

the
BRICKGROUP
I N C O M E F U N D

ANNUAL INFORMATION FORM

March 16, 2008

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EXPLANATORY NOTES

Date of Annual Information Form

The information in this Annual Information Form (“AIF”) is stated as at December 31, 2007, unless otherwise indicated.

Glossary of Terms

Unless otherwise indicated or the context otherwise requires:

“Book Entry System” means a book-based system administered by the CDS;

“Brick GP” refers to The Brick GP Ltd.;

“Brick LP” refers to The Brick Warehouse LP;

“Brick LP Partnership Agreement” means the amended and restated Brick LP partnership agreement, originally dated April 5, 2004 and amended and restated on July 20, 2004, and as further amended on December 21, 2006, and as it may be further amended, supplemented, or restated from time to time;

“Brick LP units” means the limited partnership units of the Brick LP;

“CDS Participant” means a participant in the CDS depository system;

“Class B Redemption Note” has the meaning given to it under “Description of the Fund – Redemption at the Option of Unitholders”;

“Distribution Target” has the meaning given to it under “Distributions - Subordination of Class B Units”;

“EBITDA” has the meaning given to it under “Distributions – Distribution Policy of the Brick LP”;

“EBITDA Target” has the meaning given to it under “Distributions - Subordination of Class B Units”;

“Fund” refers to The Brick Group Income Fund and all of its subsidiaries;

“Fund Declaration of Trust” means the declaration of trust dated May 25, 2004, pursuant to which the Fund was established, as amended and restated on July 20, 2004, as it may be further amended, supplemented, or restated from time to time;

“Fund Units” means, collectively, the Units and Class B Units;

“GAAP” means generally accepted accounting principles in Canada;

“Operating EBITDA” has the meaning given to it in the Fund’s Prospectus, which section of the Prospectus, together with all applicable defined terms, is incorporated by reference herein;

“Prospectus” refers to the final prospectus of the Fund dated July 9, 2004;

“Redemption Date” has the meaning given to it under “Description of the Fund - Redemption at Option of Unitholders”;

“Redemption Price” has the meaning given to it under “Description of the Fund - Redemption at Option of Unitholders”;

“Series 1 Trust Notes” means the series 1 notes of the Trust issued under the Trust Note Indenture;

“Series 2 Trust Notes” means the series 2 notes of the Trust issued under the Trust Note Indenture;

“Security Holders Agreement” means the unanimous security holders agreement entered into on July 20, 2004 between the Vendor, the Fund, the Trust, the Brick LP, the Brick GP, UFW LP, UFW GP, and The Brick Warehouse Corporation;

“TGI” refers to Trans Global Insurance Company;

“TGLI” refers to Trans Global Life Insurance Company;

“TGW” refers to Trans Global Warranty Corp.;

“Trust” refers to The Brick Trust;

“Trust Declaration of Trust” means the declaration of trust dated May 25, 2004, pursuant to which the Trust was established, as amended and restated on July 20, 2004, as it may be further amended, supplemented, or restated from time to time;

“Trust Notes” means collectively, the Series 1 Trust Notes, and Series 2 Trust Notes of the Trust;

“Trust Units” means the beneficial interest in the Trust;

“UFW GP” refers to United Furniture GP Ltd.;

“UFW LP” refers to United Furniture Warehouse LP;

“Units” mean Class A units of the Fund;

“Unitholders” mean the holders of the Fund Units;

“Vendor” refers to LB Asset Holding Corp and/or William Comrie; and

“Vendor Group” refers to the Vendor and any of its associates and affiliates, including any family members of a controlling shareholder thereof or any company, trust or other entity owned by or maintained for the benefit of any such person.

Currency

Unless otherwise stated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

Forward Looking Statements

This AIF contains "forward-looking statements" within the meaning of applicable securities laws, including (but not limited to) statements about the Fund's profitability, the Fund's objectives and strategies, outlook for the Fund's business or the Canadian economy, targeted and expected financial results, and new products and services, and similar statements concerning anticipated future events, results, circumstances, performance or expectations, which reflect the Fund's current expectations and are based on information currently available to management. The words "may", "will", "should", "believe", "expect", "plan", "anticipate", "intend", "estimate", "predict", "potential", "continue" or the negative of these terms, or other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking matters.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Fund to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, fluctuations in interest rates and currency values, changes in economic and political conditions, legislative and regulatory developments, changes in income tax legislation affecting income funds, legal developments, the level of competition in the Fund's markets, the occurrence of weather related and other natural catastrophes, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, changes in tax laws, and those risks and uncertainties detailed in the section entitled "Risk Factors". The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Fund undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Brick Group Income Fund (the "Fund") is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Alberta on May 25, 2004 pursuant to a Declaration of Trust, which was amended and restated on July 20, 2004 (the "Fund Declaration of Trust"). The Fund was created to indirectly acquire and hold all of the outstanding limited partnership units of the Brick LP ("Brick LP units"), and all of the outstanding shares of the Brick GP. The Brick LP owns all of the outstanding limited partnership units of UFW LP, and all of the outstanding shares of UFW GP and First Oceans Trading Corporation. UFW LP owns all of the outstanding shares of TGW. All of the Class B Units, and a portion of the Class A Units of the Fund, are held by William H. Comrie. See "Intercorporate Relationships".

The Brick Trust (the "Trust") is a personal trust established under the laws of the Province of Alberta, pursuant to a Declaration of Trust on June 28, 2004, which was amended and restated on July 20, 2004 (the "Trust Declaration of Trust"). The Trust was formed to acquire and hold all the Brick LP units and all the outstanding shares of the Brick GP.

The Brick Warehouse LP (“The Brick LP”) is a limited partnership existing under the laws of the Province of Manitoba pursuant to a partnership agreement dated April 5, 2004, which was amended and restated on July 20, 2004 (the “Brick LP Partnership Agreement”), and further amended on December 21, 2006. UFW LP is a limited partnership formed under the laws of the Province of Manitoba.

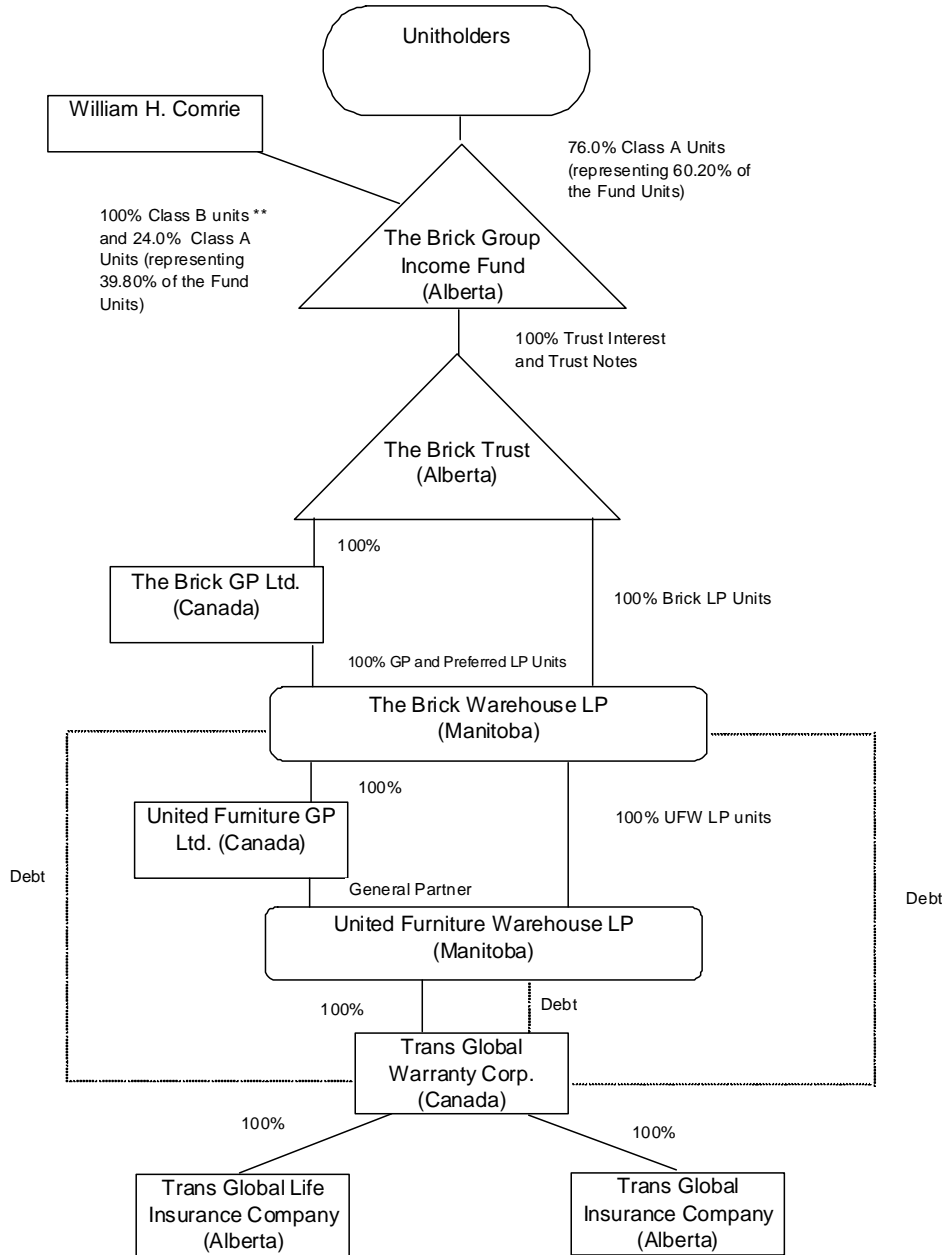
Copies of the Prospectus, the Brick LP Partnership Agreement and amendments thereto, the Trust Declaration of Trust, and the Fund Declaration of Trust can be found at www.sedar.com.

Copies of the Annual Information Form, as well as copies of the Fund’s 2007 Annual Report and Management Information Circular can be obtained at www.sedar.com and at www.thebrickgroup.ca.

The head office and registered office of the Fund are located at 16930 – 114 Avenue, Edmonton, Alberta, Canada, T5M 3S2.

Intercorporate Relationships

The following chart illustrates, on a simplified basis, the structure of the Fund, including the jurisdiction of establishment/ incorporation of the various subsidiaries as at March 16, 2008.



** Note: Upon ceasing to be subject to subordination, the Class B units will be exchangeable for Class A Units of the Fund on a one-for-one basis at the option of Mr. Comrie. The subordination will be terminated upon the approval of the Fund's 2007 annual audited financial statements by the Fund's Board of Trustees. See "Subordination of the Class B Units" for further details in this AIF.

GENERAL DEVELOPMENT OF THE BUSINESS

History

The Fund (through its predecessors) opened its first store in Edmonton, Alberta in 1971, and has grown to become one of Canada's largest volume retailers of household furniture, mattresses, appliances, and home electronics. Management believes that the Fund currently enjoys approximately 8.2% of the market share in the Canadian retail household furniture, mattress, appliance and home electronics markets it currently serves. The Fund's growth has been driven by its long-term vision of constantly innovating and competing fiercely on value and services. Over the past 37 years, the Fund has strategically executed its expansion across Canada and now operates 210 retail stores (including its 33 franchise locations) in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island, and the Yukon Territory. In addition, the Fund operates distribution centres in Vancouver, Edmonton, Calgary, Winnipeg, Toronto, and Montreal.

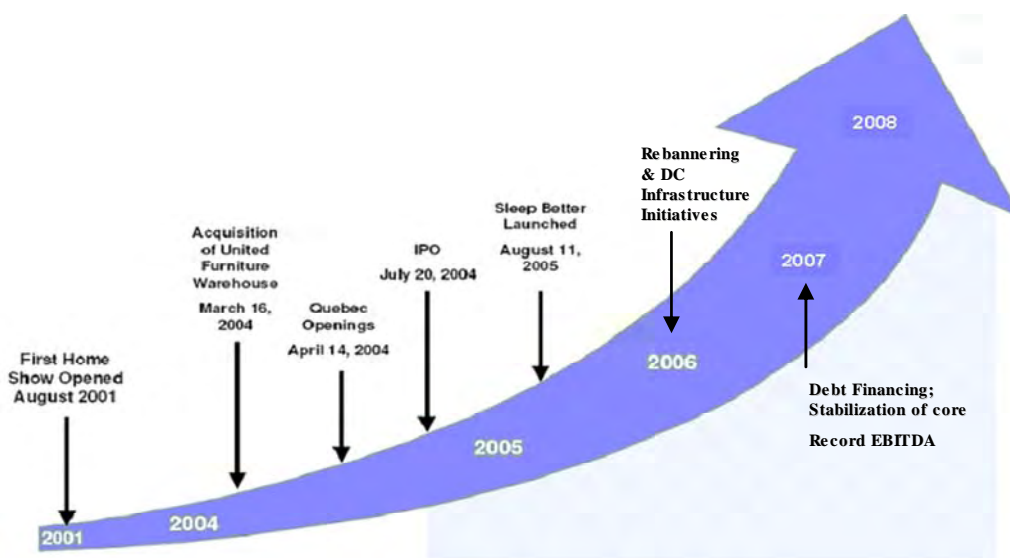
The Fund also services the subdivision, condominium, and high-rise builder market through its commercial sales division, which operates under The Brick and Midnorthern Appliances banners. In the fall of 2003, the Fund acquired the assets of Midnorthern Group Inc. ("Midnorthern"), which increased sales of the corporate sales division. In addition, the Fund derives revenues from franchise sales, extended warranty sales, and credit insurance services, as well as sales from its website.

