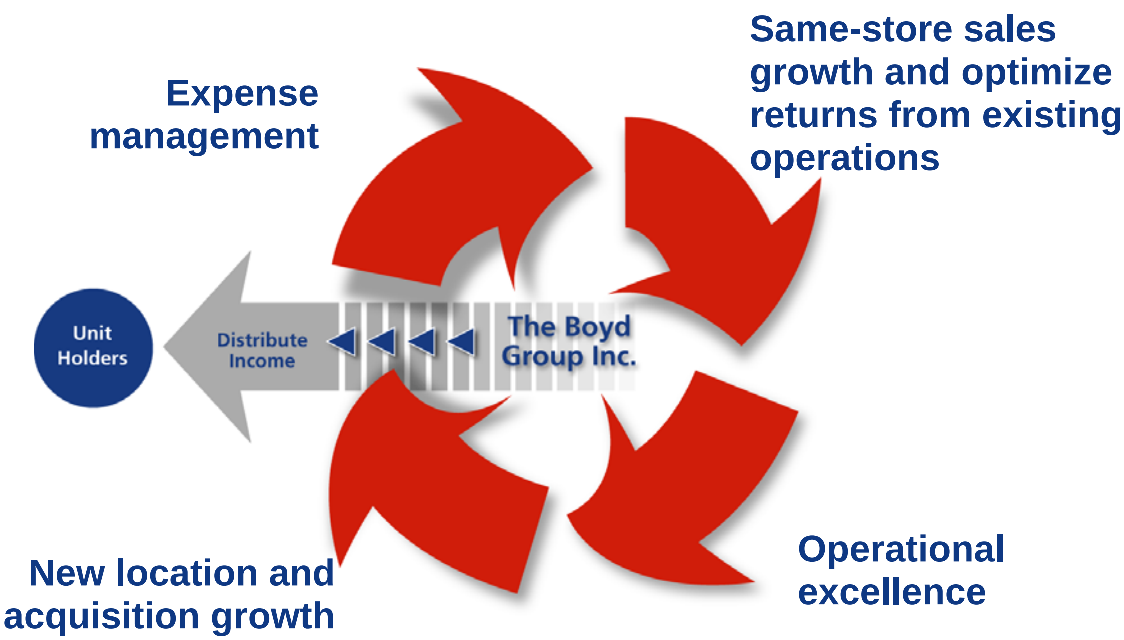
Boyd has continued to diversify and broaden its product offerings through growth in the automobile glass repair and replacement business and auto glass network business. In order to accelerate growth in the glass business, in May 2013, the Fund committed to an amended agreement with a senior member of its U.S. management team and an agreement with the owners of Glass America to acquire a controlling interest in the retail auto glass business of Glass America, Inc., operating across 23 U.S. states. Boyd also operates its Gerber National Glass Services ("GNGS") business, an auto glass repair and replacement network business with approximately 3,000 affiliated service providers throughout the United States.

As described further under Business Risks and Uncertainties, operating results are expected to be subject to fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing by insurance companies, general operating effectiveness, general and regional economic downturns and weather conditions. A negative economic climate has the potential to affect results negatively. The Fund has worked to mitigate this risk by continuing to focus on meeting insurance companies' performance requirements, and in doing so, grow market share.

Boyd's primary strategy is to continue to focus on maximizing its opportunities through a commitment to:

- Optimizing returns from existing operations by achieving same store sales growth
- Grow the business by 6% to 10% through the opening or acquiring of new single locations in addition to being alert to opportunities for accelerated growth through the acquisition of other multi-location businesses
- Expense management through a focus on cost containment and efficiency improvements and
- Use of best practices, economies of scale and infrastructure and systems to enhance profitability and achieve operational excellence;

BUSINESS STRATEGY



Expense Management

Boyd continues to manage its operating expenses as a percentage of sales. By working continuously to identify cost savings and to achieve same store sales growth, Boyd will continue to manage this expense ratio. Operating expenses have a high fixed component and therefore same store sales growth contributes to a lower percentage of operating expenses to sales.

Same-Store Sales / Optimize Returns

Increasing same store sales and running shops at or near capacity has a positive impact on financial performance. Boyd also continues to seek opportunities to broaden its product and service offerings in all markets to help grow same store sales. During the last few years, the Company has focused energy and resources on increasing its share of the automobile glass repair and replacement business.

Operational Excellence

Operational excellence has been a key component of Boyd's past success and has contributed to the Company being viewed as a best-in-class service provider. Delivering on our customers' expectations related to cost of repair, time to repair, quality and customer service are critical to being successful and being rewarded with same store sales growth. We focus on wowing every single customer with our quality and service and to be the best.

Boyd also conducts extensive customer satisfaction polling at all operating locations to assist in keeping customer satisfaction at the forefront of its mandate.

Boyd will also continue to invest in its infrastructure, process improvement initiatives and IT systems to contribute to best-in-class service to its customers and improved operational efficiencies.

New Location and Acquisition Growth

In line with stated growth strategies, Boyd was successful in opening 17 new single locations in 2013 and 15 locations in 2012. Boyd believes that it is well positioned to continue this growth plan by adding new single locations to grow the business between 6% to 10% in the coming year and each year in the foreseeable future. Boyd also plans to continue to be alert to opportunities for accelerated growth through the acquisition of other multi-location businesses. Boyd successfully completed two such acquisitions in 2013 with its Glass America and Hansen acquisitions.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this annual report, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like "may", "will", "anticipate", "estimate", "expect", "intend", or "continue" or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on such statements, as actual results may differ materially from those expressed or implied in such statements.

The following table outlines forward-looking information included in this MD&A:

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
The stated objective of adding new locations to grow the business 6% - 10% per year for the foreseeable future	Opportunities continue to be available and are at attractive prices Financing options continue to be available at reasonable rates and on acceptable terms and conditions New and existing customer relationships are expected to provide acceptable levels of revenue opportunities Anticipated operating results would be accretive to overall Company results	Acquisition market conditions change and repair shop owner demographic trends change Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies Changes in market conditions and operating environment Significant declines in the number of insurance claims Integration of new stores is not accomplished as planned Increased competition which prevents achievement of acquisition and revenue goals
Boyd remains confident in its business model to increase market share by expanding its presence in both the U.S. and Canada through strategic acquisitions alongside organic growth from Boyd's existing operations	Continued improvement in economic conditions and employment rates Pricing in the industry remains stable The Company's customer and supplier relationships provide it with competitive advantages to increase sales over time Market share growth will more than offset systemic changes in the industry and environment	Poor economic conditions Loss of one or more key customers Significant declines in the number of insurance claims Inability of the Company to pass cost increases to customers over time Increased competition which may prevent achievement of revenue goals Changes in market conditions and operating environment Changes in weather conditions

Stated objective to gradually increase distributions over time	Growing profitability of the Company and its subsidiaries The continued and increasing ability of the Company to generate cash available for distribution Balance sheet strength & flexibility is maintained and the distribution level is manageable taking into consideration bank covenants, growth requirements and maintaining a distribution level that is supportable over time No change in the Fund's structure	The Fund is dependent upon the operating results of the Company and its ability to pay interest and dividends to the Fund Economic conditions deteriorate Changes in weather conditions Decline in the number of insurance claims Loss of one or more key customers Changes in government regulation

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

NON-GAAP FINANCIAL MEASURES

EBITDA AND ADJUSTED EBITDA

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

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

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

(thousands of Canadian dollars)	For the three months ended December 31, 2013	2012	For the year ended December 31, 2013	2012
Net (loss) earnings	**$ (6,901)**	$ 2,356	**$ (11,595)**	$ 7,061
Add:				
Finance costs (net of Finance income)	**1,907**	964	**6,180**	2,953
Income tax expense	**1,349**	585	**4,034**	2,408
Depreciation	**2,807**	1,519	**9,392**	7,204
Amortization of intangible assets	**1,300**	676	**4,142**	3,470
Standardized EBITDA	**$ 462**	$ 6,100	**$ 12,153**	$ 23,096
Add (deduct):				
Fair value adjustments	**11,893**	939	**27,100**	4,463
Gain on sale of software	**-**	-	**(336)**	-
Write down of goodwill	**252**	-	**252**	-
Acquisition, transaction and process improvement costs	**926**	1,562	**2,331**	2,274
Adjusted EBITDA	**$ 13,533**	$ 8,601	**$ 41,500**	$ 29,833

ADJUSTED NET EARNINGS

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

(thousands of Canadian dollars, except per unit and per share amounts)	For the three months ended December 31, 2013	2012	For the year ended December 31, 2013	2012
Net (loss) earnings	**$ (6,901)**	$ 2,356	**$ (11,595)**	$ 7,061
Add:				
Fair value adjustments	**11,893**	939	**27,100**	4,463
Gain on sale of software	**-**	-	**(336)**	-
Write down of goodwill	**252**	-	**252**	-
Acquisition, transaction and process improvement costs	**926**	1,562	**2,331**	2,274
Amortization of acquired brand names	**252**	138	**705**	905
Adjusted net earnings (loss)	**$ 6,422**	$ 4,995	**$ 18,457**	$ 14,703
Weighted average number of units	**14,383,379**	12,537,950	**13,011,370**	12,534,933
Adjusted net earnings (loss) per unit	**$ 0.446**	$ 0.398	**$ 1.419**	$ 1.173
Units and Class A common shares outstanding	**15,311,633**	12,927,485	**15,311,633**	12,927,485
Adjusted net earnings (loss) per unit and Class A common share	**$ 0.419**	$ 0.386	**$ 1.205**	$ 1.137

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial information for the Fund over the prior three years:

For the year ended December 31, *(thousands of Canadian dollars, except per unit amounts)*	**2013**	2012	2011
Sales	**$ 578,260**	$ 434,424	$ 356,966
Net (loss) earnings	**$ (11,595)**	$ 7,061	$ 2,950
Adjusted earnings	**$ 18,457**	$ 14,703	$ 11,705
Basic (loss) earnings per unit	**$ (0.891)**	$ 0.563	$ 0.262
Diluted (loss) earnings per unit	**$ (0.891)**	$ 0.563	$ 0.262
Cash distributions per unit declared:			
Trust unit distributions	**$ 0.470**	$ 0.453	$ 0.425
As at December 31, *(thousands of Canadian dollars)*	**2013**	2012	2011
Total assets	**$ 282,271**	$ 224,559	$ 149,595
Total long-term financial liabilities	**$ 117,674**	$ 92,756	$ 38,980

Acquisitions and new single location growth had the largest impact on growing sales from 2011 to present. The year 2011 saw the Company add 28 Cars locations as well as nine more single locations in various markets. During 2012 there were 39 locations added through the multi-shop acquisitions of Master, Pearl, TRR and Autocrafters. In addition the Company added 15 new single locations in 2012. In 2013, the Company continued to grow through acquisitions with the addition of Glass America which expanded the Company's retail glass business in 23 U.S. states as well as 25 Hansen Collision locations and 17 new single locations.

The net loss reported for 2013 was due to $27.1 million in fair value adjustments related to financial instruments that increase in value as the Fund's unit price increases. Excluding these non-cash adjustments, net earnings would have increased compared to prior year as a result of the increase in sales and gross margin, offset by higher finance costs. The growth in net earnings for 2012 reflects the addition of multi-shop acquisitions as well as single store location growth offset by higher non-cash fair value adjustments compared to the prior year. Net earnings for 2011 was impacted by recording fair value adjustments for exchangeable shares and unit options of $2.8 million and settlement cost of $3.3 million related to the retirement of a senior executive.

The change in total assets and total long-term financial liabilities was significantly impacted by the 2011 acquisition of Cars, the 2012 acquisitions of Master, Pearl, TRR and Autocrafters and the 2013 acquisitions of Glass America and Hansen Collision. In addition to these changes, fluctuations in total assets have primarily related to increases in property, plant and equipment as a result of new location growth, as well as capital expansion from convertible debenture and equity offerings. Long term financial liabilities have increased primarily due to financing of acquisitions as well as the 2012 convertible debenture offering. Additional growth in finance leases and the recognition of class A exchangeable shares, unit options, convertible debenture conversion feature and the non-controlling interest put liability as financial liabilities under IFRS has also contributed to the growth in long term financial liabilities.

Since the end of 2007, the Fund has increased monthly distributions to unitholders and Boyd Group Holdings Inc. has increased dividends to its Class A shareholders annually such that as of March 20, 2014 the distribution/dividend rate is $0.04 per month or $0.48 on an annualized basis.

BOYD GROUP INCOME FUND

Boyd Group Income Fund (the "Fund"), is an unincorporated, open-ended mutual fund trust. The Fund owns 100% of the Class I common shares and subordinated notes (the "Notes") issued by the Company up to the end of 2010. Distributions to unitholders, when paid by the Fund, were funded from a combination of interest income earned on the Notes and from dividends on the Class I common share investment or as a return of capital on Notes. As a result of the restructuring announced in December 2010, the original Notes issued by the Company were repaid and new notes were issued by a U.S. subsidiary of the Company, The Boyd Group U.S. Inc. (the "New Notes"). Distributions since 2010 are funded from a combination of interest income on the New Notes as well as continuing dividends on the Class I common shares. There was no return of capital in 2012 and 2013. The Class I common shares held by the Fund currently, through March 20, 2014, represent 87.9% of the total common shares of the Company.

Boyd Group Holdings Inc. ("BGHI") owns 100% of the Class II common shares issued by the Company. The Class II common shares currently, through March 20, 2014, represent 12.1% of the common shares of the Company. The share structure of BGHI at March 20, 2014, consists of 100 million Voting shares, 374,750 Class A common shares and 1,688,113 Class B common shares. The Fund, through the ownership of 70 million or 70% of the Voting shares, has voting control of BGHI. The remaining 30% is held directly or indirectly by a senior officer of the Fund. Of the 374,750 Class A common shares, 207,329 are also held directly or indirectly by a senior officer of the Fund with the remaining shares being held by external third parties. The Class B common shares are all held by Boyd and are issued only upon exchange of Class A common shares for units of the Fund. Although the Fund has voting control it did not and continues not to have any significant economic interest in the activities of BGHI. All dividends received by BGHI from Boyd on the Class II common shares are passed on as dividends to Class A and B common shareholders of BGHI.

The Fund also holds 53,001 Class IV non-voting, redeemable, retractable preferred shares of the Company issued as a result of an internal restructuring in 2007, the bought deal public offerings completed in 2013 and 2011 and the convertible debenture offering completed at the end of 2012.

The consolidated financial statements of the Fund, BGHI and their subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund, BGHI and the Company and the Company's subsidiary companies for the period ended December 31, 2013.

Distributable Cash

Boyd endeavors to ensure transparency and consistency in the calculation of distributable cash and follows the guidelines suggested by the Canadian Institute of Chartered Accountants ("CICA") released, in July 2007, *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities* to complement the Canadian Securities Administrators ("CSA") National Policy 41-201 which was also revised in July 2007. The Fund has endeavoured to follow the CICA guidance as well as CSA National Policy 41-201.

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

Record date	Payment date	Dividend per Unit / Share	Distribution amount	Dividend amount
January 31, 2013	February 26, 2013	$ 0.0390	$ 489,002	$ 15,170
February 28, 2013	March 27, 2013	0.0390	489,002	15,171
March 31, 2013	April 26, 2013	0.0390	489,061	15,111
April 30, 2013	May 29, 2013	0.0390	489,095	15,076
May 31, 2013	June 26, 2013	0.0390	489,097	15,075
June 30, 2013	July 29, 2013	0.0390	489,097	15,075
July 31, 2013	August 28, 2013	0.0390	489,101	15,071
August 31, 2013	September 26, 2013	0.0390	489,160	15,013
September 30, 2013	October 29, 2013	0.0390	492,440	14,797
October 31, 2013	November 28, 2013	0.0390	582,378	14,776
November 30, 2013	December 20, 2013	0.0400	597,330	15,134
December 31, 2013	January 29, 2014	0.0400	597,365	15,099
		$ 0.4700	$ 6,182,128	$ 180,568

Record date	Payment date	Dividend per Unit / Share	Distribution amount	Dividend amount
January 31, 2012	February 27, 2012	$ 0.0375	$ 469,854	$ 14,926
February 29, 2012	March 28, 2012	0.0375	469,918	14,862
March 31, 2012	April 26, 2012	0.0375	469,939	14,842
April 30, 2012	May 29, 2012	0.0375	469,952	14,829
May 31, 2012	June 27, 2012	0.0375	470,036	14,744
June 30, 2012	July 27, 2012	0.0375	470,112	14,668
July 31, 2012	August 29, 2012	0.0375	470,115	14,665
August 31, 2012	September 26, 2012	0.0375	470,128	14,652
September 30, 2012	October 29, 2012	0.0375	470,141	14,640
October 31, 2012	November 28, 2012	0.0375	470,147	14,633
November 30, 2012	December 21, 2012	0.0390	488,992	15,180
December 31, 2012	January 29, 2013	0.0390	489,002	15,170
		$ 0.4530	$ 5,678,336	$ 177,811

Maintaining Productive Capacity

Productive capacity is defined by Boyd as the maintenance of the Company's facilities, equipment, signage, courtesy cars, systems, brand names and infrastructure. Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, systems and courtesy car fleets forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. The Company budgets and manages its cash maintenance capital expenditures up to approximately 0.8% of sales.

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

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

Non-recurring and Other Adjustments

Non-recurring and other adjustments may include, but are not limited to, post closure environmental liabilities, restructuring costs, acquisition, transaction and process improvement costs and gain on sale of software. On October 7, 2013, the Company amended its agreement with its paint supplier, to obtain higher back-end purchase discounts. The terms of the amendment required the Company to repay the unamortized prepaid rebates previously received under paint supply arrangements in the fourth quarter of 2013. The unamortized prepaid rebates were repaid using the majority of the proceeds from the Fund's bought deal public offering, and as a result the repayment will have no impact on distributable cash. Management is not currently aware of any environmental remediation requirements. Acquisition, transaction and process improvement costs are added back to distributable cash as they occur.

Debt Management

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

The following is a standardized and adjusted distributable cash calculation for 2013 and 2012.

Standardized and Adjusted Distributable Cash [(1)]	For the year ended December 31, 2013	2012
Cash flow from operating activities before changes in non-cash working capital items	**$ 29,867,086**	$ 20,682,396
Changes in non-cash working capital items	**(4,841,734)**	(1,229,948)
Cash flows from operating activities	**25,025,352**	19,452,448
Less adjustment for:		
Sustaining expenditures on plant, software and equipment [(2)]	**(3,184,822)**	(2,799,022)
Sustaining expenditures on software [(2)]	**(435,097)**	(228,953)
Standardized distributable cash	**$ 21,405,433**	$ 16,424,473
Standardized distributable cash per average unit and Class A common share		
Per average unit and Class A common share	**$ 1.598**	$ 1.271
Per diluted unit and Class A common share	**$ 1.598**	$ 1.271
Standardized distributable cash from above	**$ 21,405,433**	$ 16,424,473
Add (deduct) adjustments for:		
Collection of rebates [(3)]	**1,238,475**	1,498,374
Acquisition, transaction and process improvement costs [(4)]	**2,330,855**	2,274,413
Proceeds on sale of equipment and software	**776,146**	100,078
Gain on sale of software	**(336,115)**	-
Principal repayments of capital leases [(5)]	**(3,077,490)**	(2,376,998)
Adjusted distributable cash	**$ 22,337,304**	$ 17,920,340
Adjusted distributable cash per average unit and Class A common share		
Per average unit and Class A common share	**$ 1.667**	$ 1.387
Per diluted unit and Class A common share	**$ 1.667**	$ 1.387
Distributions paid		
Unitholders	**$ 6,073,765**	$ 5,659,139
Class A common shareholders	**180,639**	177,616
Total distributions paid	**$ 6,254,404**	$ 5,836,755
Distributions paid		
Per Unit	**$ 0.469**	$ 0.452
Per Class A common share	**$ 0.469**	$ 0.452
Payout ratio based on standardized distributable cash	**29.2%**	35.5%
Payout ratio based on adjusted distributable cash	**28.0%**	32.6%

(1) Standardized and adjusted distributable cash are not recognized measures and do not have a standardized meaning under International Financial Reporting Standards (IFRS). Management believes that in addition to net earnings, standardized and adjusted distributable cash are useful supplemental measures as they provide investors with an indication of cash available for distribution. Investors should be cautioned however, that standardized and adjusted distributable cash should not be construed as an alternative to net earnings and cash flows determined in accordance with IFRS as an indicator of the Fund's performance. Boyd's method of calculating adjusted distributable cash may differ from other companies and income trusts and, accordingly, may not be comparable to similar measures used by other companies.