On March 16, 2004, the Fund (through its predecessor) acquired certain retail operating assets owned by United Furniture Warehouse Ltd. This acquisition has enabled the Fund to penetrate the low-priced segment of the household furniture industry, a segment that the Fund had not previously targeted.

In January 2006, the Fund announced that it would be expanding its principal banner, The Brick, by converting a number of its existing United Furniture Warehouse locations to Brick stores. In addition, the Fund also announced that its three HomeShow locations would be rebannered as The Brick Superstore, and that each of its Sleep Better specialty mattress stores would be rebannered as The Brick Mattress Store. These changes were made in an effort to increase sales at these locations, as the Fund leveraged the strength of its core business and most recognized and profitable brands. By reducing the number of store brand names, the 2006 rebannering initiative allowed the Fund to reduce advertising and other operating expenses.

The 2006 build out of the distribution centre infrastructure was also a key initiative for the Fund, and is critical to not only supporting its current sales but also projected sales growth in future years. In 2006, the Fund increased its distribution centre infrastructure square footage by 516,000 or 30%. The Fund's new distribution centre in Mississauga (859,000 sq. ft.) opened in February of 2006. In June 2006, the Fund finished constructing a new distribution centre in Calgary (300,000 sq. ft.) and in October 2006 completed its 153,000 sq. ft. expansion of its distribution centre in Burnaby, British Columbia (now 397,000 sq ft).

The following highlights the key historic initiatives undertaken by the Fund since 2001.



Developments for 2007

The Fund’s focus for 2007 was on expense control and leveraging investments made in prior years to drive sales growth. As a result, the Fund was successful in driving down its cost structure, improving operating efficiencies, and increasing its EBITDA.

2007 was a record year for the Fund in terms of EBITDA growth. As a result, the Fund exceeded the financial tests required to terminate the subordination arrangements with respect to the Class B Trust Units of the Fund, currently held by the founder of the Fund, William Comrie. After the subordination in respect of the Class B Units has ended, which will occur upon the approval of the Fund’s 2007 audited financial statements by the Fund’s Board of Trustees, cash available to make distributions will be paid monthly to the holders of Units and holders of Class B Units *pro rata*, and the Class B Trust Units will become exchangeable for Class A Trust Units of the Fund on a one-for-one basis at the option of Mr. Comrie.

The Fund introduced several lines of new private label furniture in 2007 which are exclusive to the Fund, which include the Cindy Crawford collections, Barbie children’s furniture, and Mattel collections (e.g. Hot Wheels).

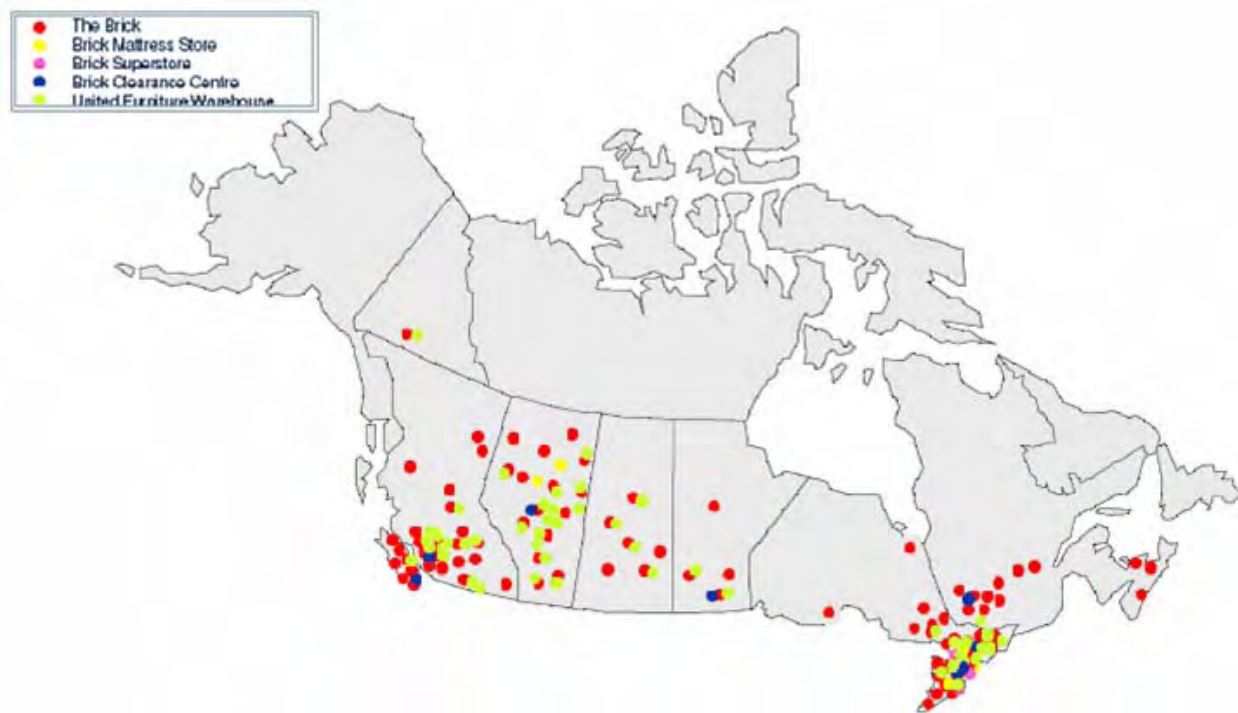
The Fund dedicated its first store to furniture suited for small spaces, such as condominiums and apartments, in Toronto in 2007.

The Fund began providing customer retail installment financing in 2007, to help offset the potential risk of reduced credit approval rates for its Brick Card by its third party credit providers. Please refer to “Business of The Fund, Retail Operations, Credit Services” in this AIF for further information on this financing program.

The Fund’s store count continuity for its 2007 fiscal year is shown in the following chart.

Store Count Continuity 2007				
	At Dec 31, 2006	Rebanning Completed	Opened / Closed	At Dec 31, 2007
Corporate Stores				
Brick	88	3	1	92
Brick Clearance Centres	11	0	0	11
Superstore	3	0	0	3
Mattress Store	19	0	4	23
UFW	54	-3	-3	48
Corporate Subtotal	175	0	2	177
Franchise Stores				
Brick Franchise (1 Brick Mattress)	25	0	7	32
UFW Franchise	1	0	0	1
Franchise Subtotal	26	0	7	33
Total Corporate & Franchise Stores	201	0	9	210

The Fund's stores are geographically diversified, as can be seen from the following map showing the locations of the Fund's retail stores across Canada.



On March 14, 2007, the Fund issued through a private placement, senior secured notes with an aggregate principal amount of \$83.0 million (the "Senior Notes"). Proceeds of \$81.8 million, net of transaction costs of \$1.2 million, were used to repay the existing \$70.0 million Term Credit Facility, its two remaining outstanding mortgages (\$9.5 million at December 31, 2006), and to fund general operations. Please refer to "Business of the Fund – Debt Financing" for further information on this refinancing.

Please refer to the Fund's Management's Discussion and Analysis for the year ending December 31, 2007 for further details on the performance of the Fund in 2007.

Developments for 2008

The Fund's focus for 2008 will be to build upon the benefits of its prior year key strategic initiatives which include its rebannering and the distribution centre infrastructure build out. In the coming year, in addition to managing its various strategic levers, the Fund plans to address a number of strategic opportunities and challenges as set out below.

For the retail segment, these include:

- ✓ Building the Core - Organic growth through same store sales
- ✓ Capital Development - New builds, relocations and renovations, and select rebannering
- ✓ Franchise Expansion - New Franchise locations
- ✓ Corporate Sales Growth - Expansion into hospitality and health care markets

For the financial services segment, these include:

- ✓ Organic Growth - Brick Card credit insurance penetration, warranty attachment rates
- ✓ Third party Client Development - New Third Party business

The following chart illustrates the Fund's 2008 store count projections:

Store Count Continuity 2008				
	At Dec 31, 2007	Rebannering to be Completed	Opening / Closing	At Dec 31, 2008
Corporate Stores				
Brick	92	9	4	105
Brick Clearance Centres	11	0	0	11
Superstore	3	0	0	3
Mattress Store	23	0	5	28
UFW	48	-9	0	39
Corporate Subtotal	177	0	9	186
Franchise Subtotal	33	0	10	43
Total Corporate & Franchise Stores	210	0	19	229

As at March 16, 2008, the Fund is negotiating the renewal of its operating credit facilities agreement with its syndicate of lenders, which expires on July 2, 2008. The Fund has secured commitments from its existing syndicate of lenders to refinance its operating credit facilities of \$100 million for a 3 year term. Closing of the refinancing is subject to the satisfaction of customary conditions, and is expected to occur on or about April 15, 2008.

On June 22, 2007, Bill C-52, which significantly modifies the income tax rules applicable to certain publicly traded or listed trusts and partnerships, received Royal Assent. In particular, certain income of (and distributions made by) these entities will be taxed in a manner similar to income earned (and distribution made by) a corporation. For the Fund, the application of these rules is expected to be delayed until the 2011 taxation year under the transitional relief rules introduced as part of this legislation. Please refer to “Risk Factors – Income Taxes” in this AIF for further information on this development.

The Fund plans to begin formulating its strategy as it relates to Bill C-52 in 2008, but does not anticipate any specific action to convert from an income fund in 2008.

BUSINESS OF THE FUND

General Overview

The Fund’s revenues are generated from its retail operations (including franchise revenues) and its financial services segment. For the period January 1, 2007 to December 31, 2007, the retail segment and the financial services segment constituted 96.6% and 3.4% respectively of the Fund’s consolidated sales and operating revenue, and 65.3% and 34.7% respectively of the Fund’s consolidated EBITDA. For the period January 1, 2006 to December 31, 2006, the retail segment and the financial services segment constituted 97.3% and 2.7% respectively of the Fund’s consolidated sales and operating revenue, and 68.5% and 31.5% respectively of the Fund’s consolidated EBITDA .

Retail Operations

The retail banners operated by the Fund are shown below.



The Brick Banner

The Brick stores target the Fund’s traditional and core customers, specifically middle-income families who seek quality products at a reasonable price. As at December 31, 2007, there were 135 Brick stores (including 32 franchises), all of which offer a full complement of value-priced, quality brand name and

private label household furniture, home electronics, home office products, appliances and mattresses manufactured and supplied by well-known manufacturers, including:

- Household Furniture – living room and dining room furniture, bedroom furniture, kitchen furniture, accent furniture, home office furniture, area rugs and decorative accessories;
- Mattresses – regular mattresses, children’s mattresses, futon sets, linens, metal bed frames and master bedroom sets;
- Appliances – dishwashers, laundry appliances, microwaves, refrigerators, vacuums and cooking ware; and
- Home Electronics – audio equipment, communications equipment, digital satellite equipment, digital still cameras, electronic accessories, home office electronics, home theatre systems, home theatre accessories, televisions and video equipment.

Eleven of the Brick stores operate as Brick Clearance Centres, which sell discontinued, end-of-cycle, damaged and mismatched inventory from Brick stores.

United Furniture Warehouse Banner

United Furniture Warehouse targets the lower to middle income consumer who is willing to sacrifice branded products and shopping experience for lower prices. United Furniture Warehouse stores sell a narrower selection of lower priced household furniture and mattresses. As at December 31, 2007, there were 49 United Furniture Warehouse stores in Canada (including one franchise location).

The Brick Mattress Store Banner

These specialty mattress locations carry extended product lines over and above those typically carried at locations under the Brick banner. It is designed to compete with independent national bedding chains, and features mid to high end product lines including national brands and exclusive specialty products. As at December 31, 2007, there were 23 Brick mattress stores.

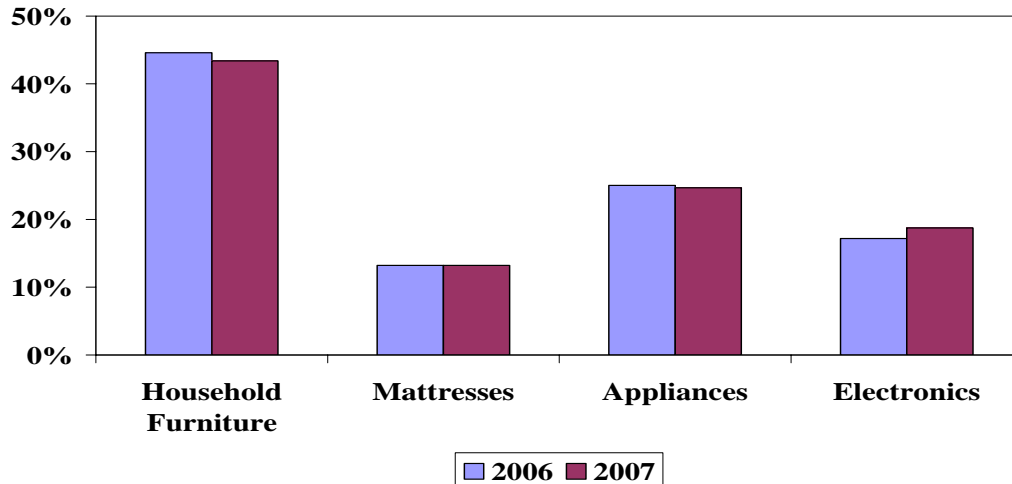
The Brick Superstore Banner

These locations offer a showcase of the Brick’s product line that have been successful within its Brick locations, but also carry many upscale product lines such as Broyhill, Lane, Coja, Bauhaus Thermador and Sub Zero. These locations also feature prominent manufacturer galleries. These stores target a broader base of middle to upper middle income customers. As at December 31, 2007, there were 3 Brick Superstores.

Percentage of Sales by Product

The following chart compares the percentages of the Fund’s delivered retail sales for the periods January 1, 2006 to December 1, 2006, and January 1, 2007 to December 31, 2007 that are attributed to sales of each of the household furniture, mattress, appliance and home electronics product segments for all banners:

Percentage of Delivered Sales by Product



Commercial Sales

Through its commercial sales division, which operates under The Brick and Midnorthern Appliance banners, the Fund is a significant supplier in Canada of home appliances to builders, developers, renovators, property management companies, hotel and extended care industries, landlords, insurance companies, schools, and government bodies. The contract sales division has a dedicated sales team which focuses on specific industry sectors, including the building community by providing display furniture to builders. This division is serviced from existing Brick locations and, in addition to the builder market, also attracts new home-buyers seeking to upgrade builder-supplied products.

Internet Division

The Internet division both supports and expands the Fund’s traditional retail operations and is an important part of the Fund’s operations. The Internet division offers consumers a wide selection of products, including certain products that are not carried by Brick stores. The internet site has a fully functional “shopping cart checkout system”, which allows customers to shop from the comfort of their own home 24 hours per day, seven days per week, and is supported by the Fund’s ability to deliver directly to the customer’s home every day of the week. The Internet division is also used to support marketing and advertising efforts through the on-line posting and electronic mailing of flyers. The “Brick Plus” feature on its site provides for additional product lines through custom orders. Through the Bid.com feature of its website, the Fund is able to conduct web-based auctions of household furniture and other items within the product categories carried by the Fund’s locations.

Franchising

Consistent with its expansion strategy, the Fund has broadened its revenue base through a number of franchise operations. The Fund has entered into franchise arrangements with independent stores and entrepreneurs seeking to utilize the warehousing, systems, brand recognition, purchasing power, and advertising that Brick stores enjoy, enabling the Fund to reach smaller markets that it might not otherwise be able to penetrate in a cost effective manner. Revenue is earned in the form of an initial franchise fee,

margin on product sold through the franchisee, and on-going royalty payments. Currently, the Fund has 33 franchise stores, 7 of which were opened during the period January 1, 2007 to December 31, 2007. The Fund is committed to grow this segment of the business, which requires no capital investment from the Fund.

Repair Services

The Fund's repair service division provides household furniture, electronics and mechanical repair services to its customers. The repair services division also performs work in respect of warranties for products sourced without manufacturer warranties, for products sold with extended warranties and for products sent to the repair services division by manufacturers who need to repair a product under their manufacturer's warranty. The Fund's repair services play a key role in its strategy of delivering superior customer service, and enables the Fund to differentiate itself from many of its competitors who do not offer repair services. In 2005, the Fund rebannered this division to Trans Global Services, and also began to provide repair services to third parties.

Credit Services

Prior to 2006, the Fund's consumer credit department was previously allocated to the Fund's financial services segment. However, management now views and manages this department as a support function within its retail operations. Consequently, the Fund is now reporting on this department in its retail segment.

For many of the Fund's customers, access to financing is often a key factor influencing purchasing decisions. The Fund offers a range of long-term (typically up to 18 months), instant, flexible financing alternatives to customers of the Fund and of its franchise operations. The terms of these financing alternatives enable the Fund to attract customers and increase sales of retail products, as well as differentiate itself from its competitors. Additionally, in order to ensure that customers have a positive experience with the Fund and its credit services, the Fund provides in-house customer service support for all consumer credit sales in its stores and franchise operations.

The Fund's consumer credit operations are conducted through two Canadian third party credit providers who provide the Fund with its private label credit cards, called the Brick Card and United Furniture Card (collectively called the "Brick Card"). All customers are provided with an opportunity to apply for a Brick Card and purchase on credit during the same visit to any store. Applications are submitted electronically to the Fund's third party credit providers and a credit decision is returned, generally within less than one minute following submission. Purchases may then be completed the same day on credit up to the approved limit. For the period January 1, 2007 to December 31, 2007, approximately 45.3% of the Fund's retail customer sales were financed through the Brick Card.

The Fund's consumer credit services department manages its consumer credit operations. Management seeks to maintain a high approval level of consumer credit applications.

The Fund began providing customer retail installment financing during the fourth quarter of 2007, on a limited basis. Customers not qualifying for Brick Credit Cards under either of the Fund's third party credit providers, have the option of applying for retail installment financing that is provided directly by the Fund. For those customers meeting the Fund's credit scoring requirements, retail financing for specific individual purchases will provide the customer with an installment payment plan of either 12 or 24 months. Qualifying customers are required to make regular scheduled monthly blended payments of

interest and principal. The Fund believes that this program will offset the potential risk of reduced credit approval rates for the Brick Card by its third party credit providers.

The Fund closely monitors the related receivable balances, as well as any reserves for potential bad debts. At the end of 2007, the receivable balance associated with this program was under \$0.1 million. The Fund has set limits to the maximum allowable receivable balance it will allow for this program, in order to manage risk appropriately.

The commercial administration department provides centralized credit management and operational support to the commercial sales business, which primarily targets customers such as builders, property managers, and institutional purchasers of appliances and furniture products. Through the credit management process, the credit risk of prospective and existing customers is assessed and the ongoing receivable generated by sales to customers is invoiced and collected. Industry and building project specific credit reporting is utilized when assessing the risk of individual prospective customers. The operational support is provided through scheduling product delivery and any necessary customer care.

Financial Services Segment

The Fund's financial services segment is critical to its strategy of providing customers with complete solutions for their shopping needs. Through this segment, the Fund offers extended product warranties, and offers credit insurance on balances that arise from customers' use of their Brick Card.

Warranty Services

Extended warranty programs provide customers with the opportunity to enjoy worry-free ownership of their products and ensure that a greater percentage of customers that experience problems with their purchases have those problems resolved to their satisfaction. The Fund believes that increased customer satisfaction contributes to customer loyalty and repeat purchases and that, by providing extended warranty programs directly to its customers, the Fund is able to maintain close contact with them.

Through its subsidiary, TGW, the Fund offers extended service warranties on appliances, home electronics and household furniture, with terms of coverage ranging from one to four years beyond the manufacturer's warranty period. Over the warranty period, the contract covers the cost of repairs necessitated by defects in parts or workmanship. Management believes that a majority of product defects are identified and resolved within the first year following the purchase, which is generally covered by the manufacturer's warranty. Extended warranty contracts are sold to customers at the point-of-sale in conjunction with the product purchase, or after the expiry of the manufacturer's warranty period. The number of customers who purchase warranties with their products varies with the type of product being purchased. Fewer warranties tend to be purchased with low-priced products than with higher-priced home entertainment systems or major appliances.

In order to minimize risk, the Fund has access to a large amount of data about product performance to use in designing its warranty contracts and takes a disciplined approach to pricing its warranty coverage on new products and technologies. The Fund's claim costs have remained relatively consistent and predictable, largely as a result of the diversity of products, manufacturers and models being underwritten. As well, there is currently no single product model that makes up a material portion of the products covered by the Fund's extended warranty contracts. This diversification mitigates the impact that a chronic defect could have on the Fund's claim costs and reduces the risks associated with underwriting product warranties.

Credit Insurance Services

The Fund offers its customers insurance on their Brick Card balance, which provides coverage for a variety of circumstances. These credit insurance products are intended to provide customers with peace-of-mind concerning their decision to purchase on credit.

The Fund offers its credit insurance products through two wholly-owned subsidiaries, TGLI and TGI, which develop, underwrite and market the Fund's credit insurance products and programs through a collaborative relationship with its third party credit card lenders. These credit insurance programs offer Brick Card customers a convenient option to protect their credit card obligations, to a maximum of \$10,000, in respect of the associated purchases in the event of disability, unemployment or death, by matching the amount of insurance coverage purchased to the amount outstanding on their Brick Card. Under these programs, the Brick Card balance is paid, in full, in the event of death or the diagnosis of specified critical illnesses, and in the case of unemployment or disability, the required minimum, monthly payments are made against the balance outstanding on the Brick Card until the earlier of twelve months and the cardholder returning to work. Additionally, these insurance programs provide limited property coverage on products purchased using the Brick Card.

The Fund limits its exposure to loss associated with its credit insurance programs in three ways. First, policy coverage is limited in the amount and period of coverage, as applicable. In addition, the Fund may unilaterally amend the terms of, or terminate, the coverage upon 90 days' prior written notice. Second, because the insured cardholder base is diversified both geographically and demographically, management believes the likelihood of any one event or series of insured events causing a significant impact on claims is low. Accordingly, management believes the Fund is not materially exposed to a high degree of unemployment or disability claims in respect of a single industry, company, region or occupation, nor is it materially exposed to property claims resulting from the occurrence of a catastrophic event in a single region. Third, historical analysis has shown that the likelihood of loss follows a predictable pattern. Claim volumes and the Fund's loss ratios have historically been very stable and predictable. The Fund's insurance companies are provincially registered and regulated by Alberta's Superintendent of Insurance and are licensed to provide credit insurance programs in every province and territory in Canada. The Fund launched its credit insurance program in Quebec in 2007.

Management of each of the Fund's insurance subsidiaries reports to a board of directors that meets quarterly to review operating results and other regulatory requirements. The Audit Committee and Conduct Review Committee of its Board of Directors are comprised of a majority of directors who are "independent" as defined under applicable insurance laws. The Fund provides its insurance subsidiaries with support services, including investment, information technology support and other administrative functions.

The Fund also began to provide insurance products to third party clients in early 2005 which improved volumes in the financial services segment. On December 31, 2007, the Fund's business agreement with one of its third party client's matured and was not renewed. This third party accounted for under 5.0% of premiums written in the financial services segment in 2007.

Marketing

The Fund's promotions are marketed to customers through a variety of media, including television, flyer and newspaper advertisements, direct mail and the Fund's web site. The Brick brand is well known as a result of the effective use of its popular slogan, "Nobody Beats The Brick", to market the Fund's high value products, leading financing offers, sales promotions and attractive prices. In addition, product specific programs are used to target and reach the Fund's best markets and customers. The Fund's marketing programs are created primarily by an in-house advertising department and focus primarily on the core customers of each of its banners. The use of an in-house advertising department results in significant cost savings to the Fund and enables it to react quickly to changes in its markets, including through the introduction of competitive offers on a timely basis.

In addition, the Fund's financing programs have enabled it to communicate directly with customers and market its products and services through the inclusion of targeted advertising in monthly Brick Card invoices and to maintain this contact over an extended period following the customer's initial purchase. Further, a more personalized form of direct marketing is performed by the Fund's sales associates, who keep customer files in order to maintain contact with customers through the delivery of promotional items such as annual birthday cards, review customer purchase records to anticipate additional needs that customers might have, and inform customers of special events.

Competition

Major competitors in the Canadian retail household furniture, mattress, appliance and home electronics industry include Sears Canada, Leons, Home Depot, Ashley, Rona, The Bay, Lowes and Brault et Martineau. Additionally, specialty retailers such as Ikea, Sleep Country and Best Buy (together with its subsidiary, Future Shop) also compete with the Fund in their respective markets. The balance of competition comes from other furniture, appliance and electronics specialty retailers, department stores and numerous smaller independent operators. The industry is experiencing increased competition from discounters and warehouse clubs who sell ready-to-assemble furniture and small ticket electronics items. Management believes that the Fund currently has approximately 8.2% of the market share in the Canadian retail household furniture, mattress, appliance and home electronics markets it currently serves. The Fund is a leader in the retail segment in the majority of the markets in which it operates by competing fiercely on value and services and by constantly innovating. Innovations of the Fund include being the first to open its doors until midnight, offering "midnight madness" sales events and introducing "no money down" purchase plans. Management believes that the Fund is well positioned to compete successfully in its markets due to its strong brand recognition, unique product offering, flexible financing plans, leading supplier relationships and strong customer focus.

Intangible Properties

The Fund is the owner of numerous registered Canadian trademarks including BRICK, THE BRICK, THE BRICK WAREHOUSE, UNITED FURNITURE WAREHOUSE, some of which are licensed to franchisees and the Fund's third party credit providers. Additionally, the Fund has applied for the registration of the trademarks BID.COM, and MIDNORTHERN APPLIANCES, THE BRICK MATTRESS STORE, and THE BRICK SUPERSTORE. Management believes its trademarks enjoy significant brand awareness in the Canadian retail market. The Fund regularly adds to its portfolio of trademarks and takes a proactive approach to protecting its brand identities.