(2) Includes sustaining expenditures on plant and equipment, information technology hardware and computer software but excludes capital expenditures associated with acquisition and development activities including rebranding of acquired locations. In addition to the maintenance capital expenditures paid with cash, during 2013 the Company acquired a further $3,948,000 (2012 - $2,450,000) in capital assets which were financed through finance leases and did not affect cash flows in the current period.

(3) The Company received prepaid rebates, under its previous trading partner arrangements, in quarterly installments until cancelled at September 30, 2013 as part of its renegotiation with its paint supplier.

(4) The Company has added back to distributable cash the costs related to acquisitions and process improvement initiatives.

(5) Repayments of these leases represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating adjusted distributed cash.

Distributions

The Fund and BGHI make monthly distributions, in accordance with their distribution policies, to unitholders of the Fund and dividends to Class A common shareholders of BGHI of record on the last day of each month, payable on or about the last business day of the following month. The amount of cash distributed by the Fund is equal to the pro rata share of interest or principal repayments received on the New Notes and distributions received on or in respect of the Class I common shares of the Company held by the Fund, after deducting expenses of the Fund and any cash redemptions of the Fund during the period. The amount of cash distributed by BGHI is equal to the pro rata share of dividends received on or in respect of the Class II common shares of the Company held by BGHI, after deducting expenses of BGHI. All dividends paid or allocated to unitholders of the Fund or Class A shareholders of BGHI are considered to be eligible dividends for Canadian income tax purposes.

During 2013, the Fund paid distributions totaling $6.1 million (2012 - $5.7 million) while BGHI paid dividends to Class A common shareholders during this same period of $181 thousand (2012 - $178 thousand).

Distributable cash is a non-GAAP measure that provides an indication of the Fund's ability to sustain distributions while maintaining productive capacity. In addition to comparing distributable cash to its nearest GAAP measure, cash flow provided by operating activities, a comparison can be made to earnings. The following table compares cash distributions paid to each of cash flow provided by operating activities, earnings and adjusted distributable cash.

The Fund's distribution level is currently well below cash flow provided by operating activities and adjusted distributable cash. Excess funds have been used to grow the business and strengthen the balance sheet. A continuation of this trend would permit the Fund to continue to increase distributions over time while maintaining a strong balance sheet and executing its growth strategy.

RESULTS OF OPERATIONS

Results of Operations			
	For the year ended December 31,		
(thousands of Canadian dollars, except per unit amounts)	**2013**	% change	2012
Sales - Total	**578,260**	33.1	434,424
Same-store sales - Total (excluding foreign exchange)	**405,772**	4.1	389,795
Sales - Canada	**79,793**	7.6	74,153
Same-store sales - Canada	**76,816**	5.5	72,796
Sales - U.S.	**498,467**	38.4	360,271
Same-store sales - U.S. (excluding foreign exchange)	**328,956**	3.8	316,999
Gross margin %	**46.0**	1.5	45.3
Operating expense %	**38.8**	1.1	38.4
Adjusted EBITDA [1]	**41,500**	39.1	29,833
Depreciation and amortization	**13,534**	26.8	10,674
Finance costs	**6,180**	109.3	2,953
Fair value adjustments	**27,100**	507.2	4,463
Income tax expense	**4,034**	67.5	2,408
Net (loss) earnings	**(11,595)**	(264.2)	7,061
Basic earnings per unit	**(0.891)**	(258.3)	0.563
Diluted earnings per unit	**(0.891)**	(258.3)	0.563
Standardized distributable cash	**21,405**	30.3	16,424
Adjusted distributable cash	**22,337**	24.6	17,920
Distributions paid	**6,254**	7.1	5,837

[1] Non- GAAP financial measures.

Sales

Sales increased $143.8 million or 33.1% to $578.3 million for the year ended December 31, 2013 when compared to 2012. The increase in sales was the result of the following:

- $96.6 million of incremental sales were generated from 33 new single locations as well as six Pearl locations, 11 TRR locations, 14 Autocrafters locations and 25 Hansen locations.
- The glass business, which generates its strongest sales during the spring and summer months, contributed incremental sales of $24.6 million over the $22.2 million contributed in the same period last year, primarily due to the acquisition of Glass America.
- Same-store sales excluding foreign exchange and the combined glass business increased $16.0 million or 4.1%, and increased a further $10.1 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of four under-performing facilities which decreased sales by $3.3 million.

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

Sales by Geographic Region *(thousands of Canadian dollars)*	**For the year ended December 31, 2013**	2012
Canada	**$ 79,793**	$ 74,153
United States	**498,467**	360,271
	$ 578,260	$ 434,424
Canada	**13.8%**	17.1%
United States	**86.2%**	82.9%

Sales in Canada for 2013 totaled $79.8 million, an increase of $5.6 million or 7.6%. Increased sales resulted from a $4.0 million or 5.5% same-store sales increase and $2.4 million of sales from one new location. The closure of one under-performing glass facility decreased sales by $0.8 million. Same-store sales increases in 2013 are a result of improved market and weather conditions in the majority of Canadian markets. Sales for the same period last year were impacted by dry weather conditions.

Sales in the U.S. totaled $498.5 million for 2013, an increase from 2012 of $138.2 million, or 38.4% when compared to $360.3 million for the prior year. Sales increases in the U.S. were comprised of:

- $24.7 million of incremental sales generated from 32 new locations.
- $7.0 million of incremental sales generated by six Pearl locations, $19.8 million of sales generated by 11 TRR locations, $29.4 million of sales generated by 14 Autocrafters locations and $13.2 million of sales generated by 25 Hansen locations.
- The glass business, which generates its strongest sales during the spring and summer months, contributed incremental sales of $24.6 million. The increase is primarily due to the acquisition of Glass America.
- Same-store sales increased $12.1 million or 3.8% excluding foreign exchange and the combined glass business, and increased $10.1 million due to the translation of same-store sales at higher U.S. dollar exchange rates. Same-store sales in the U.S. benefited from improved market conditions and weather related activity in 2013.
- Sales were affected by the closure in 2012 of three under-performing facilities, which decreased sales by $2.5 million.

Gross Margin

Gross Margin was $265.9 million or 46.0% of sales for the year ended December 31, 2013 compared to $196.7 million or 45.3% of sales for the same period in 2012. Gross margin dollars increased primarily as a result of higher sales compared to the prior period. The gross margin percentage increased compared to the same period last year, primarily from higher margins in the glass business and the impact of a higher mix of these higher margin glass sales in relation to collision sales, as well as higher back-end paint discounts. These higher back-end paint discounts recorded in the fourth quarter of 2013 increased the year-to-date gross margins by 0.3 percentage points on higher winter volumes and had approximately one full percentage point impact on gross margins in the fourth quarter. These increases were partially offset by the impact of collision related sales mix and pricing as well as lower margins from the Hansen acquisition.

The previously reported gross margin for 2012 included vehicle detailing labour costs and general shop supplies for certain recent acquisitions which had been charged to cost of sales, which was inconsistent with presentation for the balance of the company. These 2012 costs representing $2.1 million or 0.5% of sales have been reclassified as operating expenses to be consistent with presentation in the current period.

Operating Expenses

Operating Expenses for the year ended December 31, 2013 increased $57.6 million to $224.5 million from $166.9 million for the same period of 2012, primarily due to the acquisition of new locations.

Operating expenses as a percentage of sales was 38.8% for the year ended December 31, 2013, which compared to 38.4% for the same period in 2012. The increase in operating expenses as a percentage of sales was primarily due to higher operating expenses associated with the Company's expanded glass business, combined with increases in employee benefits and communication costs.

As noted under the "Gross Margin" section above, previously reported operating expenses for the year ended December 31, 2012 did not include vehicle detailing labour costs and general shop supplies for certain recent acquisitions, which had been charged to cost of sales. These 2012 costs representing $2.1 million or 0.5% of sales have been reclassified as operating expenses to be consistent with presentation in the current period.

Acquisition, Transaction and Process Improvement Costs

Acquisition, Transaction and Process Improvement Costs for 2013 were $2.3 million compared to $2.3 million recorded for the same period of 2012. The costs in 2013 primarily relate to the acquisition of Hansen and Glass America with the balance related to the acquisition of other completed or potential acquisitions. The costs in 2012 relate primarily to the acquisitions of Master, Pearl, TRR and Autocrafters. In addition to the acquisition costs, process improvement costs of approximately $0.6 million were incurred in 2013. The process improvement costs relate to an investment in consulting fees to enhance operating performance. The initiative began in the latter half of 2013 and will continue into 2014. No process improvement costs were incurred in 2012.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability and unit option liability as well as acquisition, transaction and process improvement costs ("Adjusted EBITDA")[1] for the year ended December 31, 2013 totaled $41.5 million or 7.2% of sales compared to Adjusted EBITDA of $29.8 million or 6.9% of sales in the same period of the prior year. The $11.7 million increase was the result of improvements in same-store sales, which contributed $4.5 million, combined with $4.3 million of incremental EBITDA contribution from the acquisition of Pearl, TRR, Autocrafters, Hansen and other single location growth. The glass business, which generates its strongest sales during the spring and summer months, generated $1.8 million of incremental EBITDA, primarily due to the acquisition of Glass America. Changes in U.S. dollar exchange rates in 2013 increased Adjusted EBITDA by $1.4 million, while the closure of under-performing stores reduced Adjusted EBITDA by $0.2 million. While the acquisition of TRR and Autocrafters has been accretive, their expected EBITDA contributions are taking longer to realize than previously forecasted. However, Boyd is still encouraged by the potential of these acquisitions.

Depreciation and Amortization

Depreciation Expense related to plant and equipment totaled $9.4 million or 1.6% of sales for the year ended December 31, 2013, an increase of $2.2 million when compared to the $7.2 million or 1.7% of sales recorded in the same period of the prior year. The increase was primarily due to the acquisitions of Pearl, TRR, Autocrafters, Glass America, Hansen, as well as new location growth. The reduction as a percentage of sales reflects the conversion of acquisitions to the Company's depreciation policies, in the latter part of 2012.

Amortization of intangible assets for 2013 totaled $4.1 million or 0.7% of sales, an increase of $0.6 million when compared to the $3.5 million or 0.8% of sales expensed for the same period in the prior year. The increase is primarily the result of recording additional intangible assets as a result of the acquisitions of Glass America and Hansen in 2013 as well as the acquisition of TRR and Autocrafters which were added at the end of 2012 and therefore did not have an impact on amortization for 2012. The decrease as a percentage of sales is primarily the result of the True2Form and Cars brands being fully amortized in 2012.

Fair Value Adjustments

Fair Value Adjustment to Convertible Debenture Conversion Feature resulted in non-cash expense related to the associated liability of $12.8 million for 2013, compared to $nil in the same period last year. The fair value for the convertible

[1] EBITDA and Adjusted EBITDA are not recognized measures under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, EBITDA and Adjusted EBITDA are useful supplemental measures as they provide investors with an indication of operational performance. Investors should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as alternatives to net earnings determined in accordance with GAAP as an indicator of the Fund's performance.

debenture conversion feature is estimated using a Black-Scholes valuation model. The increase in the liability and the related expense is primarily the result of an increase in the market value of the Fund's units.

Fair Value Adjustment to Exchangeable Class A Common Shares resulted in a non-cash expense related to the increase in the associated liability of $6.0 million during 2013 compared to $1.9 million in the prior year. The class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The increase in the liability and the related expense for both years is the result of increases in the value of the Fund's unit price.

Fair Value Adjustment to Unit Based Payment Obligation was a non-cash expense related to an increase in the associated liability of $7.7 million for 2013 compared to $1.9 million in the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund's unit price. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The increase in the liability and the related expense is primarily the result of an increase in the value of the Fund's unit price.

Fair Value Adjustment to Non-controlling Interest Put Options resulted in a non-cash expense of $0.6 million for 2013 compared to a $0.6 million charge to expense in the same period of the prior year. The current year expense relates to agreements the Fund entered into on May 31, 2013, in connection with the acquisition of Glass America, which provide the non-controlling interest partners with the right to require the Company to purchase their retained interest according to a valuation formula defined in the agreements. The prior year expense relates to a put option issued to its glass operating partner, which was replaced by the issuance of a new put option in connection with the acquisition of Glass America as described above. The value of the put options is determined by discounting the estimated future payment obligations at each statement of financial position date.

Finance Costs

Finance Costs of $6.2 million or 1.1% of sales for 2013 increased from $3.0 million or 0.7% of sales for the prior year. The increase in interest expense primarily resulted from increases in long-term debt as a result of the acquisitions of Pearl, TRR, Autocrafters, and Hansen as well as the issuance of the convertible debentures in the fourth quarter of 2012.

Income Taxes

Current and Deferred Income Tax Expense of $4.0 million in 2013 compares to an expense of $2.4 million in 2012. Income tax expense is impacted by permanent differences such as mark to market adjustments which impacts the tax computed on accounting income. At the end of 2013, the Fund reported remaining loss carryforward amounts in Canada of $7.6 million and in the U.S. of $6.1 million. The U.S amounts relate to the True2Form acquisition in the amount of $3.9 million, and the Master acquisition in the amount of $1.8 million, and are limited in their utilization to $1.9 million and $1.1 million per year respectively.

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

Net (Loss) Earnings for the year ended December 31, 2013 was a loss of $11.6 million or 2.0% of sales compared to earnings of $7.1 million or 1.6% of sales last year. The loss in 2013 primarily resulted from the fair value adjustments to financial instruments of $27.1 million, acquisition, transaction and process improvement costs of $2.3 million and accelerated amortization of acquired brands of $0.7 million. Excluding the impact of these adjustments, net earnings attributable to unitholders would have increased to $18.5 million or 3.2% of sales. This compares to adjusted earnings of $14.7 million or 3.4% of sales for the same period in 2012 if the same items were adjusted. The increase in the adjusted net earnings for the year is the result of the contribution of new acquisitions and new location growth as well as increases in same-store sales. The reduction in adjusted net earnings as a percentage of sales is primarily due to higher finance costs and income tax expense.

Basic and Diluted (Loss) Earnings Per Unit was a loss of $0.891 per unit for the year ended December 31, 2013 compared to earnings of $0.563 per unit in the same period in 2012. The decrease to the basic and diluted earnings per unit amounts is primarily attributed to the impact of the fair value adjustments during 2013 compared to lower fair value adjustments in 2012.

Summary of Quarterly Results *(in thousands of Canadian dollars, except per unit amounts)*	**2013 Q4**	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sales	**$ 161,127**	$ 149,616	$ 136,878	$ 130,639	$ 115,000	$ 109,080	$ 102,940	$ 107,404
Adjusted EBITDA [(1)]	**$ 13,533**	$ 10,622	$ 9,170	$ 8,175	$ 8,601	$ 7,471	$ 6,780	$ 6,981
Net earnings (loss)	**$ (6,901)**	$ (2,157)	$ (2,567)	$ 30	$ 2,356	$ 1,504	$ 1,123	$ 2,078
Basic earnings (loss) per share	**$ (0.480)**	$ (0.191)	$ (0.202)	$ 0.002	$ 0.188	$ 0.119	$ 0.090	$ 0.166
Diluted earnings (loss) per share	**$ (0.480)**	$ (0.191)	$ (0.202)	$ 0.002	$ 0.188	$ 0.119	$ 0.090	$ 0.166
Adjusted net earnings [(1)]	**$ 6,422**	$ 4,590	$ 3,783	$ 3,662	$ 4,995	$ 3,269	$ 3,164	$ 3,275
Adjusted net earnings per unit [(1)]	**$ 0.446**	$ 0.346	$ 0.302	$ 0.292	$ 0.398	$ 0.261	$ 0.252	$ 0.261
Adjusted net earnings per unit and Class A common share [(1)]	**$ 0.419**	$ 0.334	$ 0.293	$ 0.283	$ 0.386	$ 0.253	$ 0.245	$ 0.253

[(1)] Non- GAAP financial measures.

Sales and adjusted EBITDA have increased in recent quarters due to the acquisition of TRR, Autocrafters, Glass America, Hansen and other new locations as well as same-store sales increases. The decrease in earnings in recent quarters is primarily due to the fair value adjustments for exchangeable Class A common shares, unit options, and the convertible debenture conversion feature, which reduced net earnings as well as expensing acquisition, transaction and business improvement costs.

STATUS AS A SPECIFIED INVESTMENT FLOW-THROUGH AND TAXATION

Under the previous taxation regime for income trusts, the Fund had been 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. Under the tax regime effective for 2010 and years thereafter for trusts, certain distributions from a "specified investment flow-through" trust or partnership ("SIFT") are no longer deductible in computing a SIFT's taxable income, and a SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Foreign investment income from non-portfolio investments is not subject to the SIFT tax.

In 2009, the Fund investigated and evaluated its structuring alternatives in connection with the SIFT rules with a view of preserving and maximizing unitholder value. Based upon its investigation, analysis and due diligence and given its size and circumstances, the Fund determined at that time, and continues to believe today, that a change to a share corporation structure would not be advantageous to the Fund or its unitholders. This determination is based on several reasons. First, the Fund does not believe it will achieve any net tax savings by converting. Second, the Fund believes that the cost of conversion is not a prudent use of cash and is not justified by any perceived benefits from conversion for a fund of Boyd's size. Third, to the extent that the Fund pays SIFT tax, it believes that its taxable unitholders will benefit from the lower tax rate on distributions received, as it expects to be able to maintain distributions, despite any trust tax that the Fund will incur. Lastly, the Fund's current distribution level to unitholders is being funded almost entirely by its U.S. operations and since distributions that are sourced from U.S. business earnings are not subject to the SIFT tax, the Fund benefits from a tax deduction at the U.S. corporate entity level for interest paid to the Fund which is distributed to unitholders.

The Fund is required to record income tax expense at its effective tax rate. The Fund's effective tax rate varies due to the fixed level of interest that is deducted from the U.S. operations and paid to the trust unitholders as distributions. This amount of interest was approximately $6.2 million for the year ended December 31, 2013 (2012 - $5.7 million). The Fund estimates that its basic Canadian provincial and federal tax rate is approximately 26% and its U.S. federal and state tax rate is approximately 39%. In forecasting future tax obligations, the Fund deducts the interest amount above from the U.S. taxable income to estimate the U.S. tax expense. As a result of the fixed nature of the interest deduction and the potential for change in the U.S. – Canada mix of income, it is not possible to provide a reliable estimate of the future effective tax rate for the Fund.

The following illustration demonstrates the differences in the effective tax rate depending on the level of net income and a fixed interest deduction in the U.S.

Effective tax rate (illustration only)			
Net income level (1)	$ 15,000	$ 20,000	$ 25,000
U.S. interest deduction re: distribution	(5,000)	(5,000)	(5,000)
	$ 10,000	$ 15,000	$ 20,000
Example blended tax rate (U.S. and Canada)	35.00%	35.00%	35.00%
	$ 3,500	$ 5,250	$ 7,000
Effective tax rate - % of total	23.33%	26.25%	28.00%

(1) Net income level is before tax and excludes other non-taxable adjustments such as fair value and put option adjustments.

While the Fund intends on remaining in its current structure for the foreseeable future, it will continue to evaluate this decision in the context of changing circumstances.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating requirements, capital expenditures and distributions. At December 31, 2013, the Fund had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling $19.3 million (December 31, 2012 - $39.0 million). The net working capital ratio (current assets divided by current liabilities) was 1.05:1 at December 31, 2013 (December 31, 2012 – 1.41:1). The decrease in the net working capital ratio is the result of the Fund repaying its U.S. senior bank debt and unearned rebates in the fourth quarter of 2013 as well as making a number of acquisitions throughout the year which significantly decreased its cash on hand.

At December 31, 2013, the Fund had total debt outstanding, net of cash, of $48.4 million compared to $70.5 million at September 30, 2013, $56.2 million at June 30, 2013, $48.5 million at March 31, 2013 and $47.1 million at December 31, 2012. Debt, net of cash increased as a result of additional seller loans and the use of cash related to the acquisition of Glass America and Hansen. Obligations under finance lease also increased by $3.4 million since the beginning of the year, primarily due to leases assumed as part of the acquisitions in addition to the financing of some expenditures for courtesy cars, equipment, communication and technology infrastructure.

Total debt, net of cash *(thousands of Canadian dollars)*	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Bank indebtedness	**$ -**	$ -	$ -	$ -	$ -
U.S. senior bank debt	**-**	30,102	31,158	30,483	30,227
Convertible debenture	**30,971**	30,807	30,648	30,481	30,327
Seller notes (1)	**27,129**	25,814	18,830	19,029	19,306
Obligations under finance leases	**9,588**	9,297	8,334	6,516	6,189
Total debt	**$ 67,688**	$ 96,020	$ 88,970	$ 86,509	$ 86,049
Cash	**19,304**	25,565	32,777	38,000	38,976
Total debt, net of cash	**$ 48,384**	$ 70,455	$ 56,193	$ 48,509	$ 47,073

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

The following table summarizes the contractual obligations at December 31, 2013 and required payments over the next five years:

Contractual Obligations *(thousands of Canadian dollars)*	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Bank indebtedness	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	66,232	66,232					
Long-term debt	27,129	4,448	4,375	3,384	3,469	2,946	8,507
Obligations under finance leases	9,588	3,636	2,759	1,934	897	249	113
Convertible debenture (1)	34,190	-	-	34,190	-	-	-
Operating lease obligation	134,664	27,590	24,374	20,588	15,110	10,297	36,705
Purchase obligations (2)	-	unknown	unknown	unknown	unknown	unknown	unknown
	$271,803	$101,906	$ 31,508	$ 60,096	$ 19,476	$ 13,492	$ 45,325

(1) The Fund has the right, at its option, to settle at maturity the convertible debenture obligations either by issuing additional trust units or by payment of cash.

(2) Subject to fulfilling certain conditions such as meeting contractual purchase obligations and no change in control the repayment amount would be nil.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was $29.9 million for 2013 compared to $20.7 million in 2012. The increase was due to increased adjusted EBITDA in 2012, resulting from same-store sales growth, as well as the acquisitions of TRR, Autocrafters, Glass America and Hansen offset by higher finance costs.

In 2013, changes in working capital items required net cash of $4.8 million compared with $1.2 million in 2012. The higher investment in working capital this year was due primarily to growth in accounts receivable. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Financing Activities

Cash used in financing activities totaled $14.6 million for the year ended December 31, 2013 compared to cash provided of $40.8 million in the prior year. During 2013, cash was provided from a bought deal equity offering in the amount of $63.5 million net of issue costs, of $3.8 million. However this cash inflow was more than offset by the repayment of U.S. senior debt and seller notes in the amount of $36.0 million and unearned rebates of $35.0 million related to the conversion to a higher back-end paint discount arrangement. Cash was also used for the repayment of obligations under finance leases totaling $3.1 million, distributions paid to unitholders and dividends to Class A common shareholders totaling $6.3 million. During 2012, cash was provided from the bought deal convertible debenture public offering in the amount of $32.3 million net of issue costs, of $1.9 million, increases in long-term debt in the amount of $8.8 million, unearned rebates of $9.4 million and the collection of rebates receivable of $1.5 million. Cash was used for the repayment of long-term debt totaling $3.2 million, the repayment of obligations under finance leases totaling $2.4 million, distributions paid to unitholders and dividends to Class A common shareholders totaling $5.8 million.

Unitholders' Capital

On October 22, 2013, the Fund completed a bought deal public offering where it sold to an underwriting syndicate 2,300,000 trust units issued out of treasury for proceeds of $63.5 million before costs. The net proceeds combined with the remaining proceeds from the 2012 convertible debenture offering were partly used by the Company to repay its U.S. senior debt and unearned rebates related to the conversion to a higher back-end paint discount arrangement.

On September 3, 2013, the Fund issued 83,721 units ($2.0 million U.S.) out of treasury related to the acquisition of Hansen.

A unitholder is entitled to request the redemption of units at any time, and the Fund is obligated to redeem those units, subject to a cash redemption maximum of $25,000 for any one month. The redemption price is determined as the lower of 90% of the market price during the 10 trading day period commencing immediately after the date of the redemption or 100% of the closing market price on the date of redemption. No amounts were redeemed in either 2013 or 2012.

A Class A common shareholder of BGHI can exchange Class A common shares for units of the Fund upon request. The retraction of Class A common shares is achieved by BGHI issuing Class B common shares to the Fund in exchange for units of the Fund, and the units so received being delivered to the Class A shareholder requesting the retraction. For the year ended December 31, 2013, BGHI received requests and retracted 11,463 (2012 – 10,380) Class A common shares, issued 11,463 (2012 – 10,380) Class B common shares to the Fund and received 11,463 (2012 – 10,380) units of the Fund as consideration, which were delivered to the Class A shareholders in respect of the retraction.

The Fund sells the Class B shares to the Company in exchange for Notes and Class I shares to fund future distributions on the Trust units. The exchange value is equivalent to the unit value provided to the Class A common shareholder.

Subsequent to December 31, 2013, BGHI has received requests to retract a total of 2,756 Class A common shares, has issued a total of 2,756 Class B common shares to the Fund, and has received a total of 2,756 units of the Fund as consideration, which have been or will be delivered to the Class A shareholders in respect of the retraction. The Fund anticipates that it will continue to sell any Class B shares of BGHI that it receives as a result of these retractions, to the Company.

The holders of the Class A common shares receive cash dividends on a monthly basis at a rate equivalent to the monthly cash distribution paid to unitholders of the Fund.

The following chart discloses outstanding unit data of the Fund, including information on all outstanding securities of the Fund and its subsidiaries that are convertible or exchangeable for units of the Fund as of March 20, 2014.

Convertible or exchangeable units of the Fund As of March 20, 2014	# or $ amount of securities outstanding	# of units to be issued in conversion or exchange by holder	Maximum # of units to be issued
Units outstanding	14,936,883	14,936,883	14,936,883
Class A common shares of BGHI (1)	374,750	374,750	374,750
Unit options:			
Date Granted - January 11, 2006 (2)	200,000	200,000	200,000
Date Granted - November 8, 2007 (3)	450,000	450,000	450,000
Convertible debentures (4)	$ 34,190,000	1,461,111	Unknown
		17,422,744	15,961,633

(1) The Fund is obligated to issue units to BGHI, in exchange for Class B shares of BGHI, upon a request for retraction by the holders of the Class A shares of BGHI on a 1:1 basis.

(2) On January 11, 2006, the Fund granted options to certain key employees allowing them to exercise the right to purchase, in the aggregate, up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units shall be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee of the Fund, the Company or a subsidiary on September 23, 2015. The granting of the options was approved at the unitholders' Annual Meeting in 2006. The options permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit. The cost of the options is being recognized over the term between the date when unitholder approval is obtained and the date the options become exercisable.

(3) On November 8, 2007, the Fund granted options to certain key employees allowing them to exercise the right to purchase, in the aggregate, up to 450,000 units of the Fund, such options to purchase up to 150,000 units issued on each of January 2, 2008, 2009 and 2010. The options may be exercised at any time after 9 years and 255 days after the dates on which the options were granted up to and including 9 years and 345 days after such dates. The units shall be purchased, to the extent validly exercised on the 10th anniversary of the respective issue dates. The purchase price per unit under the options issued on each issue date is the greater of the closing price for units on the Toronto Stock Exchange on the option grant date (being $2.70 per unit) and the weighted average trading price of the units on the Toronto Stock Exchange for the first 15 trading days in the month of January of the year in which each issue date falls, being $2.70, $3.14 and $5.41, respectively. The cost of the options is being recognized over the term between the date when unitholder approval is obtained and the date the options become exercisable.

(4) The convertible debentures are convertible, at the option of the holder, to units of the Fund at any time, at a fixed conversion price of $23.40 per unit. On and after December 31, 2015, the Fund, through the Company, has the right to settle the principal amount of the debentures at maturity through the issue of units, at then market prices.

Trading Partner Funding – Prepaid Rebates and Loans

During 2013, the Company received regularly scheduled rebates from its trading partners, in the amount of U.S. $1.2 million (2012 – U.S. $1.6 million) and U.S. $3.2 million of new rebates in connection with the acquisition of Hansen. In 2012, the Company received enhanced prepaid rebates of approximately U.S. $5.6 million in connection with its acquisition of Master, TRR and Autocrafters.

On October 7, 2013 the Company signed an amendment of its agreement with its paint supplier changing its current paint supply arrangement away from a pre-purchase rebate system to a higher value post-purchase discount system. The amendment allows the Company to derive the accretive nature of this restructured arrangement, effective October 1, 2013. Subsequently on January 31, 2014 the Company announced that it entered into a letter of intent with its existing paint supplier for a new agreement which is targeted to be signed by March 31, 2014. The terms of the amendment required the Company to repay its unamortized prepaid rebates which was done on December 31, 2013. If the Company cannot complete a final agreement with its current paint supplier, it assesses that it would have comparable competitive offerings available to it. If, however, an agreement is concluded with an alternative third party paint supplier, the Company will be required to repay all other amounts owing under its agreement with its current supplier.

Debt Financing

During 2012 and up to December 20, 2013 the Company maintained a Canadian operating line facility of $16,000,000. The facility was collateralized by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and was subject to customary terms, conditions, covenants and other provisions for an income trust. On December 20, 2013 this operating line facility was cancelled and replaced with a new revolving credit facility.

On December 20, 2013, the Company entered into a new five year $100 million U.S. revolving credit facility, with an accordion feature which can increase the facility to a maximum of $135 million U.S. The new 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 the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to EBITDA as determined by 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 done 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 ("BAs") or London Inter Bank offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to $3 million in Canada and $7 million in the U.S.

Under the new revolving facility Boyd is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt to EBITDA ratio of less than 4.0, a senior debt to EBITDA ratio of less than 3.25 and a fixed charge coverage ratio of greater than 1.03. The debt calculations exclude the convertible debentures. As at December 31, 2013, the Fund had not made any draws against this facility and was in compliance with all financial covenants.

On December 20, 2013, as part of the new debt facility, all previous amounts borrowed under the Company's U.S senior term facility were repaid, without penalty, using available company cash and all security held under this term facility was released.

On December 19, 2012, the Fund issued $30,000,000 aggregate principal amount of convertible unsecured subordinated debentures due December 31, 2017 with a conversion price of $23.40. On December 24, 2012, as allowed under provisions of the agreement to issue the Debentures, the Underwriters purchased an additional $4,200,000 aggregate principal amount of Debentures increasing the aggregate gross proceeds of the Debenture Offering to $34,200,000. The Debentures bear interest at an annual rate of 5.75% payable semi-annually, and are convertible at the option of the holder, into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after December 31, 2015 provided that certain thresholds are met surrounding the weighted average market price of the units at that time. On redemption or maturity, the Debentures may at the option of the Fund be repaid in cash or subject to regulatory approval, units of the Fund.

Upon issuance, the Debentures were bifurcated with $2,008,699 related to the conversion feature treated as a financial liability measured at fair value, due to the units of the Fund being redeemable for cash. Transactions costs of $2,002,650 were incurred in relation to issuance of the Debentures, which included the underwriter's fee and other expenses of the offering.

The Company supplements its debt financing by negotiating with sellers in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to sellers are typically at favourable interest rates and for terms of five to ten years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. On September 3, 2013, as part of the acquisition of Hansen, the Company issued a series of seller notes with an average interest rate of 5.07% in the amount of approximately $8.0 million U.S. repayable in quarterly payments over periods between eight and ten years. Other seller notes issued during 2013 amounted to $1.6 million U.S. The Company repaid seller loans in 2013 totaling approximately $3.6 million (2012 - $1.7 million).

The Fund has traditionally used capital leases to finance a portion of both its maintenance and expansion capital expenditures. The Fund expects to continue to use this source of financing where available at competitive interest rates and terms, although this financing also impacts the total leverage capacity covenants under its debt facility. During 2013, $3.9 million (2012 - $2.7 million) of new equipment, technology infrastructure and courtesy cars was financed through capital leases, of which $nil (2012 - $0.5 million) related to start-up facilities. The Fund anticipates continuing to use capital lease financing as a source of funding acquisition, development and sustaining equipment and vehicle capital expenditures.

Refer to Notes 12 and 13 to the Fund's annual consolidated financial statements for further details of the Company's Debentures and other debt instruments.

Investing Activities

Cash used in investing activities totaled $32.0 million for the year ended December 31, 2013, compared to $39.6 million used in the prior year. The large activity in both years relate primarily to the acquisitions and new location growth that occurred during these periods.

Acquisitions

On May 31, 2013, the Company acquired a controlling interest in the retail auto glass business of Glass America, Inc. ("Glass America"), which operated across 23 U.S. states under the trade names of Glass America and Auto Glass Services. Total consideration for the transaction of approximately $9.7 million was funded with a combination of cash and a 30% non-controlling interest in the Company's existing glass business.

On September 3, 2013, the Company completed the acquisition of HC Capital Group, Inc., which owned and operated 25 collision repair centers in western Michigan and north-eastern Indiana under the trade name "Hansen Collision and Glass". Total consideration for the transaction of approximately $24.7 million U.S. was funded with a combination of cash, units and a seller take-back note.

The Fund also completed the acquisition of 17 other locations during 2013 using a combination of cash and seller notes related to its stated objective of growing by 6% to 10% through acquisition or development of single locations.

Start-ups

In 2012, the Company commenced operations in one new start-up collision repair facility located in Plant City, Florida. The total combined investment in leaseholds and equipment for this facility was approximately $0.2 million, financed through a combination of cash and trading partner prepaid rebates. The Company anticipates it will use similar start-up strategies to continue growth in the future. There were no brownfield start-ups completed in 2013.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, computers, software and courtesy car fleets forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. Excluding expenditures related to acquisition and development, the Company spent approximately $3.6 million or 0.6% of sales on sustaining capital expenditures during 2013, compared to $3.0 million or 0.7% of sales during 2012.

During 2013, the Fund disposed of software, equipment and courtesy vehicles, for net proceeds totaling $0.8 million, comparable with total proceeds from equipment and vehicle disposals of $0.1 million in 2012. The Fund anticipates that it will continue to generate proceeds on disposal of equipment, particularly courtesy vehicles, as these vehicles are purchased by the Company as their leases expire, and are ultimately sold. Where courtesy vehicles have been replaced, these replacements have, in certain circumstances, been obtained using either capital or operating leases.

RELATED PARTY TRANSACTIONS

During the year, the Fund engaged in the following transactions with related parties:

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. An additional 70,293 units were sold by Mr. Bulbuck and Mr. O'Day on the open markets. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager's 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 of 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 $124,406 for the year. At December 31, 2013, the carrying value of loans made under the Unit Loan Program included in Note receivable was $924,428 (2012 - $1,048,834). The amount included in accrued liabilities at December 31, 2012 of $1,760,885 due to Mr. Bulbuck and Mr. O'Day related to the purchase was settled in the first quarter of 2013.

On May 31, 2013, the glass operating partner contributed $1.0 million U.S. towards the acquisition of Glass America. At the same time, his previous put option agreement with the Fund was terminated and replaced with a new put option agreement.

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. 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.

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

Landlord	Affiliated Person(s)	Location	Lease Expires	**December 31, 2013**	December 31, 2012
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2017	**$ 60,752**	$ 60,330
Gerber Building No. 1 Ptnrp	Eddie Cheskis & Tim O'Day	South Elgin, IL	2018	**$ 105,714**	$ 106,264

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $97,445 (2012 - $91,484), through BGHI to 4612094 Manitoba Inc., an entity controlled by a senior officer of the Fund. At December 31, 2013, 4612094 Manitoba Inc. owned 207,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

FOURTH QUARTER

Sales for the three months ended December 31, 2013 totaled $161.1 million, an increase of $46.1 million or 40.1% compared to the same period in 2012. Overall same store sales excluding foreign exchange increased $5.5 million, or 5.2% in the fourth quarter of 2013 when compared to the fourth quarter of 2012 and increased $5.4 million due to the translation of same-store sales at a higher U.S. dollar exchange rate. Sales growth of $35.7 million was attributable to the acquisition of TRR, Autocrafters, Glass America and Hansen as well as 17 new single collision repair centers. The closure of three under-performing facilities accounted for a decrease in sales of $0.5 million.

Sales in Canada for the fourth quarter of 2013 increased $0.6 million, or 2.9%, to $20.7 million. Sales increases in Canada were due to a $1.1 million increase from a new location, offset by a 1.0% or $0.2 million decrease in same store sales and a $0.3 million decrease from the closure of an underperforming glass facility.

In the U.S., sales totaled $140.4 million for the three months ended December 31, 2013, an increase of $45.6 million when compared to $94.8 million for the prior year. In addition to $28.5 million in sales from TRR, Autocrafters, Glass America and Hansen, sales in the U.S. included $6.1 million from 16 new collision repair facilities. Overall same-store sales increased $5.7 million, or 6.7% in the fourth quarter of 2013 when compared to the fourth quarter of 2012, excluding the impact of foreign currency. Foreign currency translation increased sales by $5.4 million. The closure of under-performing facilities during the quarter accounted for a decrease in sales of $0.1 million.

Gross Margin for the fourth quarter increased to 46.7% from 45.1% last year. This increase was primarily the result of higher glass margins, a change in mix to higher margin glass to collision work, higher back-end paint and material discounts partially offset by the impact of collision related sales mix and pricing as well as a full quarter of lower margins from the Hansen acquisition.

Adjusted EBITDA for the fourth quarter of 2013 totaled $13.5 million or 8.4% of sales compared to Adjusted EBITDA of $8.6 million or 7.5% of sales in the same period of the prior year. Adjusted EBITDA for 2013 benefited from same-store sales increases, improved gross margin, as well as the addition of new locations and the translation of U.S. results to Canadian dollars.

Current and Deferred Income Tax Expense of $1.3 million in 2013 compared to an expense of $0.6 million in 2012.

Net (Loss) Earnings for the fourth quarter, was a loss of $6.9 million or $0.48 per fully diluted unit improved when compared to earnings of $2.4 million or $0.19 per fully diluted unit for the same period in the prior year. The earnings for both 2013 and 2012 were primarily impacted by recording fair value adjustments for exchangeable shares, unit options, non-controlling interest put option adjustment as well as the recording of acquisition, transaction and process improvement costs and the amortization of acquired brand names. Excluding these impacts, adjusted net earnings for the fourth quarter was $6.4 million or $0.446 per unit compared to adjusted net earnings of $5.0 million or $0.398 per unit for the same period in the prior year. The increase in adjusted net earnings of $1.4 million is the result of higher Adjusted EBITDA partly offset by higher depreciation, amortization, finance costs and income taxes.

Standardized Distributable Cash for the fourth quarter increased to $10.2 million from $9.2 million for the same period in 2012. Adjusted distributable cash for the fourth quarter increased to $10.3 million from $10.5 million for the same period a year ago, representing a payout ratio of 16.6% for 2013 compared to 14.0% for the same period last year. The decrease in distributable cash is primarily the result of cash used by working capital items and higher maintenance capital expenditures in the fourth quarter of 2013 when compared to the fourth quarter of 2012.

FINANCIAL INSTRUMENTS

In order to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. operations, the Company will at times enter into foreign exchange contracts. These contracts are marked to market monthly with unrealized gains and losses included in earnings. Although some contracts were in place for part of 2012, there were no such contracts in place at December 31, 2013 or December 31, 2012.

Transactional foreign currency risk also exists in limited 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. In early 2012 the Company recorded to earnings a loss in the amount of $107,600 related to forward foreign exchange contracts and a gain of $96,500 related to a $5,000,000 U.S. loan. Another $5,000,000 U.S. loan and foreign exchange contract were also entered into in April 2012 which expired and was settled in October 2012. The Fund realized a loss of $24,000 on this loan with no gain or loss on the contract. No loans or forward foreign exchange contracts were used during 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations requires that the Fund make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates. The following is a summary of critical accounting estimates and assumptions that the Fund believes could materially impact its financial position, financial condition or results of operations:

The Fund makes estimates and assumptions 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 Non-Financial Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the cash generating unit ("CGU") or 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. Goodwill and intangible asset write downs, 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.

Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value and carrying values of certain financial liabilities and equity instruments recorded on the statement of financial position, as well as disclosed in the notes to the financial statements.

The Fund also obtains mark-to-market valuations of forward foreign exchange contracts or other derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding future 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.

Income Taxes

The Fund is subject to income tax in several jurisdictions and significant 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 company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are 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 company 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.

FUTURE ACCOUNTING STANDARDS

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

The IASB intends to replace IAS 39 "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9 "Financial Instruments" in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. The mandatory effective date has not yet been determined by the IASB. The Fund is currently evaluating the impact of adopting IFRS 9 on its financial statements.

CERTIFICATION OF DISCLOSURE CONTROLS

Management's responsibility for financial information contained in this Annual Report is described on page 47. In addition, the Fund's Audit Committee of the Board of Trustees has reviewed this Annual Report, and the Board of Trustees has reviewed and approved this Annual Report prior to its release. The Fund is committed to providing timely, accurate and balanced disclosure of all material information about the Fund and to providing fair and equal access to such information. As of December 31, 2013, the Fund's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities. Disclosure controls are procedures designed to ensure that information required to be disclosed in reports filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Fund's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Fund's management, including the CEO and the CFO, does not expect that the Fund's disclosure controls will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Fund have been detected. The Fund is continually evolving and enhancing its systems of controls and procedures. Based on the evaluation of disclosure controls, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Fund's disclosure controls are effective in ensuring that material information relating to the Fund is made known to management on a timely basis, and is fairly presented in all material respects in this Annual Report.