Logistics

One of the Fund's core competencies is its ability to deliver large, big-ticket items directly to its customers and stores on a same-day or next-day basis. This is largely made possible as a result of the Fund's regional warehouse and distribution centres as well as the existence of a department dedicated to support and direct these activities and cost saving initiatives. At these distribution facilities, the Fund receives merchandise from manufacturers and delivers directly to its stores and customers with the Fund's significant fleet of trucks. This allows the Fund to provide high service levels to its stores at relatively low costs, as well as timely delivery of products directly to its customers. These facilities are also critical in the reverse logistics process, as they efficiently coordinate and handle products returned for replacement or repair. The Fund's substantial fleet of delivery vehicles permits significant control over distribution costs, while information systems enhance both the management of inventory and point of sale processes. The Fund continually assesses opportunities to enhance its distribution network to better satisfy the needs of its stores and its customers and to lower costs. The Fund has long-term service contracts with third party delivery providers in markets where it does not operate its own fleet, including its Brick stores in Quebec.

Cycles or Seasonality

The Fund's business is subject to seasonal fluctuations with the fall and winter seasons being stronger than other seasons (coinciding with the return of students to school, the closing of house sales, return from vacations, and the Christmas and holiday season). The sales of home electronics are the most affected by seasonality, with the greatest sales occurring during the Christmas season.

Environmental Protection

The Fund owns, manages and operates stores and other properties that are subject to certain federal, provincial and local laws and regulations relating to environmental protection, including those governing past or present releases of hazardous materials. Certain of these laws and regulations may impose liability on certain classes of persons for the costs of investigation or remediation of such contamination, regardless of fault or the legality of the original disposal. These persons include the present or former owner or a person in care or control of a contaminated property and companies that generated, disposed of or arranged for the disposal of hazardous substances found at the property. As a result, the Fund may incur costs to clean up contamination present on, at or under its leased and owned properties, even if such contamination was present prior to the commencement of the Fund's operations at the site and was not caused by its activities which could materially affect its business, financial condition, liquidity and results of operations.

The Fund has not made, and does not anticipate making, any significant capital expenditures to comply with environmental regulations. Such regulations have not, and are not expected to have, a material effect on the Fund's earnings or competitive position.

Employees

The Fund employs approximately 7,200 people, of which approximately 74% are full-time employees and 26% are part-time employees. Unions represent less than 1% of the Fund's employees. Two of the Fund's store locations are governed by collective bargaining agreements, one of which expired in January 2008 and is under negotiation, and one of which expires in November 2008. Employees are invited to attend

monthly meetings in order to address any employee concerns and encourage feedback. The Fund considers its employee relations to be good.

Foreign Operations

The Fund has foreign assets or operations in China, Malaysia, Taiwan and Vietnam, through its wholly owned subsidiaries, First Oceans Trading Corporation and First Oceans Hong Kong Limited (collectively called "First Oceans"). These operations relate to the Fund's import program for sourcing products from Asia for resale in Canada through its retail operations. First Oceans also began sourcing products for third party retailers in the United States in 2005. The sales and operating revenues of First Oceans for the period January 1, 2007 to December 31, 2007 did not exceed 10% of the consolidated sales and operating revenue of the Fund, nor did the total assets of First Oceans exceed 10% of the consolidated assets of the Fund.

Debt Financing

In February, 2006, the Fund finalized an amended credit agreement with a syndicate of lenders, including a revolving credit facility of up to \$50 million (the "Revolving Credit Facility"), an acquisition facility of \$50 million (the "Acquisition Facility"), and a term credit facility in the amount of \$70 million. In addition, the Fund finalized a documentary letter of credit facility of up to \$5 million (the "LC Facility") with one of the syndicate lenders.

On March 14, 2007, the term credit facility was refinanced on a long-term basis. The debt was refinanced through the private placement of senior secured notes with an aggregate principal amount of \$83 million (the "Senior Notes"). The Senior Notes, issued to six institutional investors, have a term of seven years, and bear interest payable semi-annually at a rate of 6.431%. The proceeds were used to repay the \$70 million term credit facility, the two outstanding mortgages (\$9.5 million at December 31, 2006) and to fund general operations. The notes are secured by substantially all of the Fund's assets, and rank *pari passu* with the Fund's other credit facilities.

At December 31, 2007, \$15.5 million was drawn under the Revolving Credit Facility and no amount was drawn on the Acquisition Facility, or the LC Facility. The Revolving Credit Facility, the Acquisition Facility, the Senior Notes, and the LC Credit Facility (collectively, the "Credit Facilities") are explained in more detail in the Notes to the Financial Statements in the annual consolidated financial statements for the Fund for the year ended December 31, 2007.

The credit agreements governing the Credit Facilities require the Fund to maintain a maximum ratio of total debt to EBITDA, a minimum fixed charge coverage ratio, and a maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent). Distributable cash must remain above certain targets. As at December 31, 2007, the Fund was in compliance with all covenants.

Loans under the Revolving Facility and the Acquisition Facility are repayable without any prepayment penalties, and bear interest at a floating rate based on the Canadian dollar prime rate or on the bankers acceptance rates plus, in each case, an applicable margin to those rates. The Revolving Facility and Acquisition Facility may also bear interest at LIBOR or a U.S. Base Rate, plus an applicable margin to those rates. The Documentary Import Letter of Credit Facility is on customary terms for a facility of this nature.

Security for the Fund's Credit Facilities has been granted over all of the Fund's assets, including the assets of the Brick LP, the Brick GP, UFW LP, and UFW GP. The Brick GP, UFW LP and UFW GP, and TGW have also provided guarantees in support of the credit facilities. Each subsidiary of the Fund also provides a pledge of securities.

The Credit Facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, and granting liens or selling assets without the consent of the lenders. A change of control (as defined in the credit agreement) of the Brick LP is an event of default under the Credit Facilities. The Credit Facilities may in certain circumstances restrict the Fund's ability to pay distributions on the Fund Units, including limiting distributions unless sufficient funds are available for the repayments of indebtedness and the payment of interest expenses and taxes.

The credit agreements relating to the Revolving Credit Facility, Acquisition Facility and LC Facility expire on July 2, 2008. As at March 16, 2008, the Fund is negotiating the renewal of such agreements with its syndicate of lenders. The Fund has secured commitments from its existing syndicate of lenders to refinance its operating credit facilities of \$100 million for a 3 year term. Closing of the refinancing is subject to the satisfaction of customary conditions, and is expected to occur on or about April 15, 2008.

Reorganizations

A discussion of the reorganization of the Fund that occurred just prior to and concurrently with the Fund's initial public offering on July 20, 2004 can be found in the Fund's Prospectus, pages 61 – 64.

During 2006, the Fund transferred its operating assets that were formerly owned by UFW LP to the Brick LP, as a result of the rebanner initiatives that occurred in 2006. This transfer was completed to facilitate efficiencies in handling inventories and general administration.

During the last quarter of 2006, the Fund entered into a series of internal transactions to facilitate the flow of funds from the Fund's operating entities to the Trust and The Brick Group Income Fund, which resulted in an amended capital structure as set out in "Intercorporate Relationships".

Corporate Social Responsibility

The Fund and its employees regularly donate to charities and surrounding communities through a combination of cash donations, sponsorships, and free product.

RISK FACTORS

Careful consideration should be given to the following risk factors. These descriptions of risks are not the only ones facing the Fund. Additional risks and uncertainties not presently known to the Fund, or that the Fund deems immaterial, may also impair the operations of the Fund. If any of such risks actually occur, the business, financial condition, liquidity, and results of operations of the Fund could be materially adversely affected and the ability of the Fund to make distribution on the Fund Units could be adversely affected.

Risks Related to the Fund and the Household Furniture, Mattress, Appliance and Home Electronics Retailing Industry

Sensitivity to General Economic Conditions

The household furniture, mattress, appliance and home electronics retailing industry in Canada has historically been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. The Fund's sales are impacted by the health of the economy in Canada as a whole, and in the regional markets in which the Fund operates. As such, the Fund's financial results are sensitive to interest rates, gross domestic product growth, consumer confidence, housing starts, the availability of consumer credit and the level of unemployment, among other factors. The Fund believes that a decline in the economic conditions in Canada or in any of the regions in which it operates could adversely affect consumer spending habits and decrease the overall demand for household furniture, mattresses, appliances and home electronics and that such events would impact the Fund and result in a decrease in sales and earnings.

Additionally, the Fund's financial services segment and, in particular, its credit insurance business are impacted by the health of the economy in Canada as a whole. A decline in the economic conditions in Canada or in any of the regions in which it operates could result in decreased employment rates and/or increased disability rates, which, in turn, could result in an increase in claims. As well, an increase in interest rates could force the Fund to reduce the term of its finance promotions, which would result in decreased premium revenues due to cardholders being indebted for shorter periods of time. Accordingly, a decline in the economic conditions in Canada or in any of the regions in which it operates could impact the Fund's financial services segment and result in a decrease in the Fund's sales and earnings.

Maintaining Profitability and Managing Growth

There can be no assurance that the Fund's business and growth strategy will enable it to sustain profitability in future periods. The Fund's future operating results will depend on a number of factors, including (i) the Fund's ability to continue to successfully execute its strategic initiatives, (ii) the level of competition in the household furniture, mattress, appliance and home electronics retailing industry in the markets in which the Fund operates, (iii) the Fund's ability to remain a low-cost retailer, (iv) the Fund's ability to realize increased sales and greater levels of profitability through its retail stores, (v) the effectiveness of the Fund's marketing programs, (vi) the Fund's ability to successfully identify and respond to changes in fashion trends and consumer tastes in the household furniture, mattress, appliance and home electronics retailing industry, (vii) the Fund's ability to maintain cost-effective delivery of its products, (viii) the Fund's ability to hire, train, manage and retain qualified retail store management and sales professionals, (ix) the Fund's ability to continuously improve its service to achieve new and enhanced customer benefits and better quality, and (x) general economic conditions and consumer confidence.

There can be no assurance that the Fund will be able to successfully implement its strategic plan or that such plan will enable the Fund to maintain its historical sales growth rates or to sustain profitability. Failure to successfully execute any material part of the Fund's strategic plan could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

There can be no assurance that the Fund will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Competition

The household furniture, mattress, appliance and home electronics retailing industry is highly competitive and fragmented. The Fund faces competition in all regions in which its operations are located by existing stores that sell similar products and also by stores that may be opened in the future by existing or new competitors in such markets. The Fund competes directly with many different types of retail stores that sell many of the products sold by the Fund. Such competitors include (i) department stores, (ii) specialty stores (such as specialty electronics, appliance, or mattress retailers), (iii) other national chains offering household furniture, mattresses, appliances and home electronics, and (iv) other independent retailers, particularly those associated with larger buying groups. The highly competitive nature of the industry means the Fund is constantly subject to the risk of losing market share to its competitors. As a result, the Fund may not be able to maintain or to raise the prices of its products in response to inflationary pressures such as increasing costs. In addition, the entrance of additional competitors to the markets in which the Fund operates, particularly large furniture, appliance or electronics retailers from the United States could increase the competitive pressure on the Fund and have a material adverse effect on the Fund's market share. The actions and strategies of the Fund's current and potential competitors could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Third-Party Credit Providers

The success of the Fund depends, in part, on its relationships with its third party credit providers. The Fund relies on two third party credit suppliers in supplying financing alternatives to its customers. There can be no assurance that the Fund will be able to continue to secure financing products for its customers on terms similar to current terms or at all. Significant changes in the financing terms offered to the Fund's customers, the unavailability of such products, the deterioration in the Fund's relationships with either of its two third party credit providers, or the loss of one or both of these providers could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Claim Reserves

The Fund offers credit insurance programs to customers carrying balances on their Brick Cards through its insurance provider subsidiaries. The Fund's insurance provider subsidiaries maintain reserves to cover the estimated exposure for claims and claim adjustment expenses with respect to both reported claims and unreported claims incurred but not reported as of the end of each reporting period. These reserves, which are calculated under GAAP, do not represent an exact calculation of exposure. Instead, the reserves are based on best estimates of the claims. Because the establishment of reserves is an uncertain process involving estimates of future losses, there can be no certainty that ultimate losses will not exceed existing claims reserves. If the amount of claims exceeds the reserves established to cover those claims, the Fund's business, financial condition, liquidity and results of operations could be materially adversely affected.

Extended Warranty Programs

The Fund offers self-insured extended warranty contracts on certain of the products it sells. The liability for these contracts is based on a number of factors, including historical trends in product failure rates, expected material and labour costs necessary to provide the services, and the frequency and severity of repair costs. The Fund's warranty portfolio is exposed to the risk that a particular underlying technology is inherently flawed, which would result in the failure of multiple models produced by various manufacturers. As well, the costs of the Fund's warranty business could increase if manufacturers reduce the availability of parts necessary to repair products, raise part prices or significantly increase their own warranty periods. The accounting for self-insured extended warranty contracts requires the Fund to make

assumptions and apply judgement when estimating these factors. If actual results are not consistent with the assumptions and judgements used to calculate the Fund's extended service contract liability, the Fund may be exposed to losses that could have a material adverse effect on the Fund's financial condition, liquidity and results of operations.

TGW relies on third-party service providers to perform repairs in small towns and rural communities. In recent years, a significant number of these service providers have closed their businesses. If these service providers are not available or if sufficient numbers do not exist to ensure competitive pricing, TGW's costs of repairs could increase and thereby materially and adversely affect the business, financial condition, liquidity and results of operations of the Fund.