CERTIFICATION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design and effectiveness of internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles which incorporates International Financial Reporting Standards for publicly accountable enterprises. The Fund's management, including the CEO and the CFO, does not expect that the Fund's internal control over financial reporting will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Fund have been detected. The Fund is continually evolving and enhancing its systems of internal controls over financial reporting. The CEO and CFO of the Fund have evaluated the design and effectiveness of the Fund's internal control over financial reporting as at the end of the period covered by the annual filings and have concluded that, subject to the inherent limitations noted above, the controls are sufficient to provide reasonable assurance. The design of internal controls at Glass America has been considered and based on the pre-existing controls in place and oversight controls implemented, no areas of immediate concern with respect to disclosure controls and procedures or internal controls have been identified. However, due to the short period since the acquisition, a full assessment has not been completed. As a result, the Fund has noted this limitation in the certificates and provides the following summary information with respect to Glass America. For the period of June 1, 2013 to December 31, 2013 Glass America reported sales of $35.4 million and net earnings of $1.9 million. As at December 31, 2013, Glass America reported current assets of $6.9 million, current liabilities of $7.1 million, long-term assets of $30.7 million and long-term liabilities of $0.5 million. Due to the short period since the acquisition of Hansen, an assessment on this business has not been completed. The Company is also making use of the limitation for this acquisition. For the period of September 1, 2013 to December 31, 2013, Hansen reported sales of $13.1 million and earnings of $0.4 million. As at December 31, 2013, Hansen reported current assets of $4.6 million, current liabilities of $3.1 million, long-term asset of $22.4 million and long-term liabilities of $nil.

In addition, during the fourth quarter of 2013, there have been no changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

BUSINESS RISKS AND UNCERTAINTIES

The following information is a summary of certain risk factors relating to the business of the Fund and Boyd, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Report and the documents incorporated by reference herein.

The Fund and the Company are subject to certain risks inherent in the operation of the business. The Fund manages risk and risk exposures through a combination of management oversight, insurance, its system of internal controls and disclosures and sound operating policies and practices.

The Board of Trustees has the responsibility to identify the principal risks of the Fund's business and ensure that appropriate systems are in place to manage these risks. The Audit Committee has the responsibility to discuss with management the Fund's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Fund's risk assessment and risk management policies. In order to support these responsibilities, management has a risk management committee which meets on an ongoing basis to evaluate and assess the Fund's risks.

The process being followed by the management risk committee is a systematic one which includes identifying risks; analyzing the likelihood and consequence of risks; and then evaluating risks as to our risk tolerance and control effectiveness. This approach stratifies risks into four risk categories as follows:

Extreme Risks:	Immediate/ongoing action is required – involvement of senior management is required. Avoidance of the item may be necessary if risk reduction techniques are insufficient to address the risk.
High Risks:	Risk item is significant and management responsibility should be specified and appropriate action taken.
Moderate Risks:	Managed by specific monitoring or response procedures. Additional risk mitigation techniques could be considered if benefits exceed the cost.
Low Risks:	Managed by routine procedures. No further action is required at this time.

Risks can be reduced by limiting the likelihood or the consequence of a particular risk. This can be achieved by adjusting the company's activities, implementing additional control/monitoring processes, or insuring/ hedging against certain outcomes. Residual risk remains after mitigation and control techniques are applied to an identified risk. Awareness of the residual risk that the Fund ultimately accepts is a key benefit of the risk management process.

The following describes the risks that are most material to the Fund's business. This is not, however, a complete list of the potential risks the Fund faces. There may be other risks that the Fund is not aware of, or risks that are not material today that could become material in the future.

Paint Supply Arrangement Restructuring

Notwithstanding the entering into of the interim amendment on October 20, 2013 of the Company's current paint supply agreement and subsequent letter of intent on January 31, 2014, there can be no assurance that a final agreement will be negotiated between the Company and its current paint supplier. Furthermore, there is no guarantee that the restructuring will be accretive. If the Company cannot finally complete an agreement with its current paint supplier or with another paint supplier, the Company will revert to operating under its current paint supply arrangement. If an agreement is concluded with a third party paint suppler, the Company will be required to repay all other amounts owing under its existing agreement with its current supplier.

Dependence upon The Boyd Group Inc. and its Subsidiaries

The Fund is an unincorporated open-ended, limited purpose mutual fund trust which will be entirely dependent upon the operations and assets of the Company through the Fund's ownership of the Notes and New Notes, Class I and Class IV shares of the Company. Accordingly, the Fund's ability to make cash distributions to the unitholders will be dependent upon the ability of the Company and its subsidiaries to pay its interest and principle obligations under the Notes and New Notes and to declare dividends, return capital, or other distributions.

Cash Distributions Not Guaranteed

The Fund and BGHI receive cash in the form of interest payments on the Notes and New Notes and dividends from the Company. The Fund and BGHI distribute the cash they receive, net of expenses and amounts reserved, to Class A common shareholders and unitholders. The actual amount of cash received and ultimately distributed by the Fund and BGHI in the future will depend upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins, required capital expenditures, the need to maintain productive capacity, required funding of long-term contractual obligations, repurchases of units, restrictions on distributions arising from compliance with financial debt covenants, taxation on income or on distributions and debt repayments expected to be funded by cash flows generated from operations. There can be no assurance regarding the amount of distributable cash generated by the Company, and therefore no assurance as to the amount of cash which may be distributed by the Fund or BGHI in the future.

Inability to Successfully Integrate Acquisitions

A key element of the Company's strategy is to successfully integrate acquired businesses in order to sustain and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional repair facilities. Successful integration can depend upon a number of factors, including the ability to maintain and grow DRP relationships, the ability to retain and motivate certain key management and staff, retaining and leveraging customer and supplier relationships and implementing standardized procedures and best practices. In the event that any significant acquisition cannot be successfully integrated into Boyd's operations or performs below expectations, the business could be materially and adversely affected.

Economic Downturn

While the current economic outlook has continued to improve, regions where the Company operates could remain significantly challenged for an indeterminate period of time. Historically the auto collision repair industry has proven to be somewhat resistant to economic downturns along with the accompanying unemployment, and while the Company works to mitigate the effect of economic downturn on its operations, economic conditions, which are beyond the Company's control, could lead to a decrease in repair claims volumes due to fewer miles driven or due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of any decrease in claims volumes resulting from an economic downturn and the accompanying unemployment and what affect it may have on the auto collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that an economic downturn would not negatively affect the financial performance of the Company.

Operational Performance

In order to compete in the market place, the Company must consistently meet the operational performance metrics expected by its customers. Failing to deliver on metrics such as cycle time, quality of repair, customer satisfaction and cost of repair can, over time, result in reductions to either pricing, repair volumes, or both. The Company has implemented extensive measuring and monitoring systems to assist it in delivering on these key metrics. However, there can be no assurance that the Company will be able to continue to deliver on these metrics or that the metrics themselves won't change in the future.

Rapid Growth

The Company has grown rapidly since 2009, through multi-location acquisitions as well as single location growth opportunities. Rapid growth can put a strain on managerial, operational, financial, human and other resources. Risks related to rapid growth include administrative and operational challenges such as the management of an expanded number of locations, the assimilation of financial reporting systems, technology and other systems of acquired companies, increased pressure on senior management and increased demand on systems and internal controls. The ability of the Company to manage its operations and expansion effectively depends on the continued development and implementation of plans, systems and controls that meet its operational, financial and management needs. If Boyd is unable to develop or implement these plans, systems or controls or otherwise manage its operations and growth effectively, the Company will be unable to maintain or increase margins or achieve sustained profitability, and the business could be harmed.

Loss of Key Customers

A high percentage of the Company's revenues are derived from insurance companies in both government owned and private insurance markets. Over the past two decades many private insurance companies have implemented DRP's with collision repair operators who have been recognized as consistent high quality, performance based repairers in the industry. The Company's ability to continue to grow its business in these markets, as well as maintain existing business volume and pricing, is largely reliant on its ability to maintain these DRP relationships. The Company continues to develop and monitor these relationships through ongoing measurement of the success factors considered critical by the insurance customer. The loss of any existing material DRP relationships could have a materially adverse effect on Boyd's operations and business prospects. Of the top five non-government owned insurance companies that the Company deals with, which in aggregate account for approximately 48% (2012 – 47%) of total sales, one insurance company represents approximately 17% (2012 – 16%) of the Company's total sales, while a second insurance company represents approximately 14% (2012 – 13%).

DRP relationships are governed by agreements that are usually cancellable upon short notice. These relationships can change quickly, both in terms of pricing and volumes, depending upon collision repair shop performance, cycle time, cost of repair, customer satisfaction, competition, insurance company management and program changes and general economic activity. To mitigate this risk, management fosters close working relationships with its customers and the Company continually seeks to diversify and grow its customer base both in Canada and the U.S. There can be no assurance given that relationships with DRP customers will not change in the future which could impair Boyd's revenues and result in a material adverse effect on the Company's business.

Brand Management and Reputation

The Company's success is impacted by its ability to protect, maintain and enhance the value of its brands. Brand value can be damaged by isolated incidents, particularly if the incident receives considerable publicity or if it draws litigation. Incidents may occur from events beyond the Company's control or may be isolated to actions that occur in one particular location. Demand for the Company's services could diminish significantly if an incident or other matter damages its brand or erodes the confidence of its public or private insurance company customers or directly with the vehicle owners themselves. With the advent of the Internet and the evolution of social media there is an increased ability for individuals to adversely affect the brand and reputation of the Company. There can be no assurance that future incidents will not negatively affect the Company's brand or reputation.

Insurance Risk

The Fund insures its property, plant and equipment, including vehicles through insurance policies with insurance carriers located in Canada and the U.S. Included within these policies is insurance protection against property loss and general liability. The Fund also insures its directors and officers against liabilities arising from errors, omissions and wrongful acts. Management uses its knowledge, as well as the knowledge of experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect the Fund and its subsidiaries from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

Quality of Corporate Governance

Securities law imposes statutory civil liability for misrepresentations in continuous disclosure documents including failure to make timely disclosure. Investors have a right of action if they are harmed by a misrepresentation in an issuer's disclosure document or in a public oral statement relating to an issuer, or the failure of an issuer to make timely disclosure of a material change. Potentially liable parties include the issuer, each officer or Trustee of the issuer who authorizes, permits or acquiesces in the release of the document containing a misrepresentation, the making of the public statement containing a misrepresentation or in the failure to make a timely disclosure.

Under the Ontario Securities Act, section 138.4(6), a due diligence defense is available. The due diligence defense requires the following items to be addressed:

- the issuer must have a system designed to ensure the issuer is meeting its disclosure obligations;
- the defendant must have conducted a reasonable investigation to support reliance on the system; and
- defendants must have no reasonable grounds to believe that the document or a public oral statement contained a misrepresentation or that the failure to make the required disclosure would occur.

The Fund is keenly aware of the significance of these laws and the interrelationships between civil liability, disclosure controls and good governance. The Fund has adopted policies, practices and processes to reduce the risk of a governance or control breakdown. A statement of the Fund's governance practices is included in the Fund's most recent information circular which can be found at www.sedar.com. Although the Fund believes it follows good corporate governance practices, there can be no assurance that these practices will eliminate or mitigate the impact of a material lawsuit in this area.

Tax Position Risk

The Fund and its subsidiary account for its income tax positions in accordance with accounting standards for income taxes, which require that that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on examination by taxation authorities, based on the technical merits of the position.

Inherent risks and uncertainties can arise over tax positions taken, or expected to be taken, with respect to matters including but not limited to acquisitions, transfer pricing, inter-company charges and allocations, financing charges, fees, related party transactions, tax credits, tax based incentives and stock based transactions. Management uses tax experts to assist the Fund in correctly applying the tax rules, however there can be no assurance that a position taken won't be challenged by the taxation authorities that could result in an unexpected material financial obligation.

Risk of Litigation

The Fund and its subsidiaries could become involved in various legal actions in the ordinary course of business. Litigation loss accruals may be established if it becomes probable that the Fund will incur an expense and the amount can be reasonably estimated. The Fund's management and internal and external experts are involved in assessing the probability and in estimating any amounts involved. Changes in these assessments may lead to changes in recorded loss accruals. Claims are reviewed on a case by case basis, taking into consideration all information available to the Fund.

The actual costs of resolving claims could be substantially higher or lower than the amounts accrued. In certain cases, legal claims may be covered under the Fund's various insurance policies.

Acquisition Risk

The Company plans to continue to increase revenues and earnings through the acquisition of additional collision repair facilities and other businesses. The Company follows a detailed process of due diligence and approvals to limit the possibility of acquiring a non-performing location. However, there can be no assurance that the locations acquired will achieve sales and profitability levels to justify the Company's investment.

Credit & Refinancing Risks

The Company and its subsidiaries use financial leverage through the use of debt, which have debt service obligations. The Company's ability to refinance or to make scheduled payments of interest or principal on its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors many of which are beyond its control.

The Company's revolving credit facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, to create liens or other encumbrances, to pay dividends and fund distributions, to redeem any equity or debt, or to make investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the revolving credit facilities contain a number of financial covenants that require the Fund and its subsidiaries to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness were to be accelerated, there can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay the indebtedness in full. There can also be no assurance that the Company will be able to refinance the credit facilities as and when they mature. The revolving credit facility is secured by the assets of the Company.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of management. The experience and talent of these individuals is a significant factor in Boyd's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the Company's business operations and prospects. The Company has entered into management agreements with key members of management in order to mitigate this risk.

Employee Relations

Boyd currently employs approximately 4,170 people, of which 575 are in Canada and 3,595 are in the U.S. The current work force is not unionized, except for approximately 45 employees located in the U.S. who are subject to collective bargaining agreements. In addition, the automobile collision repair industry typically experiences high employee turnover rates. Although the Company believes that it is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. There is no guarantee that a significant work disruption or the inability to maintain or replace existing staff levels would not have a material effect on the Fund.

Decline in Number of Insurance Claims

The automobile collision repair industry is dependent on the number of accidents which occur and, for the most part, become repairable insurance claims. The volume of accidents and related insurance claims can be significantly impacted by changes in technology such as collision avoidance systems and other safety improvements made to vehicles. Other changes which have and can continue to affect insurance claim volumes include, but are not limited to, general economic conditions, unemployment rates, changing demographics, vehicle miles driven, new vehicle production, insurance policy deductibles, auto insurance premiums, photo radar and graduated licensing. In addition, repairable claims volumes have been and can continue to be impacted by an increased number of non-repairable claims or "write-offs". There can be no assurance that a significant decline in insurance claims will not occur, which could impair Boyd's revenues and result in a material adverse affect on the Company's business.

Market Environment Change

The collision repair industry is subject to continual change in terms of regulations, technology, repair processes and changes in the strategic direction of customers, suppliers and competitors. The Company endeavors to stay abreast of developments in the industry and make strategic decisions to manage through these changes. In certain situations, the Company is involved in leading change by anticipating or developing new methods to address changing market needs. The Company however, may not be able to correctly anticipate the need for change or may not effectively implement changes to maintain or improve its relative position with competitors. There can be no assurance that market environment changes will not occur that could negatively affect the financial performance of the Company.

Reliance on Technology

As is the case with most businesses in today's environment, there is a risk associated with Boyd's reliance on computerized operational and reporting systems. Boyd makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately. Boyd has longer-term disaster recovery programs to protect against significant system failures. Although a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results. Reliance on technology in order to gain or maintain competitive advantage is becoming more significant and therefore the Company is faced with determining the appropriate level of investment in new technology in order to be competitive. There can be no assurance that the Company will correctly identify or successfully implement the appropriate technologies for its operations.

Weather Conditions

The effect of weather conditions on collision repair volume represents an element of risk to the Company's ability to maintain sales. Historically, extremely mild winters and dry weather conditions have had a negative impact on collision repair sales volumes. Even with market share gains, this type of weather related decline in market size can result in sales declines which could result in a material effect on the Company's business.

Expansion into New Markets

Boyd views the United States as having significant potential for further market expansion of its business. There can be no assurance that any market for the Company's services and products will develop either at the local, state or national level. Economic instability, laws and regulations and the presence of competition in all or certain jurisdictions may limit the Company's capability to successfully expand operations into the United States.

Fluctuations in Operating Results and Seasonality

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing policies, general operating effectiveness, general and regional economic downturns, unemployment rates and weather conditions. These factors can affect Boyd's ability to fund ongoing operations and finance future activities.

Increased Government Regulation and Tax Risk

The Fund, the Company and its subsidiaries are subject to various federal, provincial, state and local laws, regulations and taxation authorities. Various federal, provincial, state and local agencies as well as other governmental departments administer such laws, regulations and their related rules and policies. New laws governing the Fund or its business could be enacted or changes or amendments to existing laws and regulations could be enacted which could have a significant impact on Boyd. The Fund utilizes the services of professional advisors in the areas of taxation, environmental, health and safety, labor and general business law to mitigate the risk of non-compliance. Failure by the Fund to comply with the applicable laws, regulations or tax changes may subject it to civil or regulatory proceedings and no assurance can be given that this may not have a material impact on the Fund or its financial results.

Environment Canada has regulations to limit emissions pollutants used in a number of consumer and commercial products including automotive paint and coatings. As a result, the automobile collision repair industry in Canada has adapted its refinish processes and equipment to waterborne basecoat technology. The Company also converts all new U.S. operations to waterborne basecoat technology and has converted all new locations since August 2009. Although to date, there have been no negative consequences to this conversion there can be no assurance that conversion to this new technology or compliance with the proposed new legislation will not have a material adverse affect on the Fund's business or financial results.

The Fund has investigated and evaluated its structuring alternatives in connection with the Specified Investment Flow-through ("SIFT") rules with a view of preserving and maximizing unitholder value. Based upon its investigation, analysis and due diligence to date, and given its current size and circumstances, the Fund has determined that a change to a share corporation structure would not be advantageous to the Fund or its unitholders. This determination has been made based on several reasons. First, the Fund does not believe it will achieve any net tax savings by converting. Second, the Fund believes that the cost of conversion, which it estimates to be between $500,000 and $1 million, is not a prudent use of cash and is not justified by any perceived benefits from conversion for a fund of our size. Third, to the extent that the Fund pays SIFT tax it believes that its taxable unitholders will benefit from the lower tax rate on distributions received, as it expects to be able to maintain distributions, despite any trust tax that the Fund would incur.

On December 15, 2010 the Trustees of the Fund approved an internal capital restructuring plan that better reflects its significant U.S. base of business and its expected source of future growth. A consequence of this restructuring is that distributions to unitholders are funded almost entirely by its U.S. operations. Fund distributions that are sourced from U.S. business earnings are not subject to the SIFT tax.

There can be no assurance that additional changes to the taxation of income trusts or corporations or changes to other government laws, rules and regulations, either in Canada or the U.S., will not be undertaken which could have a material adverse effect on the Fund's unit price and business. There can be no assurance the Fund will benefit from these rules, that the rules will not change in the future or that the Fund will avail itself of them.

Canadian Tax Related Risks

Expenses incurred by the Fund are only deductible to the extent they are reasonable. There can be no assurance that the taxation authorities will not challenge the reasonableness of certain expenses. If such a challenge were successful against the Fund, it may materially and adversely affect the distributable cash flow of the Fund. Management of the Fund believes the expenses inherent in the structure of the Fund are supportable and reasonable in the circumstances.

The Units will cease to be qualified investments for a Registered Plan under the Tax Act unless the Units are listed on a "designated stock exchange" (as defined in the Tax Act) or the Company qualifies as a "mutual fund trust" (as defined in the Tax Act).

Securities received from the Company as a result of a redemption of Units may not be qualified investments for a Registered Plan, which may result in adverse tax consequences for the Registered Plan and the annuitant under, or the holder of, the Registered Plan.

There can be no assurance that additional changes to the taxation of income trust or corporations or changes to other government laws, rules and regulations, either in Canada or the U.S., will not be undertaken which could have a material adverse effect on the Fund's unit price and business. There can be no assurance the Fund will benefit from these rules, that the rules will not change in the future or that the Fund will avail itself of them.

Execution on New Strategies

New initiatives are introduced from time to time in order to grow Boyd's business. Initiatives such as entering new markets or introducing and improving related products and services have the potential to be accretive to the Company's business when the opportunity is accurately identified and executed. There can be no assurance that the Company identifies new strategies that are accretive to the business or that it is successful in implementing such initiatives.

Operating Hazards

The Company's revenues are dependent upon the continued operation of its facilities, which can experience a failure or substandard performance of equipment, natural disasters, suspension of operations, the effect of new regulatory requirements regarding the operations of such facilities and claims of injury by employees or members of the public among other risks. There can be no assurances that the Company will be able to continue to operate its facilities free of impact from these risks.

Energy Costs

The Company is exposed to fluctuations in the price of energy, particularly petroleum based products. These costs not only impact the costs associated with occupying and operating collision repair facilities but may also affect costs of parts and materials used in the repair process as well as miles driven by automobile owners. There can be no assurance that escalating costs which cannot be offset by energy conservation practices, price increases to customers or productivity gains, would not result in materially lower operating margins. As well, there can be no assurance that escalating energy costs will not materially reduce automobile miles driven and in turn reduce the number of collisions.

U.S. Health Care Costs and Workers Compensation Claims

The Fund accrues for the estimated amount of U.S. health care claims and workers compensation claims that may have occurred but were not reported at the end of the year under its health care and workers compensation plans. The accruals are based upon the Company's knowledge of current claims as well as third party estimates derived from past experience. A significant claim occurrence which remains unreported for a number of months could materially impact this accrual. In addition, as U.S health care costs increase, there can be no assurance given that the Company can continue to offer health care insurance to its employees at a reasonable cost.

Low Capture Rates

Sales growth can be enhanced if the Company is effective at booking repair orders for all sales opportunities that are identified. The Company is exposed to missed jobs to the extent employees are ineffective at capturing all sales opportunities. Measurement of capture rates, management support and training are methods that are employed to enhance capture rates. However, it is possible that the Company may not be able to capture sales effectively enough to maximize sales.

Key Supplier Relationships

The Company has entered into key supplier relationships that have provided the Company with, among other things, prepaid rebates which are being amortized to earnings over time. Subject to the intended restructuring of its current paint supply arrangements, there can be no assurance that prepaid rebate funding will continue to be available if Boyd cannot meet the conditions for the funding or that new funding will be available if the supplier is unable to fulfill its obligations. See "Business Risks and Uncertainties – Paint Supply Arrangement Restructuring'.

Capital Expenditures

The business of the Company requires ongoing capital maintenance. Moreover, opportunities may arise for capital upgrades providing cost savings that may not be realized in the immediate future but, rather, over several years. To the extent that capital expenditures are in excess of amounts budgeted, the amounts of cash available for distribution may decrease.

Competition

The collision repair industry in North America, estimated at approximately $30 to 40 billion U.S. is very competitive. The main competitive factors are price, service, quality, customer satisfaction and adherence to various insurance company performance indicators. There can be no assurance that Boyd's competitors will not achieve greater market acceptance due to pricing or other factors.

Although competition exists mainly on a regional basis, Boyd competes with a small number of other multi-location collision repair operators, in multiple markets in which it operates. Insurers are recognizing the benefits associated with utilizing the larger collision repair consolidators in multiple markets and as such, more and more DRP relationships are becoming national in scope. The Company estimates that, as a group, large multi-location operators with sales in excess of $20 million U.S. annually have approximately a 15% market share. The Company anticipates facing increasing competition in the markets in which it operates.

Given these industry characteristics, existing or new competitors may become significantly larger and have greater financial and marketing resources than Boyd. These competitors may compete with Boyd in rendering services in the markets in which Boyd currently operates and also in seeking existing facilities to acquire or new locations to open in markets in which Boyd desires to expand. There can be no assurance that the Company will be able to maintain or achieve its desired market share.

Potential Undisclosed Liabilities Associated with Acquisitions

To the extent that the prior owners of businesses acquired by Boyd failed to comply with or otherwise violated applicable laws, the Company, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. The Company seeks, through systematic investigation and due diligence, and through indemnification by former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions. The discovery of any material liabilities, including but not limited to tax, legal and environmental liabilities, could have a material adverse effect on the Company's business, financial condition and future prospects.

Foreign Currency Risk

In the past, the Company has financed acquisitions of U.S. businesses in part by making U.S. denominated loans available under its credit facilities that could then be serviced and repaid from anticipated future U.S. earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, a substantial portion of Boyd's revenue and cash flow are now, and are expected to continue to be, generated in U.S. dollars. Fluctuations in exchange rates between the Canadian dollar and the U.S. currency may have a material adverse effect on the Company's reported earnings and cash flows and its ability to make future Canadian dollar cash distributions.

There can be no assurance that fluctuations in the U.S dollar relative to the Canadian dollar can be hedged effectively for long periods of time and there can be no assurances given that any currency hedges or partial hedges in place would remain effective in the future.

Margin Pressure

The Company's costs to repair vehicles, including the cost of parts, materials and labour are market driven and can fluctuate either suddenly or over time. The Company is not always able to pass these cost increases on to end users in the form of higher selling prices to its public and private insurance company customers. As a result, there can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from its customers. While negotiations with insurance companies and other influencing factors over time can result in selling price increases, the timing and extent of such increases is not determinable. As a result, there can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from the Company's customers.

Acquisition and Start-Up Growth and Ongoing Access to Capital

The Company grows, in part, through future acquisitions or start-up of collision and glass repair and replacement businesses. There can be no assurance that Boyd will have sufficient capital resources available to implement its growth strategy. Inability to raise new capital, in the form of debt or equity, could limit Boyd's future growth by acquisition or start-up.

The Company will endeavour, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. Potential sources of capital that the Company has been successful at accessing in the past include public and private equity and debt placements, using equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, vendor financing, lease financing and both senior and subordinate debt facilities. There can be no assurance that the Company will be successful in accessing these or other sources of capital in the future.

Environmental, Health and Safety Risk

The nature of the collision repair business means that hazardous substances must be used, which could cause damage to the environment or individuals if not handled properly. The Company's environmental protection policy requires environmental site assessments to be performed on all business locations prior to acquisition, start-up or relocation so that any existing or potential environmental situations can be remedied or otherwise appropriately addressed. It is also Boyd's practice to secure environmental indemnification from landlords and former owners of acquired collision repair businesses, where such indemnification is available. Boyd also engages a private environmental consulting firm to perform regular compliance reviews to ensure that the Company's environmental and health and safety policies are followed.

To date, the Company has not encountered any environmental protection requirements or issues which would be expected to have a material financial or operational effect on its current business and it is not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities of Boyd, or its predecessors, or the activities of a prior owner or lessee, have not created a material environmental problem or that future uses will not result in the imposition of material environmental, health or safety liability upon Boyd.

Interest Rates

The Company occasionally fixes the interest rate on its debt using interest rate swap contracts or other provisions available in its debt facilities. There can be no guarantee that interest rate swaps or other contract terms that effectively turn variable rate debt into fixed rates will be an effective hedge against long term interest rate fluctuations.

The Company has not fixed interest rates within its revolving credit facility. There can be no assurance that interest rates either in Canada or the U.S. will not increase in the future, which could result in a material adverse effect on the Company's business.

Unitholder Limited Liability is Subject to Contractual and Statutory Assurances That May Have Some Enforcement Risks

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Fund's assets.

However, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund.

FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

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

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the “annual filings”) of **Boyd Group Income Fund** (the “issuer”) for the financial year ended **December 31, 2013**.
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.
4. ***Responsibility:*** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 ***Control framework:*** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:***

   (a) the fact that the issuer’s other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

      (i.) N/A

      (ii.) N/A

      (iii.) A business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and

   (b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer’s financial statements.

6. ***Evaluation:*** The issuer's other certifying officer(s) and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on October 1, 2013 and ended on December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. **Reporting to the issuer's auditors and board of directors or audit committee:** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 21, 2014

(signed)

Brock Bulbuck
President & Chief Executive Officer

FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

I, **Dan Dott, Chief Financial Officer, Boyd Group Income Fund**, certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **Boyd Group Income Fund** (the "issuer") for the financial year ended **December 31, 2013**.
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.
4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.
5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the financial year end

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:***

(a) the fact that the issuer's other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

(i.) N/A

(ii.) N/A

(iii.) A business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and

(b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

6. ***Evaluation:*** The issuer's other certifying officer(s) and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on October 1, 2013 and ended on December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. **Reporting to the issuer's auditors and board of directors or audit committee:** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 21, 2014

(signed)

Dan Dott, C.A.
Vice President & Chief Financial Officer

BOYD GROUP INCOME FUND

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

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
President & Chief Executive Officer

(signed)

Dan Dott, C.A.
Vice President & Chief Financial Officer

Winnipeg, Manitoba
March 20, 2014

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, 2013 and December 31, 2012, and the consolidated statements of (loss) earnings, consolidated statements of comprehensive (loss) 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, 2013 and December 31, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

March 20, 2014
Winnipeg, Manitoba

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

		2013		2012
Assets				
Current assets:				
Cash	**$**	**19,304,483**	$	38,976,398
Accounts receivable		**42,168,489**		28,944,908
Income taxes recoverable		**1,541,075**		1,364,530
Inventory *(Note 6)*		**11,431,177**		8,665,638
Prepaid expenses		**5,258,849**		4,311,623
		79,704,073		82,263,097
Note receivable *(Note 27)*		**924,428**		1,048,834
Property, plant and equipment *(Note 7)*		**63,925,133**		45,897,362
Deferred income tax asset *(Note 8)*		**2,389,108**		4,386,844
Deferred financing costs *(Note 12)*		**1,010,127**		-
Intangible assets *(Note 9)*		**60,756,379**		41,271,177
Goodwill *(Note 10)*		**73,561,457**		49,691,918
	$	**282,270,705**	$	224,559,232
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**66,232,123**	$	50,231,017
Distributions payable *(Note 11)*		**597,365**		489,002
Dividends payable *(Note 17)*		**15,099**		15,170
Current portion of long-term debt *(Note 12)*		**4,448,115**		4,756,972
Current portion of obligations under finance leases *(Note 14)*		**3,636,175**		2,006,469
Current portion of settlement accrual *(Note 15)*		**819,629**		1,101,464
		75,748,506		58,600,094
Long-term debt *(Note 12)*		**22,680,786**		44,775,928
Obligations under finance leases *(Note 14)*		**5,951,764**		4,182,570
Convertible debenture *(Note 13)*		**30,970,583**		30,327,395
Convertible debenture conversion feature *(Note 17)*		**14,786,289**		2,008,699
Deferred income tax liability *(Note 8)*		**4,873,979**		-
Unearned rebates *(Note 19)*		**-**		31,598,860
Settlement accrual *(Note 15)*		-		892,717
Exchangeable Class A common shares *(Note 17)*		**11,688,890**		5,929,304
Unit based payment obligation *(Note 18)*		**11,256,098**		3,567,136
Non-controlling interest put options *(Note 17)*		**20,339,631**		1,072,391
		198,296,526		182,955,094
Equity				
Accumulated other comprehensive earnings (loss) *(Note 22)*		**5,684,989**		(1,264,776)
Deficit		**(63,651,879)**		(35,998,484)
Unitholders' capital *(Note 23)*		**137,938,998**		74,865,327
Contributed surplus *(Note 24)*		**4,002,071**		4,002,071
		83,974,179		41,604,138
	$	**282,270,705**	$	224,559,232

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
(Canadian dollars)

	Unitholders' Capital		Contributed	Accumulated Other Comprehensive		
	Units	Amount	Surplus	Earnings (Loss)	Deficit	Total Equity
	(Note 23)	*(Note 23)*	*(Note 24)*	*(Note 22)*		
Balances - January 1, 2012	12,528,136	$ 74,830,675	$ 4,002,071	$ (192,026)	$ (37,381,319)	$ 41,259,401
Issue costs	-	(92,496)				(92,496)
Retractions *(Note17)*	10,380	127,148				127,148
Other comprehensive loss				(1,072,750)		(1,072,750)
Net earnings					7,061,171	7,061,171
Comprehensive earnings				(1,072,750)	7,061,171	5,988,421
Distributions to unitholders *(Note 11)*					(5,678,336)	(5,678,336)
Balances - December 31, 2012	12,538,516	$ 74,865,327	$ 4,002,071	$ (1,264,776)	$ (35,998,484)	$ 41,604,138
Issue costs (net of tax of $992,250)	-	(2,808,659)				(2,808,659)
Units issued from treasury						
Units issued through public offering	2,300,000	63,480,000				63,480,000
Units issued in connection with acquisitions *(Note 5)*	83,721	2,109,600				2,109,600
Retractions *(Note 17)*	11,463	282,730				282,730
Conversion of convertible debenture *(Note 13)*	427	10,000				10,000
Other comprehensive earnings				6,949,765		6,949,765
Net loss					(11,594,986)	(11,594,986)
Comprehensive loss				6,949,765	(11,594,986)	(4,645,221)
Equity contributed by non-controlling interest *(Note 17)*					8,365,385	8,365,385
Recognition of non-controlling interest put option liabilities *(Note 17)*					(18,241,666)	(18,241,666)
Distributions to unitholders *(Note 11)*					(6,182,128)	(6,182,128)
Balances - December 31, 2013	14,934,127	$ 137,938,998	$ 4,002,071	$ 5,684,989	$ (63,651,879)	$ 83,974,179

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

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

		2013		2012
Sales	$	**578,260,303**	$	434,424,195
Cost of sales		**312,339,279**		237,686,303
Gross profit		**265,921,024**		196,737,892
Operating expenses		**224,520,336**		166,859,257
Foreign exchange (gains) losses		**(98,626)**		45,250
Gain on sale of software		**(336,115)**		-
Acquisition, transaction and process improvement costs		**2,330,855**		2,274,413
Depreciation of property, plant and equipment *(Note 7)*		**9,392,012**		7,203,935
Amortization of intangible assets *(Note 9)*		**4,142,279**		3,469,596
Fair value adjustments *(Note 16)*		**27,099,837**		4,462,667
Finance costs		**6,179,501**		2,953,353
Write down of goodwill *(Note 10)*		**252,206**		-
		273,482,285		187,268,471
(Loss) earnings before income taxes		**(7,561,261)**		9,469,421
Income tax expense *(Note 8)*				
Current		**148,598**		71,851
Deferred		**3,885,127**		2,336,399
		4,033,725		2,408,250
Net (loss) earnings	$	**(11,594,986)**	$	7,061,171

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

Basic (loss) earnings per unit *(Note 32)*	**$**	**(0.891)**	$	0.563
Diluted (loss) earnings per unit *(Note 32)*	**$**	**(0.891)**	$	0.563
Weighted average number of units outstanding		**13,011,370**		12,534,933

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) EARNINGS
For the years ended December 31,

		2013		2012
Net (loss) earnings	**$**	**(11,594,986)**	$	7,061,171
Other comprehensive earnings (loss)				
Items that may be reclassified subsequently to Consolidated Statements of (Loss) Earnings				
Change in unrealized earnings (loss) on translating financial statements of foreign operations *(Note 22)*		**6,949,765**		(1,072,750)
Other comprehensive earnings (loss)		**6,949,765**		(1,072,750)
Comprehensive (loss) earnings	**$**	**(4,645,221)**	$	5,988,421

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,
(Canadian dollars)

		2013		2012
Cash flows from operating activities				
Net (loss) earnings	**$**	**(11,594,986)**	$	7,061,171
Items not affecting cash				
Fair value adjustments		**27,099,837**		4,462,667
Write down of goodwill		**252,206**		-
Deferred income taxes		**3,885,127**		2,336,399
Amortization of discount on convertible debt *(Note 13)*		**653,188**		-
Amortization of deferred finance costs		**217,476**		-
Amortization of intangible assets		**4,142,279**		3,469,596
Depreciation of property, plant and equipment		**9,392,012**		7,203,935
Amortization of unearned rebates		**(2,754,895)**		(3,013,470)
Gain on disposal of equipment and software		**(431,174)**		(11,758)
Interest accrued on Exchangeable Class A common shares *(Note 17)*		**180,568**		177,811
Unrealized foreign exchange gain on internal loans		**-**		(169,320)
Unrealized loss on derivative contracts		**-**		204,420
Realized foreign exchange loss on internal loan		**-**		192,320
Realized loss on derivative contracts		**-**		(212,320)
Payment of accrued settlement obligation		**(1,174,552)**		(1,019,055)
		29,867,086		20,682,396
Changes in non-cash working capital items *(Note 33)*		**(4,841,734)**		(1,229,948)
		25,025,352		19,452,448
Cash flows (used in) provided by financing activities				
Fund units issued from treasury		**63,480,000**		-
Issue costs		**(3,800,909)**		(19,713)
Increase in obligations under long-term debt		**-**		8,797,413
Repayment of long-term debt		**(36,044,354)**		(3,179,820)
Repayment of obligations under finance leases		**(3,077,490)**		(2,376,998)
Proceeds on sale-leaseback agreement		**1,602,735**		482,840
Proceeds on issue of convertible debentures		**-**		32,336,094
Dividends paid on Exchangeable Class A common shares		**(180,639)**		(177,616)
Distributions paid to unitholders		**(6,073,765)**		(5,659,139)
Increase in unearned rebates		**4,293,958**		9,358,011
Repayment of unearned rebates		**(35,036,915)**		(247,368)
Increase in deferred financing costs		**(1,010,127)**		-
Collection of rebates receivable		**1,238,475**		1,498,374
		(14,609,031)		40,812,078
Cash flows used in investing activities				
Proceeds on sale of equipment and software		**776,146**		100,078
Equipment purchases and facility improvements		**(3,184,822)**		(2,799,022)
Acquisition and development of businesses (net of cash acquired)		**(28,259,229)**		(36,622,196)
Software purchases and licensing		**(435,097)**		(228,953)
Senior managers unit loan program		**(924,428)**		-
		(32,027,430)		(39,550,093)
Foreign exchange		**1,939,194**		(181,304)
Net (decrease) increase in cash position		**(19,671,915)**		20,533,129
Cash, beginning of year		**38,976,398**		18,443,269
Cash, end of year	**$**	**19,304,483**	$	38,976,398
Income taxes paid	**$**	**691,274**	$	1,666,814
Interest paid	**$**	**5,924,446**	$	2,917,724

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 acquired either through the acquisition of existing businesses, or through site development resulting in new locations. At the reporting date, the Company operated locations in five Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 15 U.S. states under the trade names Gerber Collision & Glass and Hansen Collision and Glass. The Company is a major retail auto glass operator in the U.S. with locations across 28 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Services, Auto Glass Authority, S&L Glass, Hansen Auto Glass, and Auto Glass Only. The Company also operates Gerber National Glass Services, an auto glass repair and replacement referral business with approximately 3,000 affiliated service providers throughout the U.S. under the "Gerber National Glass Services" name. 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, 2013 (including comparatives) were approved and authorized for issue by the Board of Trustees on March 20, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of presentation*

The consolidated financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The financial Statements are prepared using International Financial Reporting Standards accounting policies which became Canadian generally accepted accounting principles for publicly accountable enterprises and were adopted by the Fund for fiscal years beginning on or after January 1, 2011.

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 from the operation of autobody/autoglass facilities is recognized when the profitability of the repair can be measured reliably. As the majority of repairs are of short duration, revenue is recognized when the repair 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 given, 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 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 intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Brand names are normally considered to have indefinite lives and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. In situations where a brand name is discontinued, the Fund amortizes the carrying amount over its remaining useful life. 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 is 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 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.

Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

j) Unearned rebates

Pre-paid purchase rebates are recorded as unearned rebates on the statement of financial position and amortized, as a reduction of the cost of purchases, on a straight-line basis over the term of the contract.

k) 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 $25,000. Historically, the Fund has not been asked to redeem units for cash. As a result, the Fund does not have policies or processes for managing the potential redemption of units for cash.

l) 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.

m) 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 options, exchangeable shares, convertible debentures and puttable instruments. The number of shares included with respect to 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 is calculated using the "if converted" method.

n) 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 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 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 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 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.

o) 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 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 marked-to-market through net earnings at each period end.

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

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

Bank indebtedness, accounts payable and accrued liabilities, dividends payable, 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 rate 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 "at Amortized Cost". 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 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. Amounts recorded in accumulated other comprehensive earnings are recognized in net earnings when there is a disposition of the foreign subsidiary.

p) *Non-controlling interests*

The Company accounts for transactions where a non-controlling position exists, and where a put option has been granted to third parties under IFRS 10 whereby a 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 the any non-controlling interest derecognized is recognized directly in equity.

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

q) *Pensions and other post-retirement benefits*

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

r) *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 interest expense.

s) 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 chief executive officer of the Fund.