Deferred Warranty Plan Revenue

In a manner consistent with accounting policies typically used in the property and casualty insurance industry, extended warranty plan revenues received by TGW are recorded as deferred warranty plan revenue at the time of sale and effectively recognized as income (for accounting and tax purposes) over the term of the warranty plan (commencing upon the expiration of the manufacturer's warranty period). Costs incurred on warranty plan sales, including Ontario and Alberta premium taxes, are recorded as deferred acquisition costs and amortized to income (expensed) on the same basis that revenues are recognized. If TGW were to cease business operations, any deferred warranty plan revenue (net of deferred acquisition costs) existing as of the date operations ceased may be immediately recognized as taxable income on such cessation, which may have a materially adverse effect on the Fund's business, financial condition, liquidity and results of operation.

Investment Portfolio Risks

The Fund's financial services segment's investment portfolio is subject to market conditions and certain risks, including those arising from its investments in preferred shares and foreign investments. Defaults by the issuers of these preferred shares would have an adverse impact on the earnings of the Fund's financial services segment and could materially affect the Fund's business, financial condition, liquidity and results of operations.

Insurance Regulations

Changes to any of the laws, rules, regulations or policies respecting the marketing and provision of warranties and/or retail credit insurance could have a significant impact on the Fund's business. There can be no assurance that the Fund will be able to comply with any future laws, rules, regulations and policies. Management believes that, as an administrative matter, provincial regulators have not required that the Fund's warranty program comply (and such program currently does not comply) with insurance or similar regulations because the Fund is the vendor of the product and also the obligor under the extended warranty; however, there can be no assurance that regulators will not in the future require such compliance. If TGW were required to comply with insurance and similar regulations, it may be required to make alterations to its capital structure, including a reduction in the amount of its outstanding indebtedness to UFW LP, which changes could have a material adverse effect on the amount of distributable cash generated by TGW.

Failure by the Fund to comply with appropriate laws, rules, regulations and policies may subject the Fund to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse impact on the Fund's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies, including those relating to the licensing

of sales personnel, the imposition of a rate cap and the required underwriting of warranty obligations by insurance companies, could negatively impact the Fund's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Labour Relations

The success of the Fund's business depends on a large number of employees, some of whom are unionized. Any organized work stoppage or other similar job action may have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Labour Costs and Shortages

Approximately 53% of the employees of the Fund are hourly workers whose compensation is based on the prevailing provincial minimum wages. Any increase in these minimum wages will increase employee related costs. In addition, changes in the general conditions of the employment market could affect the ability of the Fund to hire or retain staff at current wage levels. The occurrence of either of these events could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

In addition, there can be no assurance that additional employees of the Fund will not unionize in the future, particularly those employees located in Quebec, which is a market into which the Fund has only recently entered. Such an occurrence could increase labour costs and thereby have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Income Taxes

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and, as such, is permitted to deduct from its taxable income certain amounts distributed to its unitholders. This deduction is not available to those subsidiaries of the Fund which are corporations and are therefore subject to income tax.

On June 22, 2007, Bill C-52, which significantly modifies the income tax rules applicable to certain publicly traded or listed trusts and partnerships, received Royal Assent. In particular, certain income of (and distributions made by) these entities will be taxed in a manner similar to income earned (and distribution made by) a corporation. For the Fund, the application of these rules is expected to be delayed until the 2011 taxation year under the transitional relief rules introduced as part of this legislation.

On December 15, 2006, the Department of Finance (Canada) released the normal growth guidelines which apply to the Fund. The guidance establishes objective tests with respect to how much the Fund is permitted to grow without jeopardizing its four year transitional relief. In general, the Fund will be permitted to issue new equity in each of the next four years equal to the greater of \$50 million and a certain percentage of the Fund's market capitalization as of the end of trading on October 31, 2006 (up to 100% over the four years). The latter amount is cumulative to the extent it is not used in a given year and, accordingly, the Fund will be permitted to issue new equity over the next four years at least equal to its October 31, 2006 market capitalization (subject to the applicable annual limits). Market capitalization, for these purposes, is to be measured in terms of the value of the Fund's issued and outstanding publicly-traded units. If these limits are exceeded, the Fund may lose its transitional relief and thereby become immediately subject to the new rules.

The Fund is considering these legislative changes and their possible impact to the Fund. The new rules (including the normal growth guidelines released on December 15, 2006) may adversely affect the

marketability of the Fund's units and the ability of the Fund to undertake financings and acquisitions, and, at such time as the new rules apply to the Fund, distributable cash of the Fund will be reduced. The impact of the tax on the Fund's distributable cash will be mitigated to the extent that management is successful in growing the amount of distributable cash generated by the Fund's business over the next three years.

For illustrative purposes, the consequences for an Ontario resident individual unitholder, holding units outside a tax deferred plan who received a \$100 distribution would be as follows, assuming that 100% of the distribution was treated as income with no return of capital.

	2007	2011
	Tax Measures	Tax Measures
Distributable amount before tax	\$100.00	\$100.00
Tax paid by the Fund	<u>0.00</u>	<u>(30.50)</u>
Distribution after the Fund's tax	\$100.00	\$ 69.50
Tax paid by the unitholder	<u>(46.41) ⁽¹⁾</u>	<u>(16.65) ⁽²⁾</u>
Net amount	<u>\$ 53.60</u>	<u>\$ 52.85</u>

(1) Assuming a 46.41% combined tax rate currently in effect in Ontario.

(2) Assuming a 23.96% tax rate on the deemed dividend income.

The foregoing is based on the Fund's understanding of new rules enacted by the federal government. The tax consequences of these new rules to a unitholder that is tax-exempt, holds units in a tax-deferred plan or is a non-resident of Canada would differ from the example set forth above.

Unitholders are encouraged to consult their own tax advisors concerning the application of these new rules to their investment in units, with reference to their particular circumstances.

Litigation

As a result of legislative amendments to the Alberta Corporate Tax Act effective May 24, 2006, TGW has commenced remitting premium taxes in Alberta. Prior to this date, TGW was not required to remit provincial premium tax related to the sale of protection plans in any other province other than Ontario. The Alberta tax authorities have assessed TGW for premium taxes related to sales from 1987 to 2004. As at December 31, 2007 the estimated potential liability related to these assessments is \$6.1 million (\$5.8 million - net of income taxes). TGW is disputing these assessments and is defending its position with the Alberta tax authorities. In the opinion of management, the relevant provincial legislation supports this filing position and no accrual has been recorded. No other provinces have assessed TGW for premium taxes. If TGW is required to remit premium taxes related to the sale of protection plans in Alberta before May 24, 2006, or is required to remit premium taxes related its sales in any province other than Ontario, the estimated potential total liability due to non-remittance of premium taxes as at December 31, 2007 is \$11.5 million (\$10.3 million net of income taxes). No provision has been made in the consolidated financial statements for any such taxes as the outcome of this contingency is not determinable.

In the normal course of business, the Fund is subject to a number of claims and legal actions that may be made by customers, suppliers and others in respect of which either an adequate provision has been made in the Fund's financial statements (in the event management believes the Fund will incur liability for such claim or legal action), or for which no material liability is expected. If management's assessment of its

liability for any such claim is incorrect and the Fund is unsuccessful in defending its position, the amount of the judgment or penalty would become an expense in the period such claim was resolved.

Retail Installment Financing

The Fund began providing customer retail installment financing during the fourth quarter of 2007, on a limited basis. Customers not qualifying for Brick Credit Cards under either of the Fund's third party credit providers, have the option of applying for retail installment financing that is provided directly by the Fund. For those customers meeting the Fund's credit scoring requirements, retail financing for specific individual purchases will provide the customer with an installment payment plan of either 12 or 24 months. Qualifying customers are required to make regular scheduled monthly blended payments of interest and principal. The Fund believes that this program will offset the potential risk of reduced credit approval rates for the Brick Card by our third party credit providers.

Management will closely monitor the related accounts receivable balance, as well as any reserves for potential bad debts. At the end of 2007, the accounts receivable balance associated with this program was under \$0.1 million. The Fund has set limits to the maximum allowable accounts receivable balance it will allow for this program, in order to manage risk appropriately.

In the event the Fund had to take a significant bad-debt write-off in excess of allowance for bad debts due to unfavourable economic conditions or other circumstances, the occurrence of such an event could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Commodity and Capital Taxes

Entities within the Fund, and their predecessor entities, may be subject to audits from federal and provincial tax authorities regarding commodity and capital taxes. These audits may give rise to assessments related to tax filing positions the Fund or its predecessors have taken. While management of the Fund believes that the filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the tax authorities. Management of the Fund regularly reviews the potential for adverse outcomes and the adequacy of provisions relating to these matters.

Non-resident Unitholders

Various proposals have been introduced in the U.S. Congress to amend the Internal Revenue Code of 1986 to deny "qualified dividend" income treatment to certain foreign dividends, potentially including distributions from many Canadian income trusts. Qualifying dividends are currently subject to 15% U.S. federal income tax. This preferential 15% rate applies to qualifying dividends paid in taxable years beginning before January 1, 2011. Dividends that do not constitute qualifying dividends and dividends paid in taxable years beginning on or after January 1, 2011 are subject to U.S. federal income tax at rates up to 35%. The legislative proposals, if enacted into law, potentially would adversely affect the U.S. taxation of distributions to U.S. investors from many income trusts, possibly including the Fund. Prospects for the enactment of such legislation are uncertain. If such legislation were enacted into law, there may be a disincentive for U.S. taxable investors to purchase or hold units in Canadian income trusts. As a result, such proposed legislation may increase the likelihood of Unitholders that are resident in the United States disposing of their Units and may limit the demand for Brick Group units among U.S. investors, any of which factors could negatively affect the market value of the Units.

Pursuant to The Brick Group's Declaration of Trust, Non-resident Unitholders are prohibited from

beneficially owning more than 49.9% of the Units. Mr. Comrie, who is a resident of the United States, currently holds a 39.8% interest in The Brick Group. Management will continue to monitor the proposed legislation as it moves (if at all) through the U.S. legislative process, in order to assess the impact on The Brick Group.

Credit Facilities with Numerous Restrictive Covenants that Limit Flexibility

The Fund's business requires substantial liquidity in order to finance inventory purchases, the employment of sales personnel for the peak sales periods, advertising for the holiday buying season and other similar advance expenses. Covenants in the Fund's Credit Facilities include, among others, ones that limit the Fund's ability to incur additional debt, make liens, make investments, consolidate, merge or acquire other businesses, sell assets, pay dividends or other distributions, and enter into transactions with affiliates. These covenants restrict numerous aspects of the Fund's business. Moreover, financial performance covenants require the Fund, among other things, to maintain a maximum total debt-to-EBITDA ratio, a minimum fixed charge coverage ratio and a maximum ratio of adjusted total debt to earnings before interest, taxes, depreciation, amortization and rent.

The failure to comply with the terms of the Credit Facilities would entitle the secured lenders to prevent the Fund from further borrowing, and upon acceleration by the lenders, they would be entitled to begin foreclosure procedures against the Fund's assets, including accounts receivable, inventory, general intangibles, equipment, goods, and fixtures. The secured lenders would then be repaid from the proceeds of such foreclosure proceedings, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of Fund Units receive any proceeds from the liquidation of the Fund's assets. The Fund's ability to satisfy the restrictive covenants may be affected by events beyond its control.

Suppliers

The Fund relies on a stable and consistent supply of household furniture, mattresses, appliances and home electronics to carry out its operations. The Fund sources its products from its suppliers on an ongoing basis at negotiated prices. There can be no assurance that the Fund will be able to continue to purchase products from its current suppliers or any other supplier on terms similar to current terms or at all. Significant increases in the prices of the products sold by the Fund, the unavailability of such products, or the deterioration in the Fund's relationships with any of its major suppliers could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Imported Products

The Fund sources and imports products from various countries worldwide. Import sourcing is subject to political instability in countries where suppliers are located and possible delay due to geographic distance and logistics. Either could make it more difficult for the Fund to provide the range of products currently made available to its customers. Other risks include the imposition of regulations and quotas relating to imports, duties, taxes and other charges on imports, and product quality issues. The Fund is also subject to foreign exchange rate exposure, resulting from importing merchandise from foreign suppliers with payment in non-Canadian dollars. All of the foregoing could increase costs and decrease earnings and thereby materially and adversely affect the business, financial condition, liquidity and results of operations of the Fund.

Expansion Through New Store Openings

The success of the Fund's planned expansion is dependent upon many factors, including the ability of the Fund to (i) successfully open additional retail stores in existing geographic markets, (ii) create brand awareness in new markets, (iii) address the cultural differences in new markets, (iv) successfully enter new geographic markets and store environments in which the Fund has no previous retail experience, (v) negotiate acceptable lease terms for additional sites, and (vi) effectively hire, train, manage and retain qualified management and other personnel. There can be no assurance that the Fund will be able to grow at historical rates or achieve its planned expansion, that new retail stores will be effectively integrated into the Fund's existing operations or that such stores will be profitable. Such risks, if they materialize, could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Expansion Through Acquisitions

As part of the Fund's business strategy, The Fund may acquire additional businesses, assets or services that are complementary to the business of the Fund in the future. The acquisition and development of existing businesses to be operated by the Fund are dependent on the ability of the Fund to identify, acquire and develop suitable acquisition targets in both new and existing markets. While the Fund is careful in selecting businesses to acquire, acquisitions involve a number of risks, including the possibility that the Fund pays more than the acquired company or assets are worth; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of the Fund's ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate acquired businesses successfully into the Fund's operations; and the potential impairment of relationships with the Fund's employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

In addition, the Fund may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of their operations would depend upon the Fund's ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, the Fund may not be able to achieve the cost savings and other benefits that it would hope to achieve with these acquisitions. Any difficulties in this process could disrupt the Fund's ongoing business, distract its management, result in the loss of key personnel or customers, increase its expenses and otherwise materially adversely affect its business, financial condition, liquidity and operating results.

In the event of any future acquisitions, the Fund could issue additional Fund Units, which would dilute its existing Unitholders' interests, incur debt or assume liabilities. The Fund cannot assure investors that this will not have a material adverse effect on the Fund's business, financial condition, liquidity and operating results.

Additional indebtedness would make the Fund more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit the Fund's ability to compete and expand.

Foreign Exchange Fluctuations on Imports

As the Fund purchases certain of its products from international suppliers, it is subject to foreign exchange rate exposure resulting from importing merchandise with payment in non-Canadian dollars. Approximately 18-20% of inventory purchases are made in United States dollar prices. Additionally, although the Fund's purchases from Canadian-based suppliers do not have a significant direct foreign exchange exposure, changes in the Canadian dollar could affect the suppliers' production costs, which in turn could have a negative effect on product costs and profitability of the Fund. Increased product costs could also result in an increase in the price of products offered to customers of the Fund and, therefore, a reduction in the volume of product sales.

Improvements to Supply Chain Processes

An important part of the Fund's systematic efforts to continuously achieve efficiencies, cost reductions and sales growth is the identification and implementation of improvements to logistical and distribution infrastructure and the Fund's supply chain, including merchandise ordering, transportation and receipt processing. An inability to effectively implement and improve planning and supply chain processes or to take full advantage of supply chain opportunities could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Negative Publicity in Respect of Financial Services Products

The products provided by the Fund's financial services segment may be subject to negative publicity. Specifically, from time to time, consumer advocate groups and the media focus on credit insurance products and extended service contracts, including the questionable marketing practices used by certain organizations in their distribution of these products. Additionally, the extended service contract industry in North America has had a number of high profile failures, principally among third-party extended warranty providers. Negative publicity relating to the products offered by the Fund's financial services segment might result in a decrease in sales and earnings and materially affect the Fund's business, financial condition, liquidity and results of operations.

Dependence on Management Information Systems

Management relies heavily on management information systems to analyze operating performance on a regular basis. Additionally, the Fund depends on its management information systems in all areas of its operations, including supply chain management, inventory control, point of sale systems and after-sales service. If these systems fail or become obsolete, the Fund may be adversely affected.

Reliance on Key Personnel

The success of the Fund depends, in part, on the retention of senior management. There can be no assurance that the Fund would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of the senior management team could adversely affect the Fund's business, results of operations and the Fund's ability to effectively pursue its business strategy. The Fund does not maintain key-man life insurance for any of its employees.

Management of Internet Business

The success of the Fund's Internet business depends, in part, on factors over which the Fund has limited control. In addition to changing consumer preferences and buying trends relating to Internet usage, the Fund is vulnerable to certain additional risks and uncertainties associated with the Internet, including changes in required technology interfaces, website downtime and other technical failures, changes in applicable federal and provincial regulation, security breaches, and consumer privacy concerns. The Fund's failure to successfully respond to these risks and uncertainties might adversely affect sales in the Internet business, as well as damage the Fund's reputation and brands.

Distribution Operations

Any significant interruption in the operation of any of the Fund's distribution facilities may delay shipment of merchandise to the Fund's stores and customers, damage its reputation or otherwise have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations. Moreover, a failure to successfully coordinate the operations of these facilities also could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations. Distribution problems may materially affect the Fund's net revenue in particular periods and/or the timing of the recognition of revenue from orders not yet delivered.

Fuel Costs

The costs associated with the Fund's delivery services, both through its own fleet of vehicles and through third party delivery services, are directly correlated to the cost of fuel. Significant increases in the price of fuel could increase the Fund's distribution and delivery costs as well as the affordability to its customers of its delivery services and have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Marketing Expenditures

The Fund's growth and profitability is dependent in part on the effectiveness of its marketing efforts. The success of the Fund's marketing programs will affect the ability of the Fund to: (i) increase its brand name recognition and awareness of its products, (ii) determine the appropriate media and content for future marketing activities, and (iii) effectively manage marketing costs. There can be no assurance that the Fund's planned marketing expenditures will be managed on a cost-effective basis, result in increased sales or generate increased levels of product and brand name awareness.

Seasonality and Fluctuations of Quarterly Results

Sales of some of the Fund's products, particularly home electronics, are subject to seasonal fluctuations in spending. While certain of the Fund's variable costs can be managed to match seasonal patterns, a significant portion of retail costs, including rent, are fixed and cannot be adjusted for seasonality.

The Fund's quarterly results of operations may also fluctuate based upon such factors as delays in the flow of merchandise, the number and timing of new store openings and related store pre-opening expenses, the amount of net sales contributed by new and existing stores, the mix of products sold, the timing and level of markdowns, store closings or relocations, competitive factors, changes in fuel and other shipping costs, general economic conditions, labour market fluctuations, changes in accounting rules and regulations and unseasonable weather conditions.

Changes in Fashion Trends and Consumer Tastes

Household furniture, mattresses, appliances and home electronics are subject to fashion trends and geographic consumer tastes, which can change rapidly. The Fund's success in this area is largely dependent on its ability to gauge consumer preferences and to deliver merchandise in a timely fashion to satisfy consumer trends. If the Fund is unable to anticipate or respond to changes in consumer tastes and fashion trends in a timely manner it could experience a decrease in sales and be faced with excess inventory. Disposal of excess inventory may result in a decrease in sales and earnings and materially affect the Fund's business, financial condition, liquidity and results of operations.

Mix of Product Sales

Some of the Fund's products are sold for a higher profit than others. An increase in the sales of lower profit products at the expense of the sales of higher profit products could result in a decrease in earnings.

Successful Anticipation of Merchandise Returns

The Fund records a reserve for merchandise returns based on historical return trends together with current product sales performance in each reporting period. If actual returns are greater than those projected by management, additional sales returns might be recorded in the future. Actual merchandise returns may exceed the Fund's reserves. In addition, the introduction of new merchandise, changes in merchandise mix, changes in consumer confidence, or other competitive and general economic conditions may cause actual returns to exceed merchandise return reserves. Any significant increase in merchandise returns that exceeds reserves could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Same Store Sales

The Fund experiences fluctuations in its same store sales. The Fund's success depends, in part, upon its ability to improve sales at its stores. Various factors affect comparable store sales, including the general retail sales environment, the Fund's ability to efficiently source and distribute products, changes in the Fund's merchandise mix, competition, current economic conditions, the timing of release of new merchandise and promotional events, the success of marketing programs and weather conditions. These factors may cause the Fund's comparable store sales results to differ materially from prior periods and from expectations. Past same store sales are no indication of future results, and there can be no assurance that the Fund's same store sales will not decrease in the future. Any failure to meet the same store sales expectations of investors and security analysts in one or more future periods could reduce the market price of the Fund Units and that reduction could be material.

Store Closing Costs

The Fund will periodically evaluate the operations of its retail and warehouse locations. As a result of such evaluations, underperforming and obsolete facilities may be closed, which may result in the Fund being unable to recover certain costs.

Financial Condition of Commercial Sales Customers

Through its commercial sales division, the Fund sells products and extends credit to high-rise and condominium builders who purchase large quantities of products. Negative changes in the financial condition of a significant commercial sales customer could impact on the Fund's receivables and

ultimately result in the Fund having to take a bad-debt write-off in excess of allowance for bad debts. The occurrence of such an event could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

Insurance Coverage

The Fund maintains insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from various risks on such terms as it considers appropriate. The Fund uses discretion in determining appropriate insurance coverage. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of the Fund's lost investment.

Certain types of losses (generally those of a catastrophic nature, such as earthquakes, floods, and terrorist attacks) may be uninsurable or not economically insurable. There can be no assurances that the Fund's insurance coverage will continue to be available to it on reasonable terms or that the Fund's insurer will not disclaim coverage of any future claim. The Fund's business, financial condition, liquidity and results of operations could be materially adversely affected if any of the foregoing events were to occur.

Intellectual Property

The success of the Fund is dependent, in part, on the continuous development of its brand recognition. There can be no assurance that the Fund's competitors or other third parties will not develop similar branding. The Fund relies on a variety of means of asserting and protecting its brand and other proprietary rights, including trademarks, copyrights, trade secrets, confidentiality procedures and contractual provisions. Despite these efforts, unauthorized parties may attempt to obtain and use information that the Fund considers proprietary or to subvert the Fund's efforts to assert its proprietary rights.

The Fund has applied for registration of the BID.COM, MIDNORTHERN, THE BRICK SUPERSTORE and THE BRICK MATTRESS STORE trademarks with the Canadian Intellectual Property Office. The inability of the Fund to successfully register or maintain trademarks may limit its ability to effectively market its products and services and could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations. In addition, preventing the unauthorized use of such proprietary rights or information may be difficult, time-consuming and costly. There can be no assurance that the Fund will be successful in asserting and protecting its proprietary rights and, if it is not, the Fund's business, financial condition, liquidity and results of operations could be materially adversely affected.

Environmental Regulation

The Fund owns, manages and operates stores and other properties which are subject to certain federal, provincial and local laws and regulations relating to environmental protection, including those governing past or present releases of hazardous materials. Certain of these laws and regulations may impose liability on certain classes of persons for the costs of investigation or remediation of such contamination, regardless of fault or the legality of the original disposal. These persons include the present or former owner or a person in care or control of a contaminated property and companies that generated, disposed of or arranged for the disposal of hazardous substances found at the property. As a result, the Fund may incur costs to clean up contamination present on, at or under its leased and owned properties, even if such contamination was present prior to the commencement of the Fund's operations at the site and was not caused by its activities which could materially affect its business, financial condition, liquidity and results of operations.

Property Taxes

The facilities operated by the Fund are subject to property taxes levied by local governments and there can be no assurance that property taxes will remain at current levels. Significant increases in property taxes in jurisdictions in which the Fund owns or leases facilities could increase the amount of property tax payable in respect of such facilities and could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

US Subprime Mortgage Market and Asset Backed Commercial Paper

During the year ended December 31, 2007, the Fund considered its exposure to risks related to credit liquidity, and other potential issues, related to asset backed commercial paper and the US subprime mortgage market. Through enquiry and discussion with the relevant business partners and advisors, specific consideration was made of potential risks related to our marketable securities portfolios, and of potential risks related to our relationships with our financial institution business partners. From these discussions and enquiries, the Fund did not identify any risks from asset backed commercial paper, or the US subprime mortgage market impacting the marketable securities portfolios. The Fund does not hold any non-bank asset backed commercial paper.

From those same discussions and enquiries, the Fund identified as a potential risk for 2008, a reduction in our credit approval rates. To mitigate this potential risk, management has initiated a retail installment financing program. In its financial services segment, claims within its insurance business have remained stable and consistent with historical levels.

Performance Guarantee

Prior to June 1, 2007, under the terms of a credit card services contract, the Fund guaranteed the performance of a portfolio of Brick Card balances owned and underwritten by an unrelated external service provider. The guarantee set out minimum performance benchmarks, measured on an annual basis, for certain features of the portfolio such as term, interest rate, losses, early payout, and fraud. If these benchmarks were not met, the service provider had the right to propose and negotiate amendments to the discount rates charged. During the quarter ended June 30, 2007, in conjunction with the amendment and renewal of this agreement, this guarantee was removed.

Risks Related to the Structure of the Fund

Dependence on the Fund

The Fund is an unincorporated open-ended, limited purpose trust which is entirely dependent on the operations and assets of the Brick LP and its subsidiaries through the Trust's ownership of all of the Brick LP Units. Cash distributions to Unitholders are dependent on, among other things, the ability of the Trust to pay interest on the Trust Notes and to make cash distributions in respect of the Trust Interest, which, in turn, is dependent on the Brick LP making cash distributions. The ability of the Brick LP or the Trust to make cash distributions or other payments or advances are subject to applicable laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of those entities.

Cash Distributions Are Not Guaranteed and Will Fluctuate with the Business Performance

Although the Fund intends to distribute the interest received in respect of the Trust Notes and the cash distributions received in respect of the Trust Interest, less expenses and amounts, if any, paid by the Fund

in connection with the redemption of Fund Units, there can be no assurance regarding the amounts of income to be generated by the Brick LP's businesses or ultimately distributed to the Fund. The ability of the Fund to make cash distributions, and the actual amount distributed, are entirely dependent on the operations and assets of the Brick LP (and its subsidiaries), and are subject to various factors including each of its financial performance, its obligations under applicable credit facilities, fluctuations in its working capital, the sustainability of its margins and its capital expenditure requirements. The market value of the Fund Units may deteriorate if the Fund is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of distributions for tax purposes may change over time and may affect the after-tax return for investors.

Nature of Fund Units

Securities like the Fund Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Fund Units do not represent a direct investment in the businesses of the Brick LP and should not be viewed by investors as direct securities of the Brick LP or its subsidiaries. As holders of Fund Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions or rights of dissent. The Fund Units represent a fractional interest in the Fund. The Fund's primary assets are Trust Interest and Trust Notes. The price per Fund Unit is a function of anticipated distributable income.