The Fund's business is automotive collision and glass repair and related services, with all revenues relating to this group of similar services. This line of business operates in Canada and the U.S. and 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.

A second line of business, being an autoglass referral network business, does not meet the quantitative thresholds to require separate disclosure.

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 and assumptions

The group makes estimates and assumptions 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 Non-Financial Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the CGU or 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 lifetimes of the assets. Goodwill and intangible asset write downs, 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 periodically assesses the recoverability of values assigned to 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 and carrying values of certain financial liabilities and equity instruments recorded on the statement of financial position, as well as disclosed in the notes to the financial statements.

The Fund also obtains mark-to-market valuations of forward foreign exchange contracts or other derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding future 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.

Income Taxes

The Fund is subject to income tax in several jurisdictions and significant 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. These tax liabilities are 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 significant 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 always 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. NEW ACCOUNTING STANDARDS ADOPTED AND FUTURE STANDARDS NOT YET EFFECTIVE

The following are new accounting standards adopted during the current year:

Effective January 1, 2013, the Fund adopted amendments to and additions of new standards to Financial Instruments: Disclosures [“IFRS 7”], Consolidated Financial Statements [“IFRS 10”], Joint Arrangements [“IFRS 11”], Disclosure of Interests in Other Entities [“IFRS 12”], Fair Value Measurement [“IFRS 13”] and Investments in Associates and Joint Ventures [“IFRS 28”] as required under IFRS. Apart from additional disclosure reflected in the accompanying notes, there was no impact to the Company’s financial statements as a result of the adoption of the changes.

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

The IASB intends to replace IAS 39 “Financial Instruments: Recognition and Measurement” in its entirety with IFRS 9 “Financial Instruments” in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. The mandatory effective date has not yet been determined by the IASB. The Fund is currently evaluating the impact of adopting IFRS 9 on its financial statements.

5. ACQUISITIONS

On May 31, 2013, the Company acquired a controlling interest in the retail auto glass business of Glass America, Inc. ("Glass America"), which operated retail auto glass locations across 23 U.S. states under the trade names of Glass America and Auto Glass Services. The Fund and its existing glass-business operating partner each contributed their interests in the Company’s U.S. auto glass business ("Gerber Glass") on a relative valuation basis, along with a $6.25 million U.S. cash equity contribution into a new subsidiary entity and received a combined equity interest of 70% of the new business. Boyd funded $5.25 million of a $6.25 million U.S. cash contribution to the new entity and holds a 55.19% effective interest in the new glass business. Boyd’s existing operating partner funded $1.0 million U.S. of the cash equity contribution and holds 14.81% of the new entity. The shareholders of Glass America contributed the business of Glass America on a relative valuation basis for a 30% non-controlling interest position.

On September 3, 2013, the Company completed a transaction acquiring HC Capital Group, Inc., which owns and operates 25 collision repair centers in western Michigan and northeastern Indiana under the trade name “Hansen Collision and Glass”. Funding for the transaction was a combination of cash, third-party financing, seller take-back notes and a $2,109,600 issuance of 83,721 units to the sellers at a fifteen-day weighted average price of $24.83 per unit.

The Fund also completed 14 other acquisitions that added 17 locations during 2013 related to its stated objective of growing through individual locations by between six and ten percent per year.

(Canadian dollars)

Acquisition Date	Business and Assets Purchased	Location
January 16, 2013	Wilimington Paint & Body Works	Wilmington, North Carolina
February 9, 2013	Twin City Collision	Stanwood, Washington
February 25, 2013	Express Paint and Body	Lakeland, Florida
March 28, 2013	CBS Quality Cars	Durham, North Carolina
April 1, 2013	Factory Finish	Wilmington, North Carolina
April 30, 2013	Swanson's Auto Body	Spokane, Washington
May 9, 2013	Sonny Hancock Collision Center	Gastonia, North Carolina
May 31, 2013	Queensway Auto Body	Kitchener, Ontario
June 14, 2013	Morris Auto Body	Loveland, Colorado
June 28, 2013	Shenandoah Collision Center	Newnan, Georgia
October 1, 2013	Main Street Collision Center, Inc.	Douglasville, Georgia
October 31, 2013	Pie's Collision Centers, Inc.	Ellicott City and Catonsville, Maryland
November 12, 2013	Certified Collision Centers	Gilbert, Scottsdale and Tempe, Arizona
November 15, 2013	Auto Works	Jacksonville, North Carolina

On January 3, 2012, the Company completed a transaction acquiring Master Collision Repair, Inc. (“Master”) a multi-location collision repair company operating eight locations in the Florida market. Funding for the transaction was a combination of cash, third-party financing and a seller take-back note.

On July 3, 2012, the Company completed the acquisition of Pearl Auto Body (“Pearl”), a multi-location collision repair company operating six locations in the Colorado market. Funding for the transaction was a combination of cash, third-party financing and a seller take-back note.

On November 16, 2012, the Company completed the acquisition of The Recovery Room of Central Florida, Inc. (“TRR”), a multi-location collision repair company operating eleven locations in the Florida market. Funding for the transaction was a combination of cash, bank debt and third-party financing.

On November 30, 2012, the Company completed the acquisition of Autocrafters Collision Repair, Walker Collision Repair, and S&L Auto Glass (collectively “Autocrafters”), a multi-location collision repair company operating fourteen locations in the Florida market. Funding for the transaction was a combination of cash, bank debt, seller notes and third-party financing.

The Fund also completed 14 other acquisitions during 2012 related to its stated objective of growing through individual locations by between six and ten percent per year.

(Canadian dollars)

Acquisition Date	Business and Assets Purchased	Location
February 17, 2012	Advanced Collision Solutions	Spring Grove, Illinois
March 19, 2012	Body Craft Collision Center	Marysville, Washington
March 22, 2013	Leading Edge Collision & Custom Painting	Orlando, Florida
April 27, 2012	Colonial Auto Body	Orlando, Florida
May 4, 2012	K & J Collision and Service Center	Orlando, Florida
May 25, 2012	Auto Collision	Jessup, Maryland
June 15, 2012	Carson Automotive Recycling, LLC	Alpharetta, Georgia
June 26, 2012	Burlington Collision	Burlington, Washington
June 26, 2012	Auto Glass Authority	Las Vegas, Nevada
July 25, 2012	Turn 2 Collision Center	Concord, North Carolina
August 1, 2012	Robert's Body Shop	Havelock, North Carolina
September 14, 2012	Shant Real Estate	Germantown, Maryland
October 1, 2012	Preferred Auto Body	Portage, Indiana
November 19, 2012	Coachworks Collision Center	Las Vegas, Nevada

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

Acquisitions in 2013	Glass America	Hansen Collision and Glass	Other acquistions	Total
Identifiable net assets acquired at fair value:				
Cash	$ 1,278,844	$ 1,214,083	$ 231,654	$ 2,724,581
Other currents assets	3,787,059	2,748,506	437,612	6,973,177
Property, plant and equipment	1,179,151	2,929,739	8,670,269	12,779,159
Identified intangible assets				
Customer relationships	7,237,300	8,860,320	-	16,097,620
Brand name	4,135,600	421,920	-	4,557,520
Non-compete agreements	-	421,920	-	421,920
Liabilities assumed	(7,758,441)	(3,361,160)	(366,520)	(11,486,121)
Deferrred income tax liability	(4,435,431)	-	-	(4,435,431)
Non-controlling interest	(2,645,440)	-	-	(2,645,440)
Identifiable net assets acquired	$ 2,778,642	$13,235,328	$ 8,973,015	$24,986,985
Goodwill	6,971,036	12,828,342	-	19,799,378
Total purchase consideration	$ 9,749,678	$26,063,670	$ 8,973,015	$44,786,363
Consideration provided				
Cash paid or payable	$ 5,515,857	$15,553,705	$ 7,296,363	$28,365,925
Sellers notes	-	8,400,365	1,676,652	10,077,017
Units	-	2,109,600	-	2,109,600
Equity interest in glass business	4,233,821	-	-	4,233,821
Total consideration provided	$ 9,749,678	$26,063,670	$ 8,973,015	$44,786,363

Acquisitions in 2012

	Master	Pearl	The Recovery Room	Autocrafters	Other acquistions	Total
Identifiable net assets acquired at fair value:						
Cash	$ 564,887	$ -	$ -	$ 308,060	$ -	$ 872,947
Other currents assets	1,252,511	157,012	241,810	1,786,763	21,980	3,460,076
Property, plant and equipment	1,663,016	692,179	1,084,868	1,518,239	3,774,749	8,733,051
Deferred income tax assets	1,100,560	-	-	-	-	1,100,560
Identified intangible assets						
Customer relationships	4,121,320	1,201,680	3,376,880	7,846,280	214,011	16,760,171
Brand name	216,118	135,189	248,300	337,688	-	937,295
Non-compete agreements	221,144	200,280	99,320	685,308	-	1,206,052
Liabilities assumed	(1,653,616)	(84,056)	(54,892)	(2,212,277)	-	(4,004,841)
Deferrred income tax liability	(1,297,220)	-	-	-	-	(1,297,220)
Identifiable net assets acquired	$ 6,188,720	$2,302,284	$ 4,996,286	$10,270,061	$ 4,010,740	$27,768,091
Goodwill	6,082,815	1,839,566	2,347,986	9,097,339	152,607	19,520,313
Total purchase consideration	$12,271,535	$4,141,850	$ 7,344,272	$19,367,400	$ 4,163,347	$47,288,404
Consideration provided						
Cash	$ 5,235,135	$1,438,070	$ 7,344,272	$15,096,640	$ 3,130,583	$32,244,700
Sellers Notes	7,036,400	2,703,780	-	4,270,760	1,032,764	15,043,704
Total consideration provided	$12,271,535	$4,141,850	$ 7,344,272	$19,367,400	$ 4,163,347	$47,288,404

The preliminary purchase prices for the 2013 acquisitions as disclosed above may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized. U.S. acquisition transactions are initially recognized in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the balance sheet date.

Acquisition-related and transaction costs of $1,760,431 (2012 - $2,274,413) have been charged as an expense in the consolidated statement of earnings for the year ended December 31, 2013.

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. Revenue and net earnings contributed by Hansen Collision and Glass since the acquisition were $12,705,605 and $375,475, respectively. Revenue and net earnings contributed by Glass America since the acquisition has not been disclosed as it is impracticable to do so due to the results of its operations being fully integrated into the Fund.

If Glass America and Hansen Collision and Glass had been acquired on January 1, 2013, the Fund’s loss for the year ended December 31, 2013 would have been $9,702,445 (unaudited).

A significant part of the goodwill added in 2012 and 2013 can be attributed to the assembled workforce and the operating know-how of key personnel. However, no intangible asset qualified for separate recognition in this respect. No goodwill was recorded on any of the other acquisitions.

Goodwill recognized is deductible for tax purposes, other than for Glass America which is non-deductible for tax purposes (2012 – Master).

(Canadian dollars)

6. INVENTORY

As at	**December 31, 2013**	December 31, 2012
Materials	**$ 5,515,512**	$ 4,111,554
Work in process	**5,915,665**	4,554,084
	$ 11,431,177	$ 8,665,638

Included in cost of sales for the year ended December 31, 2013 are approximate costs for parts and material costs of $183,055,000 (2012 – $135,748,000) and labour costs of $96,643,000 (2012 – $74,176,000) with the balance of cost of sales primarily made up of sublet charges.

(Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leasehold Improvements	Total
Rates		5%	15%	20%	30%	15%	30%	10 to 25 years straight line	
As at January 1, 2012									
Cost	$ 52,472	$ 306,807	$ 33,951,171	$ 2,315,006	$ 3,699,838	$ 1,516,646	$ 5,910,112	$ 17,573,036	$ 65,325,088
Accumulated depreciation	-	(142,460)	(15,517,634)	(1,497,935)	(2,274,770)	(921,664)	(3,421,166)	(6,927,442)	(30,703,071)
Net book value	$ 52,472	$ 164,347	$ 18,433,537	$ 817,071	$ 1,425,068	$ 594,982	$ 2,488,946	$ 10,645,594	$ 34,622,017
For the year ended December 31, 2012									
Additions	78,215	1,988,874	5,619,252	795,994	914,789	1,676,243	1,666,654	6,494,789	19,234,810
Proceeds on disposal	-	-	-	-	-	-	(100,078)	-	(100,078)
Gain (loss) on disposal	-	-	-	-	-	-	11,758	-	11,758
Depreciation	-	(33,856)	(3,024,632)	(196,713)	(523,083)	(147,530)	(972,121)	(2,306,000)	(7,203,935)
Foreign exchange	(470)	(11,831)	(403,849)	(16,825)	(14,758)	(16,147)	(25,500)	(177,830)	(667,210)
Net book value	$ 130,217	$2,107,534	$ 20,624,308	$ 1,399,527	$ 1,802,016	$ 2,107,548	$ 3,069,659	$ 14,656,553	$ 45,897,362
As at December 31, 2012									
Cost	$ 130,217	$2,283,729	$ 38,981,440	$ 3,074,676	$ 4,561,538	$ 3,147,986	$ 7,055,982	$ 23,715,269	$ 82,950,837
Accumulated depreciation	-	(176,195)	(18,357,132)	(1,675,149)	(2,759,522)	(1,040,438)	(3,986,323)	(9,058,716)	(37,053,475)
Net book value	$ 130,217	$2,107,534	$ 20,624,308	$ 1,399,527	$ 1,802,016	$ 2,107,548	$ 3,069,659	$ 14,656,553	$ 45,897,362
For the year ended December 31, 2013									
Additions	1,449,577	885,778	10,839,353	1,487,434	1,596,732	1,151,056	3,376,487	5,409,514	26,195,931
Proceeds on disposal		(1,425,970)	(24,593)	-	(333,878)	-	(362,176)	(514)	(2,147,131)
Gain (loss) on disposal		-	(5,344)	(3,830)	331,182	-	111,840	(2,674)	431,174
Depreciation		(40,437)	(3,771,599)	(306,179)	(721,948)	(389,443)	(1,829,202)	(2,333,204)	(9,392,012)
Foreign exchange	6,474	85,097	1,433,237	100,848	113,005	149,763	97,648	953,737	2,939,809
Net book value	$1,586,268	$1,612,002	$ 29,095,362	$ 2,677,800	$ 2,787,109	$ 3,018,924	$ 4,464,256	$ 18,683,412	$ 63,925,133
As at December 31, 2013									
Cost	$1,586,268	$1,831,313	$ 51,775,901	$ 4,724,019	$ 6,393,218	$ 4,488,086	$ 9,792,492	$ 30,581,556	$ 111,172,853
Accumulated depreciation	-	(219,311)	(22,680,539)	(2,046,219)	(3,606,109)	(1,469,162)	(5,328,236)	(11,898,144)	(47,247,720)
Net book value	$1,586,268	$1,612,002	$ 29,095,362	$ 2,677,800	$ 2,787,109	$ 3,018,924	$ 4,464,256	$ 18,683,412	$ 63,925,133

(Canadian dollars)

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. On December 15, 2010 the Trustees of the Fund approved an internal capital restructuring plan that better reflects its significant U.S. base of business and its expected source of future growth. A consequence of this restructuring is that its current distribution level to unitholders will be funded almost entirely by its U.S. operations. 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 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, 2013	2012
(Loss) earnings before income taxes	**$ (7,561,261)**	$ 9,469,421
Earnings subject to tax in the hands of unitholders not the Fund	**(6,182,128)**	(5,678,336)
(Loss) earnings subject to income taxes	**$ (13,743,389)**	$ 3,791,085
Combined basic Canadian and U.S. federal, provincial and state tax rates	**30.43%**	34.97%
Income tax expense at combined statutory tax rates	**$ (4,182,113)**	$ 1,325,742
Adjustments for the tax effect of:		
Non-deductible depreciation	**259,910**	210,834
Other non-deductible expenses	**204,235**	81,599
Amortization of permanent goodwill deductions	**(77,669)**	(75,355)
Allocation to non-controlling interest	**(320,810)**	-
Changes in deferred tax assets and liabilities resulting from changes in substantively enacted tax rates	**(16,516)**	(2,991)
Dividends treated as interest	**334,235**	239,191
Non-deductible fair value adjustments	**7,122,616**	1,237,881
Effective rate adjustment	**844,757**	156,007
Withholding tax (refund) cost related to internal capital restructuring	**-**	(170,099)
Net impact of state taxes	**-**	(147,147)
Items affecting equity - issue costs	**102,081**	(97,806)
Non-taxable gains	**(64,555)**	(219,727)
Other	**(172,446)**	(129,879)
Income tax expense	**$ 4,033,725**	$ 2,408,250

The structure of the Fund is such that a portion of the Fund's earnings are 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 $7,250,960 (2012 - $5,299,945). This amount was received by the Fund who then is permitted to reduce its income for the distributions declared in the year.

(Canadian dollars)

b) Deferred income taxes consist of the following:

As at		**December 31, 2013**		December 31, 2012
Intangible assets	**$**	**(8,992,241)**	$	(3,185,132)
Accrued liabilities		**2,837,432**		2,565,115
Non-capital losses carried forward		**4,403,327**		2,909,565
Rebates received		**-**		4,670,481
Property, plant and equipment		**(3,448,628)**		(3,768,333)
U.S. alternative minimum tax paid		**423,815**		-
Issue costs		**992,250**		295,574
Acquisition costs		**1,436,936**		1,043,506
Other		**(137,762)**		(143,932)
Deferred income tax (liability) asset	**$**	**(2,484,871)**	$	4,386,844

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

As at		**December 31, 2013**		December 31, 2012
Balance, beginning of year	**$**	**4,386,844**	$	10,004,769
Acquired through business combination		**-**		(192,002)
Recognition of deferred tax on set up of intangible assets		**(4,564,131)**		(2,587,755)
Deferred income tax expense		**(3,885,127)**		(2,336,399)
Amounts charged to equity		**992,250**		(72,783)
Alternative minimum tax		**423,934**		(246,460)
Foreign exchange		**161,359**		(182,526)
Balance, end of year	**$**	**(2,484,871)**	$	4,386,844

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, 2013, the Fund has recognized all of its deferred income tax assets with the exception of $7,907,000 in capital losses available in Canada. At December 31, 2013, the Fund has non-capital losses in Canada of $7,599,000 (2012 - $3,020,000) and net operating losses in the U.S. of $6,097,000 (2012 - $5,462,000). The U.S net operating losses amounts include an amount related to the True2Form acquisition in the amount of $3,890,000 million, and the Master acquisition in the amount of $1,837,000 million, and are limited in their utilization to $1,900,000 million and $1,100,000 million per year respectively.

The losses expire as follows:

Year of expiry	Canada	United States
	(in Canadian dollars)	
2020	-	1,177,000
2021	-	285,000
2022	-	85,000
2023	-	1,289,000
2024	-	820,000
2025	-	605,000
2026	1,642,000	4,000
2027	-	6,000
2028	-	9,000
2029	-	1,553,000
2030	1,226,000	-
2033	4,731,000	264,000

(Canadian dollars)

9. INTANGIBLE ASSETS

	Customer Relationships	Brand Name	Computer Software	Non-compete Agreements	Zoned Property Rights	Total
As at January 1, 2012						
Cost	$ 26,783,805	$ 4,172,750	$ 1,491,213	$ 1,537,704	$ 51,559	$ 34,037,031
Accumulated amortization	(5,787,363)	(482,396)	(797,287)	(789,665)	(42,452)	(7,899,163)
Net book value	$ 20,996,442	$ 3,690,354	$ 693,926	$ 748,039	$ 9,107	$ 26,137,868
For the year ended December 31, 2012						
Additions	16,767,780	981,040	246,714	1,231,306	-	19,226,840
Amortization	(1,611,763)	(867,290)	(445,337)	(540,139)	(5,067)	(3,469,596)
Foreign exchange	(507,952)	(82,183)	(12,313)	(21,313)	(174)	(623,935)
Net book value	$ 35,644,507	$ 3,721,921	$ 482,990	$ 1,417,893	$ 3,866	$ 41,271,177
As at December 31, 2012						
Cost	$ 42,866,352	$ 5,057,077	$ 1,708,508	$ 2,728,016	$ 50,438	$ 52,410,391
Accumulated amortization	(7,221,845)	(1,335,156)	(1,225,518)	(1,310,123)	(46,572)	(11,139,214)
Net book value	$ 35,644,507	$ 3,721,921	$ 482,990	$ 1,417,893	$ 3,866	$ 41,271,177
For the year ended December 31, 2013						
Additions	15,104,535	4,615,275	470,987	419,570	-	20,610,367
Amortization	(2,583,465)	(705,122)	(331,576)	(518,102)	(4,014)	(4,142,279)
Foreign exchange	2,596,699	300,848	30,870	88,549	148	3,017,114
Net book value	$ 50,762,276	$ 7,932,922	$ 653,271	$ 1,407,910	$ -	$ 60,756,379
As at December 31, 2013						
Cost	$ 61,142,206	$ 10,381,800	$ 2,349,784	$ 3,341,831	$ 53,921	$ 77,269,542
Accumulated amortization	(10,379,930)	(2,448,878)	(1,696,513)	(1,933,921)	(53,921)	(16,513,163)
Net book value	$ 50,762,276	$ 7,932,922	$ 653,271	$ 1,407,910	$ -	$ 60,756,379

10. GOODWILL

As at	**December 31, 2013**	December 31, 2012
Balance, beginning of year	**$ 49,691,918**	$ 28,051,434
Acquired through business combination	**19,799,378**	19,520,313
Recognition of deferred tax on True2Form intangible assets	**-**	2,587,755
Purchase price allocation adjustments within the measurement period	**1,024,700**	-
Write down of goodwill	**(252,206)**	-
Foreign exchange	**3,297,667**	(467,584)
Balance, end of year	**$ 73,561,457**	$ 49,691,918

(Canadian dollars)

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, and a growth rate of 2% and capital maintenance expenditures. These assumptions are based on past experience. A discount rate of 11.5% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures. The amount of carrying value of goodwill that is related to the auto collision repair group of cash generating units and which has been evaluated using this method was $65,517,402 (2012 - $48,875,622). The recognition of deferred tax on True2Form intangible assets relates to intangible assets acquired in a prior year for which there is no tax basis.

11. DISTRIBUTIONS

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 were declared and paid as follows:

Record date	Payment date	Dividend per Unit	Dividend amount
January 31, 2013	February 26, 2013	$ 0.0390	$ 489,002
February 28, 2013	March 27, 2013	0.0390	489,002
March 31, 2013	April 26, 2013	0.0390	489,061
April 30, 2013	May 29, 2013	0.0390	489,095
May 31, 2013	June 26, 2013	0.0390	489,097
June 30, 2013	July 29, 2013	0.0390	489,097
July 31, 2013	August 28, 2013	0.0390	489,101
August 31, 2013	September 26, 2013	0.0390	489,160
September 30, 2013	October 29, 2013	0.0390	492,440
October 31, 2013	November 28, 2013	0.0390	582,378
November 30, 2013	December 20, 2013	0.0400	597,330
December 31, 2013	January 29, 2014	0.0400	597,365
		$ 0.4700	$ 6,182,128

Record date	Payment date	Dividend per Unit	Dividend amount
January 31, 2012	February 27, 2012	$ 0.0375	$ 469,854
February 29, 2012	March 28, 2012	0.0375	469,918
March 31, 2012	April 26, 2012	0.0375	469,939
April 30, 2012	May 29, 2012	0.0375	469,952
May 31, 2012	June 27, 2012	0.0375	470,036
June 30, 2012	July 27, 2012	0.0375	470,112
July 31, 2012	August 29, 2012	0.0375	470,115
August 31, 2012	September 26, 2012	0.0375	470,128
September 30, 2012	October 29, 2012	0.0375	470,141
October 31, 2012	November 28, 2012	0.0375	470,147
November 30, 2012	December 21, 2012	0.0390	488,992
December 31, 2012	January 29, 2013	0.0390	489,002
		$ 0.4530	$ 5,678,336

Further distributions were declared for the months of January, February and March 2014 in the monthly amounts of $0.040 per unit. The total amount of distributions declared after the reporting date was $1,792,354.

(Canadian dollars)

12. LONG-TERM DEBT

During 2012 and up to December 20, 2013 the Company maintained a Canadian operating line facility of $16,000,000. The agreement was collateralized by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and is subject to customary terms, conditions, covenants and other provisions for an income trust. On December 20, 2013 this operating line facility was cancelled and replaced with a new revolving credit facility.

On December 20, 2013, the Company entered into a new five year $100 million U.S. revolving credit facility, with an accordion feature which can increase the facility to a maximum of $135 million U.S. The new 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 by 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 million in Canada and $7 million in the U.S.

Deferred financing costs of $1,010,127 were incurred in 2013 to complete this new facility and have been recorded as a deferred cost until the new debt is drawn, in which case the deferred fees at that time will be netted against the debt. The fees will be amortized to finance costs on a straight line basis over the five year term of the debt facility.

Under the new revolving facility Boyd is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt to EBITDA ratio of less than 4.0, a senior debt to EBITDA ratio of less than 3.25 and a fixed charge coverage ratio of greater than 1.03. The debt calculations exclude the convertible debentures. As at December 31, 2013, the Fund had not made any draws against this facility and was in compliance with all financial covenants.

On December 20, 2013, as part of the new debt facility, all previous amounts borrowed under the Company's U.S senior term facility were repaid, without penalty, using available company cash and all security held under this term facility was released.

As at	**December 31, 2013**	December 31, 2012
2006 U.S. senior term facility	**$ -**	$ 8,003,817
2010 U.S. senior term facility	**-**	6,793,750
2011 U.S. senior term facility	**-**	6,650,907
2012 U.S. senior term facility	**-**	8,778,003
Seller notes	**27,128,901**	19,306,423
	$ 27,128,901	$ 49,532,900
Current portion	**4,448,115**	4,756,972
	$ 22,680,786	$ 44,775,928

The 2006 U.S. senior term facility, with a U.S. bank was secured by the shares and assets, excluding cash and receivables, of The Gerber Group, Inc. (a subsidiary of the Company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions customary for an income trust. On June 30, 2011 the facility was extended with a new three year promissory note due July 31, 2014 with quarterly payments of $375,000 U.S. and a final quarterly installment inclusive of the remaining principal amount of the term loan. On November 7, 2012 the facility was further extended with a new five year promissory note due October 31, 2017, with quarterly payments reducing to: $300,000 U.S. on April 30, 2014, $275,000 U.S. on April 30, 2015, $225,000 U.S. on April 30, 2016 and $200,000 U.S. on April 30, 2017. Subject to certain conditions, the Company had the option to renew the facility, on terms not less favourable, for up to an additional four years with continuing quarterly repayments. Interest rates were based on LIBOR plus 2.5% for LIBOR loans or for a prime rate loan, the greater of (i) the U.S. prime rate less 0.25%, or (ii) the sum of Fed Funds Open Rate plus 0.5%, or (iii) LIBOR plus 1.5%. At Boyd's option, a fixed rate loan was also available for the extended term of the loan at the U.S. Bank's cost of funds plus 2.5%. This term loan was repaid in full on December 20, 2013. Financing fees included in the balance of $69,880 were written off as part of the repayment. The balance in 2012 was net of financing fees of $79,746.

The 2010 U.S. senior term facility, with a U.S. bank was secured by the shares and assets, excluding cash and receivables, of True2Form Collision Repair Centers, Inc. (a subsidiary of the Company) as well as a guarantee by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions similar to the 2006 U.S. senior term facility. On June 30, 2011 the facility was extended with a new three year promissory note due July 31, 2014 with quarterly repayments of $201,000 U.S. commencing on October 31, 2013 and a final quarterly instalment inclusive of the remaining principle amount of the term loan. On November 7, 2012 the facility was amended with a new five year promissory note due October 31, 2017. Subject to certain conditions, the Company had the option to renew the facility, at the then current market terms, for an additional eight years with quarterly principal repayments. Interest rates were based on LIBOR plus 3.0% for LIBOR loans or for a prime rate loan, 1.25% plus the greater of (i) the U.S. prime rate less 0.25%, or (ii) the sum of Fed Funds Open Rate plus 0.5%, or (iii) LIBOR plus 1.5%. At Boyd's option, a fixed rate loan was also available for the initial term of the loan at the U.S. Bank's cost of funds plus 3.0%. This term loan was repaid in full on December 20, 2013. Financing fees included in the balance of $134,534 were written off as part of the repayment. The balance in 2012 was net of financing fees of $134,734.

The 2011 U.S. senior term facility, with a U.S. bank was secured by the shares and assets, excluding cash and receivables, of Cars Collision Center, LLC (a subsidiary of the Company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee. The facility supported by an initial three year, interest only, promissory note due July 31, 2014, was amended on November 7, 2012 with a new five year promissory note due October 31, 2017. Subject to certain conditions, the Company had the option to renew the facility, at the then current market terms, for up to an additional nine years with quarterly principal repayments in the amount of $192,500 commencing on October 31, 2014. Interest rates were based on LIBOR plus 3.0% for LIBOR loans or for a prime rate loan, 1.25% plus the greater of (i) the U.S. prime rate less 0.25%, or (ii) the sum of Fed Funds Open Rate plus 0.5%, or (iii) LIBOR plus 1.5%. At Boyd's option, a fixed rate loan was also available for the initial term of the loan at the U.S. Bank's cost of funds plus 3.0%. This term loan was repaid in full on December 20, 2013.

The 2012 U.S. senior term facility, with a U.S. bank was secured by the shares and assets, excluding cash and receivables, of Master Collision Repair, Inc. (a subsidiary of the company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions similar to the existing U.S. senior term facilities. The facility was supported by an initial five year promissory note due October 31, 2017. Subject to certain conditions, the Company had the option to renew the facility, at the then current market terms, for up to an additional ten years with quarterly principal repayments in the amount of $254,500 commencing on January 31, 2016. Interest rates were based on LIBOR plus 3.0% for LIBOR loans or for a prime rate loan, 1.25% plus the greater of (i) the U.S. prime rate less 0.25%, or (ii) the sum of Fed Funds Open Rate plus 0.5%, or (iii) LIBOR plus 1.5%. At Boyd's option, a fixed rate loan was also available for the initial term of the loan at the U.S. Bank's cost of funds plus 3.0%. This term loan was repaid in full on December 20, 2013.

Seller notes payable of $25,506,678 U.S. on the financing of certain acquisitions are unsecured, at interest rates ranging from 4.0% to 8.0%. The notes are repayable from January 2014 to December 2026 in the same currency as the related note.

Included in finance costs is interest on long-term debt of $2,503,866 (2012 - $1,799,131).

(Canadian dollars)

The following schedule of expected principal payments for the seller notes has been prepared assuming the renewal of the U.S. senior term facilities, the renewal and repayment of which has been guaranteed by a third party.

	Principal Payments
Less than 1 year	$ 4,448,115
1 to 5 years	14,173,161
Greater than 5 years	8,507,625
	$ 27,128,901

13. CONVERTIBLE DEBENTURES

On December 19, 2012, the Fund issued $30,000,000 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 $4,200,000 aggregate principal amount of Debentures increasing the aggregate proceeds of the Debenture Offering to $34,200,000.

The Debentures bear interest at an annual rate of 5.75% payable semi-annually, and are convertible at the option of the holder, into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after December 31, 2015 provided that certain thresholds are met surrounding the weighted average market price of the Trust Units at that time. On redemption or maturity, the Debentures may at the option of the Fund be repaid in cash or subject to regulatory approval, units of the Fund.

Upon issuance, the Debentures were bi-furcated with $2,008,699 related to the conversion feature treated as a financial liability measured at fair value due to the units of the Fund being redeemable for cash. Transactions costs of $2,002,650 were incurred in relation to issuance of the Debentures, which included the underwriter's fee and other expenses of the offering. Details of the Debentures carrying value are as follows:

As at	**December 31, 2013**	December 31, 2012
Balance, beginning of year	**$ 30,327,395**	$ -
Proceeds of initial offering	**-**	30,000,000
Proceeds of underwriter exercise of overallotment option	**-**	4,200,000
Adjusted for:		
Fair value of conversion feature	**-**	(2,008,699)
Transaction costs	**-**	(2,002,650)
Expensed transaction costs attributable to conversion feature	**-**	117,623
Accretion charges	**653,188**	21,121
Conversion to Fund units	**(10,000)**	-
Balance, end of year	**$ 30,970,583**	$ 30,327,395

(Canadian dollars)

14. OBLIGATIONS UNDER FINANCE LEASES

As at	**December 31, 2013**	December 31, 2012
Equipment leases, at interest rates ranging from 5.31% to 14.66%, due January 2014 to June 2017 (2012- January 2013 to June 2017), secured by equipment with a net book value of $6,412,198 (2012 - $5,315,084)	**$ 6,287,346**	$ 4,304,455
Vehicle leases, at interest rates ranging from 7.04% to 9.95%, due January 2014 to November 2016 (2012 - January 2013 to November 2016), secured by vehicles with a net book value of $2,772,354 (2012 - $2,438,420)	**4,562,921**	2,667,301
	$ 10,850,267	$ 6,971,756
Amounts representing interest	**1,262,328**	782,717
	$ 9,587,939	$ 6,189,039
Current portion	**3,636,175**	2,006,469
	$ 5,951,764	$ 4,182,570

Included in finance costs is interest related to finance leases of $656,457 (2012 - $617,813).

Minimum lease payments required as at December 31, 2013 are as follows:

	Principal and Interest Payments	Amounts Representing Interest	Principal Payments
Less than 1 year	$ 4,351,439	$ (715,264)	$ 3,636,175
1 to 5 years	6,384,833	(546,382)	5,838,451
Greater than 5 years	113,995	(682)	113,313
	$ 10,850,267	$ (1,262,328)	$ 9,587,939

15. SETTLEMENT ACCRUAL

On October 15, 2011, the Fund announced the retirement of Terry Smith from both his position as Executive Chairman of the Fund and as a member of the Fund's Board of Trustees. The Company was obligated to continue with the payment of his compensation until January 31, 2014, being the date upon which his employment agreement would have ended. The right to payment under his retirement compensation agreement continued with a final payment occurring in January 2014. The unpaid balance of the obligation at December 31, 2013 was $819,629 (2012 - $1,994,181), the current portion of which is $819,629 (2012 - $1,101,464). The former Executive Chairman is subject to a non-compete agreement in effect until January 31, 2016, under which he will not compete with Boyd and its subsidiaries in the auto glass and vehicle collision repair businesses anywhere in North America.

16. FAIR VALUE ADJUSTMENTS

	For the years ended December 31, **2013**	2012
Convertible debenture conversion feature	**$ 12,777,590**	$ -
Exchangeable Class A common shares	**6,042,315**	1,909,701
Unit based payment obligation	**7,688,962**	1,916,767
Non-controlling interest put options	**590,970**	636,199
Total fair value adjustments	**$ 27,099,837**	$ 4,462,667

17. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

			December 31, 2013		December 31, 2012	
(in Canadian dollars)	Classification	Fair value hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash	FVTPL	1	**19,304,483**	**19,304,483**	38,976,398	38,976,398
Accounts receivable	Loans and receivables	n/a	**42,168,489**	**42,168,489**	28,944,908	28,944,908
Financial liabilities						
Accounts payable and accrued liabilities	Other financial liabilities	n/a	**66,232,123**	**66,232,123**	50,231,017	50,231,017
Long-term debt	Other financial liabilities	n/a	**27,128,901**	**27,128,901**	49,532,900	49,532,900
Convertible debenture	Other financial liabilities	2	**30,970,583**	**49,445,000**	30,327,395	34,182,900
Convertible debenture conversion feature	FVTPL	2	**14,786,289**	**14,786,289**	2,008,699	2,008,699
Exchangeable Class A common shares	Amortized cost	1	**11,688,890**	**11,688,890**	5,929,304	5,929,304
Non-controlling interest put options	FVTPL	3	**20,339,631**	**20,339,631**	1,072,391	1,072,391

For the Fund's current financial assets and liabilities, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund's long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair values for forward contract derivative instruments, the exchangeable Class A shares and the non-controlling interest put option are based on the estimated cash payment or receipt necessary to settle the contract at the balance sheet date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk. The fair value for the convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price $33.20, dividend yield 2.70%, expected volatility 25.92%, risk free interest rate of 1.66%, terms of five years. The fair value for the Fund's debentures will change based on the movement in bond rates. The fair value estimate of the debentures outstanding at December 31, 2013 is $49,445,000 (2012 - $34,182,900).

The Fund's financial instruments measured at fair value are limited to cash, the exchangeable class A shares, the non-controlling interest put option, the convertible debenture conversion feature and the derivative contracts.

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, 2013 was approximately $61.5 million. The Company's previous Canadian operating facility was collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at December 31, 2012 was approximately $67.9 million.

Interest rate risk

The Company's operating line and U.S. senior term 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. In early 2012 the Company recorded to earnings a loss in the amount of $107,600 related to forward foreign exchange contracts and a gain of $96,500 related to a $5,000,000 U.S. loan. Another $5,000,000 U.S. loan and foreign exchange contract were also entered into in April 2012 which expired and was settled in October 2012. The Fund realized a loss of $24,000 on this loan with no gain or loss on the contract. No loans or forward foreign exchange contracts were used during 2013.

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, 2013, there are denominated in Canadian dollars notes, as follows:

Promissory notes As at	**December 31, 2013**	December 31, 2012
Promissory note at 10.8% due January 1, 2018	**$ -**	$ 41,800,000
Promissory note at 6.5% due January 1, 2020	**41,800,000**	-
Promissory note at 7.8% due January 1, 2019	**-**	6,800,000
Promissory note at 8.58% due January 1 2024	**6,800,000**	-
Promissory note at 7.8% due January 1, 2019	**-**	25,000,000
Promissory note at 8.58% due January 1, 2024	**25,000,000**	-
Promissory note at 8.58% due January 1, 2024	**30,000,000**	-
	$ 103,600,000	$ 73,600,000

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

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. Derivative contracts are over-the-counter traded and are with a counter party that is a highly rated financial institution.

Aging of accounts receivable As at	**December 31, 2013**	December 31, 2012
Neither impaired or past due	**$ 39,754,282**	$ 27,798,908
Past due:		
Over 90 days	**3,160,664**	1,353,000
	$ 42,914,946	$ 29,151,908
Allowance for doubtful accounts	**(746,457)**	(207,000)
Accounts receivable	**$ 42,168,489**	$ 28,944,908

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, 2013**	December 31, 2012
Balance, beginning of year	**$ 207,000**	$ 240,000
Increase (decrease) in allowance (net of recoveries and amounts written off)	**539,457**	(33,000)
Balance, end of year	**$ 746,457**	$ 207,000

Liquidity risk

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

(thousands of Canadian dollars)	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Bank indebtedness	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	66,232	66,232	-	-	-	-	-
Long-term debt	27,129	4,448	4,375	3,384	3,469	2,946	8,507
Obligations under finance leases	9,588	3,636	2,759	1,934	897	249	113
Convertible debenture	34,190	-	-	34,190	-	-	-
	$137,139	$ 74,316	$ 7,134	$ 39,508	$ 4,366	$ 3,195	$ 8,620

Up until December 20, 2013 the Fund was provided an operating line under the credit agreement from its senior lender, collateralized by a General Security Agreement and subsidiary guarantees. The Fund had the ability to draw on the facility to a maximum of $16 million, subject to accounts receivable margin limitations. Based on these limitations, the total available amount at the statement of financial position date was $nil (2012 - $16,000,000). This operating line was cancelled on December 20, 2013 and replaced with a swing line up to $10,000,000 as part of a new revolving credit facility (Note 12). Obligations of the Fund are generally satisfied through future operating cash flows and the collection of accounts receivable.

(Canadian dollars)

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, 2013 it is estimated that the impact of a 1% change to market rates would result in a $304,000 change (2012 – $235,000) 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, 2013 as well as comprehensive earnings would have changed by $nil due to the limited number of foreign exchange contracts in place at the end of 2013 and 2012.

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 of the statement of financial position date. The market price is based on a ten day trading average for the units at such date. Exchanges are recorded at carrying value. At December 31, 2013 there were 352,075 (2012 – 363,538) shares outstanding with a carrying value of $11,688,890 (2012 – $5,929,304). Total retractions for the year were 11,463 (2012 – 10,380) for $282,730 (2012 – $127,148).