The Fund Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporations Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Distribution of Securities on Redemption or Termination of the Fund

Upon termination of the Fund, the Trustees may distribute the Trust Notes and Trust Interest directly to the Unitholders, subject to obtaining all required regulatory approvals. Upon redemption of Fund Units, the Trustees may distribute the Trust Notes directly to Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Trust Notes and the Trust Interest. In addition, Trust Notes and the Trust Interest are not freely tradable or listed on any stock exchange. Securities so distributed may not be qualified investments for trusts governed by Plans, depending on the circumstances at the time.

Unitholder Liability

The declaration of trust of the Fund includes provisions intended to limit the liability of the Fund's Unitholders for liabilities and other obligations of the Fund, although no statutory provisions historically confirmed the limited liability status of Unitholders in a manner comparable to shareholders of a corporation. However, on July 1, 2004, the *Income Trusts Liability Act* (Alberta) was enacted. That Act provides that Unitholders of the Fund are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the Fund or the Fund's trustees, arising after July 1, 2004. It is possible that reliance on the Act by a Unitholder of the Fund could be successfully challenged on jurisdictional or other grounds.

Dilution of Existing Unitholders and Limited Fund Unit Holders

The Fund Declaration of Trust authorizes the Fund to issue an unlimited number of Fund Units for that consideration and on those terms and conditions as shall be established by the Trustees without the approval of any Unitholders. The Unitholders will have no pre-emptive rights in connection with such further issues. Additional Units will be issued by the Fund in connection with the exchange of the Class B Units. In addition, the Fund is permitted to issue additional Brick LP Units for any consideration and on any terms and conditions.

Control of the Fund

For so long as the Vendor Group owns, directly or indirectly, not less than 20% of the Fund Units, the Vendor Group will have certain limited veto rights with respect to certain matters relating to the Fund, which will allow the Vendor Group to exercise significant control over certain corporate transactions. These veto rights are not transferable except to any member of the Vendor Group. In addition, the Vendor Group will have consent rights respecting amendment to certain material agreements entered into by the Fund and certain of its affiliates.

The interests of the Vendor Group may conflict with those of other Unitholders.

Leverage and Restrictive Covenants

The ability of the Trust and the Fund to make distributions, pay dividends or make other payments or advances are subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of those entities (including the Credit Facilities). The degree to which the Fund is leveraged could have important consequences to the Unitholders including: the Fund's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; a significant portion of the Fund's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; certain of the Fund's borrowings are at variable rates of interests, which exposes the Fund to the risk of increased interest rates; and the Fund may be more vulnerable to economic downturns and be limited in its ability to withstand competitor pressures. These factors may increase the sensitivity of distributable cash to interest rate variations.

The Credit Facilities contain numerous restrictive covenants that limit the discretion of the Fund's management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Fund to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Credit Facilities contain a number of financial covenants that require the Fund to meet certain financial ratios and financial condition tests. A failure by the Fund to comply with the obligations in the Credit Facilities could result in a default, which, if not cured or waived, could result in a termination of distributions by the Fund and permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facilities were to be accelerated, there can be no assurance that the assets of the Fund would be sufficient to repay in full that indebtedness. In addition, the Credit Facilities mature on the dates as set out in the section entitled Debt Financing. There can be no assurance that future borrowings or equity financing will be available to the Fund, or available on acceptable terms, in an amount sufficient to fund the Fund's needs.

Future Sales of Units by the Vendor

The Vendor Group holds in aggregate approximately 24.0% of the outstanding Units and all of the outstanding Class B Units (which, pursuant to the Fund Declaration of Trust, can be exchanged at any time, subject to certain conditions, thereby causing the issuance of additional Units), representing 39.80% of the Fund Units. The Vendor Group has also been granted certain registration rights by the Fund. If the Vendor Group sells substantial amounts of Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

Investment Eligibility and Foreign Property

There can be no assurance that the Fund Units will continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans or that the Fund Units will not be foreign property under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments and on excess holdings of foreign property. In particular, if the Fund ceases to be a mutual fund trust, the Fund Units may become foreign property.

Income Tax Matters

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner, which adversely affects the holders of Fund Units.

The Fund Declaration of Trust provides that a sufficient amount of the Fund's net income and net realized capital gains will be distributed each year to Unitholders in order to eliminate the Fund's liability for tax under Part 1 of the *Income Tax Act* (Canada). Where such amount of net income (including interest on the Trust Notes) and net realized capital gains of the Fund in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Fund Units. Unitholders will generally be required to include an amount equal to the fair market value of those Fund Units in their taxable income, in circumstances when they do not directly receive a cash distribution.

In addition, the agreements under which The Brick Warehouse Corporation and United Furniture Warehouse (2004) Corporation transferred substantially all of their business assets and Landex Investments Ltd. transferred certain real estate assets to the Brick LP or UFW LP, as the case may be, provided that elections may be made under the Tax Act to transfer the transferred assets on a fully or partially tax deferred basis, as determined by the transferor. The adjusted cost base to the Brick LP of the assets so transferred where such elections are made may be less than fair market value, such that the Brick LP or the UFW LP, as the case may be, may realize a gain on a future disposition of those assets.

Income fund structures generally involve a significant amount of inter-company or similar debt, generating substantial interest expense, which serves to reduce earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against TGW, a wholly-owned subsidiary of UFW LP, it could materially adversely affect the amount of distributable cash available. Management believes that the interest expense and the related tax expense inherent in the structure of the Fund is supportable and reasonable in light of the terms of the debt owed by TGW to UFW LP, taking into consideration any reserves as reflected in the Fund's financial statements.

Redemption Right

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. Upon a redemption of Fund Units or termination of the Fund, the Trustees may distribute the Trust Interest and Trust Notes directly to the Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. Trust Interest and Trust Notes so distributed may not be qualified investments for Plans depending upon the circumstances at the time. Additionally, such Trust Interest and Trust Notes will not be listed on any stock exchange and no established market is expected to develop in such Trust Interest and Trust Notes and they may be subject to resale restrictions under applicable securities laws.

Restrictions on Potential Growth

The payout by the Fund of substantially all of its respective operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of the Fund and its respective cash flow.

Restrictions on Certain Unitholders and Liquidity of Fund Units

The Fund Declaration of Trust imposes various restrictions on Unitholders. Non-resident Unitholders are prohibited from beneficially owning either more than 49.9% of the Fund Units (each on both a non-diluted and fully diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including non-residents of Canada and U.S. persons, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

DISTRIBUTIONS

Distribution Policy of the Fund

The Fund intends to make distributions of its available cash to the maximum extent possible to the Unitholders. The amount of cash available for distribution will be equal to the cash receipts of the Fund in respect of such month including the interest and principal repayments on the Trust Notes and the distributions, if any, on or in respect of the Trust Interest owned by the Fund, less estimated cash amounts that the Trustees may reasonably consider are required for expenses and other obligations of the Fund (other than any amounts in respect of Class B Redemption Notes), cash redemptions of Fund Units and any tax liability. Distributions are expected to exceed distributable cash during slower periods of the year.

The Fund may make additional distributions in excess of monthly distributions during the year, as the Trustees may determine.

Any income of the Fund which is applied to any cash redemptions of Fund Units or is otherwise unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have an income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Those additional Units will be issued under exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund intends to make monthly cash distributions to Unitholders of record on the last business day of each month, and the distributions will be paid within 15 days following the end of each month. Cash Distributions on the Fund Units will be made in the following priority:

- (a) holders of Units will be entitled to receive monthly distributions such that each holder of Units will receive a distribution of \$0.10 per Unit for such month or, if there is insufficient cash to make distributions in such amount, such lesser amount as is available;
- (b) at the end of each fiscal quarter of the Fund, including the fiscal quarter ending on the fiscal year end, distributions will be made in the following order of priority:
 - (i) first, in payment of the monthly distribution to the holders of Units as described above, for the month then ended;
 - (ii) second, to the holders of Units, to the extent that monthly per Unit distributions in respect of the 15-month period then ended were not made or were made in amounts less than \$0.10 per Unit, the amount of any deficiency;
 - (iii) third, to holders of Class B Units in an amount of \$0.30 per Class B Unit or, if there is insufficient cash to make distributions in such amount, such lesser amount as is distributable;
 - (iv) fourth, to the holders of Class B Units, to the extent that per Class B Unit distributions in respect of any fiscal quarter(s) during the 15-month period then ended were not made or were made in amounts less than \$0.30 per Class B Unit, the amount of such deficiency; and
 - (v) fifth, to the extent of any excess, to the holders of Units and Class B Units *pro rata*.

After the subordination in respect of the Class B Units has ended, cash available to make distributions will be paid monthly to the holders of Units and holders of Class B Units *pro rata*, subject to any adjustments in the exchange ratio or the termination of the subordination arrangements. Class B Units that are subject to subordination will, during the period of such subordination, be prohibited from being exchanged into Units of the Fund.

Holders of Units who are non-residents of Canada are required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

Distribution Policy of the Trust

The Trust intends to make monthly cash distributions to the Fund of its monthly cash receipts, after satisfaction of its interest obligations, if any, and less any estimated cash amounts required for expenses and other obligations of the Trust and reserves for any principal repayments in respect of the Trust.

Distribution Policy of the Brick LP

The Brick LP intends to make monthly cash distributions, which will consist generally of its EBITDA (as defined in the Fund's Prospectus, which section of the Prospectus, together with all applicable defined terms, is incorporated by reference herein) less any estimated cash amounts required for debt service obligations, maintenance capital expenditures, taxes, reserves (including amounts on account of future capital expenditures) and such other amounts as may be considered appropriate by the Brick LP. Capital and other expenditures (including amounts to enable the Brick LP to pay equal monthly distributions based on expected annual cash distributions) may be financed with drawings under the Credit Facilities established by the Brick LP, other borrowings or additional issuances of Units.

Subordination of the Class B Units

Distributions on the Class B Units are subordinated in favour of Units. Distributions (including in respect of accrued deficiencies in distributions) will only be paid by the Fund on the Class B Units at the end of a fiscal quarter to the extent that: (i) the Fund has paid a distribution of at least \$0.10 per Unit in respect of the most recent month, and (ii) any deficiency in such distributions to holders of Units during the preceding 15 months has been satisfied, as described above. If these targets are not satisfied, any deficiency will be borne by holders of Class B Units out of their entitlement to distributions, such that distributions on the Class B Units will be reduced to the extent necessary to support the continued payment of distributions on the Units and any applicable deficiency in such distributions.

Distributions on the Units and Class B Units will be cumulative, such that the amount of any deficiency in such distributions to holders of Units and Class B Units will accumulate for a period of 15 months. Payments of deficiencies in distributions on the Units will be made in priority to distributions on the Class B Units. Any deficiency in respect of a distribution on Fund Units not satisfied within 15 months of the date it arose will cease to be payable. The subordination provisions of the Class B Units only apply until the earlier of: (i) December 31, 2006 if, for the fiscal year of the Fund ending on such date, the Brick LP has earned EBITDA (derived from audited financial statements) of at least \$82.848 million (the "EBITDA Target"), which reflects the additional administrative expenses for such fiscal year, and the Brick LP has paid distributions of at least \$1.20 per Fund Unit (the "Distribution Target") for such fiscal year, and (ii) the end of any fiscal year of the Fund following December 31, 2006 in respect of which the Brick LP has earned EBITDA (derived from audited financial statements) of at least the EBITDA Target and the Brick LP has paid distributions per Fund Unit at least equal to the Distribution Target for such fiscal year.

If, at the end of the December 31, 2007 and each fiscal year thereafter, the Brick LP has not earned EBITDA of at least the EBITDA Target for any such fiscal year (derived from audited financial statements) and/or the Brick LP has not paid distributions per Fund Unit at least equal to the Distribution Target for such fiscal year, the Vendor will have the option to terminate the subordination of all of the Class B Units and the exchange ratio for the Class B Units will be reduced proportionately to reflect any shortfall from the EBITDA Target. Specifically, the exchange ratio will be adjusted such that the aggregate number of Units into which the Class B Units are exchangeable will be reduced by a number, which is calculated by dividing (i) 110% of the amount by which the EBITDA Target exceeds the EBITDA earned by the Brick LP for such fiscal year, by (ii) the Distribution Target.

The Brick LP exceeded its EBITDA Target for the year ending December 31, 2007. After the subordination in respect of the Class B Units has ended, which will occur upon the approval of the Fund's 2007 audited financial statements by the Fund's Board of Trustees, cash available to make distributions

will be paid monthly to the holders of Units and holders of Class B Units *pro rata*, and the Class B Trust Units will become exchangeable for Class A Trust Units of the Fund on a one-for-one basis at the option of Mr. Comrie. Please refer to the Fund's year end 2007 Management Discussion and Analysis for further details on the EBITDA Target.

Risk Factors That May Prevent Payment of Distributions

An investment in the Units is subject to a number of risks that could restrict the payment of distributions. Cash distributions by the Fund are not guaranteed and are based indirectly upon the business operated by the Fund, which is susceptible to a number of risks. For a description of these risks, see "Risk Factors".