Dividends on the exchangeable Class A shares are recorded as interest expense and were declared and paid as follows:

Record date	Payment date	Dividend per Share	Dividend amount
January 31, 2013	February 26, 2013	$ 0.0390	$ 15,170
February 28, 2013	March 27, 2013	0.0390	15,171
March 31, 2013	April 26, 2013	0.0390	15,111
April 30, 2013	May 29, 2013	0.0390	15,076
May 31, 2013	June 26, 2013	0.0390	15,075
June 30, 2013	July 29, 2013	0.0390	15,075
July 31, 2013	August 28, 2013	0.0390	15,071
August 31, 2013	September 26, 2013	0.0390	15,013
September 30, 2013	October 29, 2013	0.0390	14,797
October 31, 2013	November 27, 2013	0.0390	14,776
November 30, 2013	December 18, 2013	0.0400	15,134
December 31, 2013	January 29, 2014	0.0400	15,099
		$ 0.4700	$ 180,568

(Canadian dollars)

Record date	Payment date	Dividend per Share		Dividend amount	
January 31, 2012	February 27, 2012	$	0.0375	$	14,926
February 29, 2012	March 28, 2012		0.0375		14,862
March 31, 2012	April 26, 2012		0.0375		14,842
April 30, 2012	May 29, 2012		0.0375		14,829
May 31, 2012	June 27, 2012		0.0375		14,744
June 30, 2012	July 27, 2012		0.0375		14,668
July 31, 2012	August 29, 2012		0.0375		14,665
August 31, 2012	September 26, 2012		0.0375		14,652
September 30, 2012	October 29, 2012		0.0375		14,640
October 31, 2012	November 28, 2012		0.0375		14,633
November 30, 2012	December 21, 2012		0.0390		15,180
December 31, 2012	January 29, 2013		0.0390		15,170
		$	0.4530	$	177,811

During 2013, an expense in the amount of $6,042,315 (2012 - $1,909,701) was recorded to earnings related to these exchangeable shares.

Further dividends were declared for the months of January, February and March 2014 in the monthly amounts of $0.04 per share. The total amount of dividends declared after the reporting date was $45,082.

Non-controlling interest put option

Effective January 1, 2011, 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. In connection with the Glass America acquisition, on May 31, 2013 the original put option agreement was terminated and a new put option was issued. The new 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. Termination of the original put and initial recognition of the new put liability resulted in a net $3,817,070 reduction of equity, which was offset by a non-controlling interest contribution to equity of $1,124,784. Future changes in the estimated liability will be recorded in earnings.

On May 31, 2013 the Company 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 the new combined Gerber Glass entity. The agreement contains a put option, which provides the non-controlling interest with the right to require the Company to purchase their retained interest according to a valuation formula defined in the agreement. Issuance of the put option resulted in a $14,424,596 reduction of equity, which was offset by Glass America's non-controlling interest contribution to equity of $7,240,601. Future changes in the estimated liability will be recorded in earnings. The put option is restricted until June 1, 2015 and is exercisable anytime thereafter.

The liability recognized in connection with both put options has been calculated using formulas defined in the agreements. The formulas are based on multiples of estimated future earnings of the combined Gerber Glass and Glass America business, and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised between three and five years at an EBITDA level of approximately $10.5 million using a discount rate of 9.1%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

(Canadian dollars)

The equity impact of the May 31, 2013 transactions with non-controlling interests is summarized as follows:

Glass-business operating partner equity contribution	**$**	**1,124,784**
Glass America equity contribution		**7,240,601**
Equity contributed by non-controlling interests	**$**	**8,365,385**

Termination of glass-business operating partner put option	**$**	**1,132,247**
Recognition of new glass-business operating partner put option		**(4,949,317)**
Recognition of Glass America put option		**(14,424,596)**
Recognition of non-controlling interest put option liabilities	**$**	**(18,241,666)**

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

		December 31, 2013		December 31, 2012
Glass-business operating partner non-controlling interest put option	**$**	**4,999,319**	$	1,072,391
Glass America non-controlling interest put option		**15,340,312**		-
	$	**20,339,631**	$	1,072,391

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

		Glass-business operating partner		**Glass America non-controlling interest**
Balance, beginning of year	**$**	**1,072,391**	**$**	**-**
Termination of January 1, 2011 put option		**(1,132,247)**		**-**
May 31, 2013 recognition of new put options within equity		**4,949,317**		**14,424,596**
Year-to-date income statement fair value adjustments		**(3,839)**		**594,809**
Foreign exchange		**113,697**		**320,907**
Balance, end of year	**$**	**4,999,319**	**$**	**15,340,312**

18. 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 at December 31, 2013:

Date Granted	**Issue Date**	**Number of Units**	**Exercise Price**		**Expiry Date**	**Fair Value**	
January 11, 2006	January 11, 2006	200,000	$	1.91	January 11, 2006	$	4,716,586
November 8, 2007	January 2, 2008	150,000	$	2.70	January 2, 2018		2,526,604
November 8, 2007	January 2, 2009	150,000	$	3.14	January 2, 2019		2,202,034
November 8, 2007	January 2, 2010	150,000	$	5.41	January 2, 2020		1,810,874
		650,000				$	11,256,098

On January 11, 2006, the Fund granted options which permit the purchase of in the aggregate up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units shall be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee of the Fund, the Company or a subsidiary on September 23, 2015. The exercise price, which was set at the time of granting, is the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit. The fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $33.20, dividend yield 2.70%, expected volatility 25.92% (determined as a weighted standard deviation of the unit price over the past four years), risk free interest rate 1.19%, initial term 10 years, remaining term 2 years.

On November 8, 2007, the Fund granted additional options to certain key employees allowing them to purchase in the aggregate up to 450,000 units of the Fund, such options to be issued to purchase up to 150,000 units on each of January 2, 2008, 2009 and 2010 exercisable on, but not before, the 10th anniversary of the respective issue date. The purchase price per Fund unit under the options issued on each issue date was determined as the greater of the closing price for Fund units on the Toronto Stock Exchange on the option grant date (being $2.70 per unit) and the weighted average trading price of the Fund units on the Toronto Stock Exchange for the first 15 trading days in the month of January in which each issue date falls. The fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $33.20, dividend yield 2.70%, expected volatility 25.92%, risk free interest rates of 1.60%, 1.83% and 2.04% respectively , initial terms of 10, 11 and 12 years respectively, remaining terms of 4, 5 and 6 years respectively.

During the year ended December 31, 2013, an expense representing the change in fair value over the prior year of $7,688,962 (2012 - $1,916,767) was recorded to earnings related to these unit options.

19. UNEARNED REBATES

The Company has an agreement with strategic trading partners. During 2013, in connection with its 2013 acquisitions and under new addendums to its existing supply agreement, the Company received enhanced prepaid rebates from its trading partners of $4,600,642. Other rebates received during 2013 related to opening single locations and to support rebranding efforts amounted to $931,791 (2012 - $1,124,571). In addition, during 2013 the Company received and netted $500,000 against the Company's business process improvement costs.

On October 7, 2013, the Company amended its agreements to change from receiving upfront rebates to obtaining back-end purchase discounts. The amendment is in effect as the Company works to negotiate final agreements setting forth the complete terms of the arrangement. The terms of the amendment required the Company to repay the unamortized prepaid rebates received under the previous arrangement in the fourth quarter of 2013 in the amount of $35,036,915.

Rebates received under the original agreements were deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over the initial 15 year term of the agreement or any addendums to the agreement. The Company is obliged to purchase the suppliers' products on an exclusive basis over this term. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company.

During 2013, no amount was required to be repaid as an over-funded amount related to rebates previously received (2012 - $247,368). Termination of the arrangement by the Company, the occurrence of an event of default or a change in control, as defined by the agreement, required the Company to repay all un-amortized balances and all other amounts as outlined within the agreement.

During 2012, $412,646 was received to support rebranding efforts. These and any other amounts received or receivable to reimburse specific costs are applied against the identified cost in the period the cost is incurred.

(Canadian dollars)

20. 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 $134,663,902 $ (2012 - $120,046,087). The minimum amounts payable over the next five years are as follows:

Less than 1 year	$	27,590,044
1 to 5 years		70,368,479
Greater than 5 years		36,705,379
	$	134,663,902

21. CONTINGENCIES

The Fund has a Canadian denominated letter of credit for $25,000 (2012 –$25,000). In addition, the Fund has two U.S. denominated letters of credit for $225,000 U.S. (2012 –$225,000 U.S.).

22. ACCUMULATED OTHER COMPREHENSIVE EARNINGS (LOSS)

		December 31, 2013		December 31, 2012
Balance, beginning of year	**$**	**(1,264,776)**	$	(192,026)
Unrealized gain (loss) on translating financial statements of foreign operations		**6,949,765**		(1,072,750)
Balance, end of year	**$**	**5,684,989**	$	(1,264,776)

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

23. 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.

In the fourth quarter of 2013, the Fund completed a bought deal public offering where it sold to an underwriting syndicate 2,300,000 trust units issued out of treasury at a gross price of $27.60 per unit for net proceeds to the Fund of $60,128,590, after deducting commissions and legal fees of $3,351,410. Additional costs to issue the units were $449,499. Total issue costs of $3,800,909, net of tax of $992,250 was netted against the gross proceeds. During 2012, the Fund incurred only regularly recurring issue costs in the amount of $92,496.

24. 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.

25. 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 (excluding accumulated other comprehensive loss), long-term debt, convertible debentures, convertible debenture conversion feature, obligations under finance lease, unearned rebates, bank indebtedness and 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, issue new debt or replace existing debt with different characteristics, issue convertible debentures, expand the operating line, increase or decrease its obligations under finance lease, negotiate unearned rebates, 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 and senior debt to Adjusted EBITDA ratios, 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. Adjusted EBITDA is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations. The distributable cash payout ratio is calculated by dividing the distributions paid during the period by adjusted distributable cash. Adjusted distributable cash is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations.

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

The Company grows, in part, through future acquisitions 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.

Total capitalization decreased compared to the prior year primarily due to the repayment of long term debt and unearned rebates partially offset by the proceeds from a bought deal public offering. The fixed charge coverage ratio improved due to increased EBITDA in 2013. Higher EBITDA from acquisitions and debt repayments resulted in a lower debt to EBITDA ratio.

The adjusted distributable cash payout ratio for the year ended December 31, 2013 was 28.0% (2012 - 32.6%). A modest increase in the rate of distributions during the year, as well as the need to service new units issued at the end of 2013 was more than offset with increases in distributable cash resulting in the ratio decreasing between the two periods. Diluted earnings per unit and distributions paid per unit were $(0.891) and $0.469 respectively, for the year ended December 31, 2013 (2012 – $0.563 and $0.452). The current annualized distribution level of $0.48 represents an annual payout ratio, which the Trustees of the fund consider to be a conservative and sustainable level that allows for continued balance sheet improvement.

(Canadian dollars)

26. 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.

27. 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. An additional 70,293 units were sold by Mr. Bulbuck and Mr. O'Day on the open markets. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager's 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 of 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 $124,406 for 2013. At December 31, 2013, the carrying value of loans made under the Unit Loan Program included in Note receivable was $924,428 (2012 - $1,048,834). The amount included in accrued liabilities at December 31, 2012 of $1,760,885 due to Mr. Bulbuck and Mr. O'Day related to the purchase was settled in the first quarter of 2013.

On May 31, 2013, the glass operating partner contributed $1.0 million U.S. towards the acquisition of Glass America. At the same time, his previous put option agreement with the Fund was terminated and replaced with a new put option agreement described in Note 17.

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. 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.

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

Landlord	Affiliated Person(s)	Location	Lease Expires	**December 31, 2013**	December 31, 2012
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2017	**$ 60,752**	$ 60,330
Gerber Building No. 1 Ptnrp	Eddie Cheskis & Tim O'Day	South Elgin, IL	2018	**$ 105,714**	$ 106,264

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $97,445 (2012 - $91,484), through BGHI to 4612094 Manitoba Inc., an entity controlled by a senior officer of the Fund. At December 31, 2013, 4612094 Manitoba Inc. owned 207,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

(Canadian dollars)

28. SEGMENTED REPORTING

The Company 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 Company to provide geographical disclosure. For the years reported, all of the Company'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 years ended December 31,			
Revenues		**2013**		2012
Canada	**$**	**79,792,759**	$	74,153,242
United States		**498,467,544**		360,270,953
	$	**578,260,303**	$	434,424,195

Reportable Assets		**December 31,**		December 31,
As at		**2013**		2012
Canada	**$**	**18,784,140**	$	16,129,213
United States		**179,458,829**		120,731,244
	$	**198,242,969**	$	136,860,457

The Company's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Company operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Company's customers. Sales generated in these three markets represent approximately 8% (2012 – 10%) of the Company's total sales. Although the Company's services in these markets are predominately paid for by these government-owned insurance companies, the Company'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"), either at the local or national level, play an important role in generating sales volumes for the Company. 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 Company deals with, which in aggregate account for approximately 48% (2012 – 47%) of total sales, one insurance company represents approximately 17% (2012 – 16%) of the Company's total sales, while a second insurance company represents approximately 14% (2012 – 13%).

29. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

	For the years ended December 31,			
		2013		2012
Salaries and short-term employee benefits	**$**	**3,433,560**	$	3,016,817
Post-employment benefits		**75,990**		72,700
Unit options		**7,688,962**		1,916,767
	$	**11,198,512**	$	5,006,284

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

(Canadian dollars)

30. EMPLOYEE EXPENSES

	For the years ended December 31, **2013**	2012
Salaries and short-term employee benefits	**$ 221,582,769**	$ 163,662,407
Post-employment benefits	**75,990**	72,700
Unit options	**7,688,962**	1,916,767
	$ 229,347,721	$ 165,651,874

31. 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 $566,342 (2012 - $411,635). The Fund has established Retirement Defined Contribution Arrangement Trust Agreements for the CEO and previous Executive Chairman which qualify as retirement compensation arrangements as defined in the Income Tax Act (Canada), RSC 1985, c.1 (5th Supplement), as amended. The agreements specify that quarterly contributions are to be made until the end of 2024. In the case of the previous Executive Chairman, payments will be made until January, 2014, at which time the balance will be paid to settle the remaining obligation. During 2013, $238,738 (2012 - $227,581) was accrued and paid related to these arrangements.

32. EARNINGS PER UNIT

	For the years ended December 31, **2013**	2012
Net (loss) earnings attributable to unitholders	**$ (11,594,986)**	$ 7,061,171
Basic and diluted weighted average number of units	**13,011,370**	12,534,933
Basic and diluted (loss) earnings per unit	**$ (0.891)**	$ 0.563

Class A exchangeable shares, unit options, convertible debentures and the non-controlling interest put options are instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

33. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the years ended December 31, **2013**	2012
Accounts receivable	**$ (8,311,472)**	$ (5,932,185)
Inventory	**(1,837,095)**	(713,131)
Prepaid expenses	**(253,984)**	(1,416,697)
Accounts payable	**5,679,559**	8,673,488
Income taxes, net	**(118,742)**	(1,841,423)
	$ (4,841,734)	$ (1,229,948)

34. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation of the current year. The previously reported gross margin for 2012 included vehicle detailing labour costs and general shop supplies for certain recent acquisitions which had been charged to cost of sales, which was inconsistent with presentation for the balance of the company. These 2012 costs representing $2.1 million or 0.5% of sales have been reclassified as operating expenses.

BOARD OF TRUSTEES

The Boyd Group Income Fund Board of Trustees consists of seven members – two that are officers of the Fund and five that are independent Trustees. The Chairman of the Board is Allan Davis. The Boyd Group Income Fund Board of Trustees has established three standing committees: The Corporate Governance and Nomination Committee, The Audit Committee, and the Executive Compensation Committee.

The Corporate Governance and Nomination Committee is chaired by Wally Comrie and includes all of the independent Trustees. The Audit Committee is chaired by Allan Davis and includes Wally Comrie and Gene Dunn. The Executive Compensation Committee is chaired by Gene Dunn and includes David Brown and Wally Comrie.

David Brown is currently President and CEO of Richardson Capital and Managing Director of RBM Capital Limited. Previously, he was Corporate Secretary of James Richardson & Sons, Limited, and a partner in the independent law and accounting firm of Gray & Brown. In addition to serving on the Board of Trustees of the Fund, he also serves as a Director of Plastic Moulders Limited, Trillium Health Care Products, and Richardson Financial Group. He graduated from the University of Manitoba law school, and is a Chartered Accountant and member of the Manitoba Bar Association.

Brock Bulbuck is Boyd's President and Chief Executive Officer. Since joining the Company in 1993, he has played a leading role in the development and growth of the business. He is a Chartered Accountant and is responsible for the affairs of the Fund and the Company including their strategy, operations and performance In addition to serving on the Board of Trustees of the Fund, he is also Chair of the Winnipeg Football Club Board of Directors, a member of the CFL Board of Governors and a Director of the Pan Am Clinic Foundation.

Walter Comrie is the former General Sales Manager for CTV Television Winnipeg. Mr. Comrie continues to be actively engaged in management & marketing consulting for a variety of clients. Under the Fund's predecessor limited partnership structure, Mr. Comrie served as Chairman of the Advisory Committee. In addition to serving on the Board of Trustees of the Fund, he is a Past President of the Broadcasters Association of Manitoba and a past member of the Board of Directors of Habitat for Humanity.

Allan Davis serves as Independent Chairman of the Fund's Board of Trustees. He is also President and Director of AFD Investments Inc., a Winnipeg based management consulting firm. In addition to serving on the Boyd Group Income Fund Board of Trustees, he is also a member of the Manufacturing Advisory Board of Exchange Income Corporation..

Gene Dunn is the Chairman of Monarch Industries Ltd. of Winnipeg, a leading Canadian manufacturing company. In addition to serving on the Board of Trustees of the Fund, he is also a member of the Board of the Winnipeg Blue Bombers Football Club, the Winnipeg Steelers Hockey Club and of Cubresa Corporation, a medical imaging company. He is past Chairman of the Board of Governors for Balmoral Hall School for Girls and past Chairman of the Winnipeg Blue Bombers Football Club. Mr. Dunn is also the past Chairman of the Board of Governors of the Canadian Football League (CFL).

Robert Gross is the Executive Chairman of Monro Muffler Brake Inc., the largest chain of company-operated automotive undercar repair and tire service facilities in the United States. He served as Chief Executive Officer of Monro from 1999 until October 2012. Prior to his time at Monro, he served as Chairman and Chief Executive Officer at Tops Appliance City, Inc. and before that as President and Chief Operating Officer at Eye Care Centers of America, Inc., a Sears, Roebuck & Co. company.

Tim O'Day is Boyd's President and Chief Operating Officer, U.S. Operations. Mr. O'Day joined Gerber Collision & Glass in February 1998. With Boyd Group's acquisition of Gerber in 2004, he was appointed Chief Operating Officer for Boyd's U.S Operations. In 2008, he was appointed President and Chief Operating Officer for U.S. Operations. Earlier in his career, he was with Midas International, where he was elevated to Vice President–Western Division, responsible for a territory that encompassed 500 Midas locations. Mr. O'Day also serves on the Board of the Collision Repair Education Foundation.

CORPORATE DIRECTORY

COMPANY OFFICERS & SUBSIDIARY COMPANY OFFICERS

Brock Bulbuck
President &
Chief Executive Officer

Dan Dott
Vice President Secretary &
Chief Financial Officer

Tim O'Day *
President & Chief Operating
Officer
US Operations

Eric Danberg
President
Canadian Operations

Kevin Comrie
Chief Marketing Officer

Eddie Cheskis *
Chief Strategy Officer
US Operations &
Chief Executive Officer, U.S. Glass

Gary Bunce *
Senior Vice President,
Marketing & Sales
US Operations

Kevin Burnett *
Vice President Operations,
Illinois, Oklahoma & Kansas

Tom Csekme *
Vice President Operations,
Arizona, Nevada & Georgia

Rex Dunn *
President,
True2Form Collision Repair Centers

Vince Claudio *
Vice President Operations
Washington

Jeff Murray
Vice President,
Finance

Larry Jaskowiak *
Vice President Operations,
Indiana, Colorado, Florida

Paul J. Ruiter *
Assistant Secretary,
True2Form Collision Repair Centers

Frank Alessia *
Assistant Secretary,
Nevada

Jeremy Overweg *
Vice President Operations
Michigan

Rob Vaca *
Senior Vice President
U.S. Glass Operations

Mark Flash *
Vice President
Gerber National Glass Services

Rob Robbins *
Vice President, Sales and Marketing
U.S. Glass Operations

Mike Kellman *
Vice President
U.S. Glass Operations

* *Officers of subsidiary companies only*

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For location information, please visit us at ***www.boydgroup.com***

UNITHOLDER INFORMATION

BOYD GROUP INCOME FUND UNITS AND EXCHANGE LISTING

Units of the Fund are listed on the Toronto Stock Exchange under the symbol BYD.UN
The Fund's convertible debentures are listed on the Toronto Stock Exchange under the symbol BYD.DB

Registrar, Transfer Agents and Distribution Agents

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Additional Bank Syndicate Members

Bank of America N.A., Canada Branch
The Bank of Nova Scotia
National Bank of Canada

Annual General Meeting

Monday, May 26, 2014
Victoria Inn Hotel and Convention Centre
1808 Wellington Avenue
Winnipeg, Manitoba
R3H 0G3
5:00 p.m. (CDT)