History of Distributions

The initial distribution for the Fund for the period July 20, 2004 to August 31, 2004 was made on September 15, 2004 in an amount of \$0.13871 per Unit. Subsequent cash distributions in the amount of \$0.10 per Unit have been made every month since August, 2004. The Fund also made cash distributions of \$0.23871 per Class B unit for the period July 20, 2004 to September 30, 2004, and \$0.30 per Class B unit for each subsequent quarter after September 30, 2004. The Fund made a special cash distribution of \$0.092 per Unit and a special non-cash distribution of \$0.092 per Unit on January 17, 2005 to holders of Units and Class B Units on December 31, 2004. The special non-cash distribution for the Units and Class B units was paid by way of additional units at a price of \$13.59, which was based on the weighted average trading price of the Units on the Toronto Stock Exchange on December 31, 2004.

DESCRIPTION OF THE FUND

General

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Alberta pursuant to the Fund Declaration of Trust. The Fund qualifies as a mutual fund trust for the purposes of the *Tax Act*. The following is a summary of the material attributes and characteristics of the Fund Units and certain provisions of the Fund Declaration of Trust, which summary does not purport to be complete. Reference is made to the Fund Declaration of Trust for a complete description of the Units and a full text of its provisions.

Activities of the Fund

The Fund Declaration of Trust provides that the Fund is restricted to:

- (i) acquiring, investing in, transferring, disposing of and otherwise dealing with securities of the Trust and other corporations, partnerships, trusts or other persons engaged, directly or indirectly, in, and assets used in connection with, the household furniture, mattress, appliance and home electronics retailing business, as well as activities ancillary or incidental thereto, and such other investments as the Trustees may determine;
- (ii) acquiring, investing in, transferring, disposing of and otherwise dealing with securities of the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or any of their respective subsidiaries;
- (iii) temporarily holding cash in interest-bearing accounts, short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities

of the Fund, paying amounts payable by the Fund in connection with the redemption of any Fund Units or other securities of the Fund and making distributions to Unitholders;

- (iv) issuing Fund Units and other securities of the Fund (including securities convertible or exchangeable into Fund Units or warrants, options or other rights to acquire Units or other securities of the Fund), including for the purposes of, (a) obtaining funds to conduct the activities of the Fund, including raising funds for acquisitions and development; (b) in satisfaction of any non-cash distribution; or (c) pursuant to any distribution reinvestment plans, incentive option plans or other compensation plans, if any, established by the Fund, the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or their respective subsidiaries;
- (v) issuing debt securities (including debt securities convertible into, or exchangeable for, Fund Units or other securities of the Fund) or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of its assets as security;
- (vi) guaranteeing the payment of any indebtedness, liability or obligation of the Trust, the Brick LP, the Brick GP, UFW GP, UFW LP or any of their respective subsidiaries or the performance of any obligation of any of them, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee, and subordinating its rights under the Trust Notes to other indebtedness;
- (vii) disposing of all or any part of the assets of the Fund;
- (viii) issuing or redeeming rights and Fund Units pursuant to any Unitholder rights plan adopted by the Fund;
- (ix) repurchasing securities issued by the Fund, subject to the provisions of the Fund Declaration of Trust and applicable laws;
- (x) satisfying the obligations, liabilities or indebtedness of the Fund;
- (xi) entering into and performing its obligations under the Investment and Acquisition Agreement, Securityholders Agreement, the credit agreement creating the credit facilities and such other agreements as set out in the Prospectus, which section of the Prospectus, together with all applicable defined terms, is incorporated by reference herein; and
- (xii) undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course as are approved by the Trustees from time to time, or as are contemplated by the Fund Declaration of Trust, provided the Fund will not undertake any activity, take any action, omit to take any action or make any investment which would result in the Fund not being considered a “mutual fund trust” for purposes of the Tax Act, or would result in the Units being treated as “foreign property” for the purposes of the Tax Act.

Units and Class B Units

The beneficial interests in the Fund are divided into interests of two classes, described and designated as “Class A Units” and “Class B Units”, respectively. An unlimited number of Units and an unlimited

number of Class B Units may be issued pursuant to the Fund Declaration of Trust. Subject to the subordination and escrow arrangements applicable to the Class B Units, each Fund Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund, except that the Vendor will be restricted from transferring its Class B Units to persons other than members of the Vendor Group and employees and former employees of the Fund. Subject to the subordination arrangements applicable to the Class B Units, all Fund Units bear equal rights and privileges.

The Units are not subject to future calls or assessments, and entitle the holders thereof to one vote for each whole Unit held at all meetings of Unitholders. The Class B Units also entitle the holders thereof to one vote for each whole Class B Unit held at all meetings of Unitholders, subject to adjustment to reflect a reduction in the exchange ratio, if any, following termination of the subordination arrangements applicable to the Class B Units. Except as set out under “Redemption at the Option of Unitholders” below, the Fund Units have no conversion, retraction, redemption or pre-emptive rights. No certificates will be issued for fractional Units and fractional Units will not entitle the holders thereof to vote. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Issuance of Units

The Fund Declaration of Trust provides that the Fund Units or rights to acquire Fund Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine, including pursuant to any Unitholder rights plan or any incentive option or other compensation plan established by the Fund. Fund Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a *pro rata* basis to the extent that the Fund does not have available cash to fund such distributions. The Fund Declaration of Trust also provides that immediately after any *pro rata* distribution of Fund Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Fund Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Fund Units (of the same class of units) as the Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholder’s share of the distribution. In this case, each certificate, if any, representing a number of Fund Units prior to the non-cash distribution is deemed to represent the same number of Fund Units (of the same class of units) after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Fund Units. Such non-resident Unitholders will be required to surrender the certificates, if any, representing their original Fund Units in exchange for a certificate representing their post-consolidation Fund Units.

Trustees

The Fund has a minimum of three Trustees and a maximum of ten Trustees, the majority of who must be residents of Canada. The Trustees are to supervise the activities and manage the affairs of the Fund. Ron D. Barbaro, Ron Rogers, Domenic Ieraci, Chris Hodgson, Al Swyripa, Kim Yost and Louie Mele are the Trustees of the Fund as at March 16, 2008.

The nominees for election of the Trustees, other than Trustees appointed by the Vendor Group, in the proxy related materials sent to Unitholders are determined by the Compensation, Nominating and Corporate Governance Committee of the Fund and the Board of Trustees. The Vendor has the right to appoint Trustees of the Fund on the following basis:

- so long as the Vendor (or any of its associates or affiliates, including any family members of a controlling shareholder thereof or any company, trust or other entity owned by or maintained for the benefit of any such person (together with the Vendor, collectively, the “Vendor Group”)) holds or controls at least 20% of the Fund Units, it will be entitled to appoint two of the Trustees of the Fund and have an observer attend all meetings of the Trustees;
- so long as the Vendor Group holds or controls at least 10% of the Fund Units, but less than 20% of such interest, it will be entitled to appoint one of the Trustees of the Fund and have an observer attend all meetings of the Trustees; and
- once the Vendor Group holds or controls less than 10% of the Fund Units, it will not have the right to appoint any Trustees of the Fund or have an observer attend any meetings of the Trustees.

The Fund Declaration of Trust provides that the Vendor has the right, at any time, to require that the size of the board of the Fund be increased to seven Trustees. If the board of the Fund is so increased, and so long as the Vendor Group holds or controls at least 30% of the Fund Units, it will be entitled to appoint three of the seven Trustees of the Fund and have an observer attend all meetings of the Trustees. If the Vendor Group holds or controls less than 30% of the Fund Units, it will have the right to appoint the number of Trustees as set out above.

The Fund Declaration of Trust provides that, subject to its terms and conditions, the Trustees have full, absolute and exclusive power, control and authority over the trust assets and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the trust assets and will supervise the investments and conduct the affairs of the Fund. Subject to such terms and conditions, the Trustees are responsible for, among other things:

- acting for, voting on behalf of and representing the Fund as a holder of the Trust Interest, Trust Notes and other securities of the Trust;
- maintaining records and providing reports to Unitholders;
- supervising the activities and managing the investments and affairs of the Fund;
- effecting payments of distributable cash from the Fund to Unitholders; and
- voting in favour of the Fund’s nominees to serve as trustees of the Trust.

Any one or more of the Trustees may resign upon 30 days' written notice to the Fund, unless such resignation would cause the number of remaining Trustees to be less than a quorum, and may be removed by a resolution passed by a majority of the votes cast at a meeting of the Unitholders ("Ordinary Resolution") and the vacancy created by the removal or resignation must be filled at the same meeting, failing which it may be filled by the affirmative vote of a quorum of the Trustees.

Trustees will be appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of the Trustees, being the majority of the Trustees then holding office, may fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees or from a failure of the Unitholders to elect the required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are not Trustees then in office, any Unitholder may call the meeting. Except as otherwise provided in the Fund Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, but the number of additional Trustees will not at any time exceed one-third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Unitholders.

The Fund Declaration of Trust provides that the Trustees will act honestly and in good faith with a view to the best interests of the Fund and in connection with that duty will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Fund Declaration of Trust provides that each Trustee will be entitled to indemnification from the Fund in respect of the exercise of the Trustee's power and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of all the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Redemption at the Option of Unitholders

Redemption of Units

Units are redeemable at any time on demand by the holders thereof. As the Units were issued in book-entry form, a Unitholder who wishes to exercise the redemption right is required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the Fund at its head office and to CDS. Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- (i) 90% of the "market price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "Redemption Date"); and
- (ii) 100% of the "closing market price" on the Redemption Date.

For purposes of this calculation, the "market price" of a Unit as at a specified date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date;

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- (ii) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
 - (iii) if there was trading on the applicable exchange or market for fewer than five of the ten trading days, an amount equal to the simple average of the following prices established for each of the ten consecutive trading days ending on such date: the simple average of the last bid and last asking prices of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “closing market price” of a Unit for the purpose of the foregoing calculations, as at any date, is:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;
- (ii) an amount equal to the closing price of a Unit on the principal market or exchange, if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;
- (iii) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or
- (iv) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

The aggregate Redemption Price payable by the Fund in respect of all Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

- (i) the total amount payable by the Fund in respect of those Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000, provided that the Trustees may, in their sole discretion, waive this limitation in respect of all Units tendered for redemption in any calendar month;
- (ii) at the time the Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees

consider, in their sole discretion, provides representative fair market value prices for the Units; and

- (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the ten-day trading period ending on the Redemption Date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of one or more of the foregoing limitations, then each Unit tendered for redemption will, subject to any applicable regulatory approvals, be redeemed by way of a distribution *in specie*. In such circumstances, Trust Interest and Series 1 Trust Notes of a value equal to the Redemption Price will be redeemed by the Trust in consideration of the issuance to the Fund of Series 2 Trust Notes. The Series 2 Trust Notes will then be distributed in satisfaction of the Redemption Price. The Fund will be entitled to all interest paid on the Trust Notes and the distributions paid on the Trust Interest on or before the date of the distribution *in specie*. Where the Fund makes a distribution *in specie* of a *pro rata* number of securities of the Trust on the redemption of Units of a Unitholder, the Fund currently intends to designate to that Unitholder any income or capital gain realized by the Fund as a result of the redemption of Trust Interest and Series 1 Trust Notes in exchange for Series 2 Trust Notes, or as a result of the distribution of Series 2 Trust Notes to the Unitholder on the redemption of such Units.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of Units to dispose of their Units. Series 2 Trust Notes that may be distributed *in specie* to Unitholders in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in Series 2 Trust Notes and they may be subject to resale restrictions under applicable securities laws. Series 2 Trust Notes so distributed may not be qualified investments for trusts governed by Plans depending upon the circumstances at the time.

Redemption of Class B Units

Class B Units are redeemable at any time on demand by the holders thereof in the same manner and on the same terms as the Units, except that, if the redemption occurs at any time during which the subordination arrangements with respect to such Class B Units remain in effect (or would have remained in effect but for the redemption of the Class B Units), the redemption price per Class B Unit will be adjusted to reflect the number of Units to which the holder would have been entitled had the holder exchanged such Class B Units for Units as at the relevant determination date (after giving effect to the subordination arrangements applicable to the Class B Units).

The relevant determination date will be:

- (i) if the redemption occurs prior to December 31, 2006, the earlier of (a) December 31, 2006 if the EBITDA earned by the Brick LP for the fiscal year ending on such date was at least equal to the EBITDA Target and the Brick LP has paid distributions per Fund Unit for such fiscal year at least equal to the Distribution Target, and (b) December 31, 2007;
- (ii) if the redemption occurs after December 31, 2006 and on or prior to December 31, 2007, December 31, 2007; and

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- (iii) if the redemption occurs following December 31, 2007, the end of the most recently completed fiscal year of the Fund.

In such circumstances, each Class B Unit tendered for redemption will be redeemed in consideration for a note issued by the Fund (the “Class B Redemption Note”), which will be an unsecured subordinated obligation of the Fund, the principal amount of which will be undeterminable until the relevant determination date. The Class B Redemption Notes bear interest at the same rate as would Series 2 Trust Notes issued by the Trust as of such date, provided that the amount of interest, if any, that will accrue in respect of a Class B Redemption Note will not exceed the amount of cash that would have been distributed on the Class B Units so redeemed in consideration for such note (determined in accordance with the subordination arrangements applicable to the Class B Units) during the period the Class B Redemption Note was outstanding. Payment of principal and interest on the Class B Redemption Notes will be subordinate to the prior payment of all other indebtedness of the Fund. In the event of a liquidation, winding-up or dissolution of the Fund, a holder of Class B Redemption Notes will be treated as if the holder continued to hold Class B Units so redeemed. Immediately after the principal amount of a particular Class B Redemption Note is determined, the redeeming Unitholder will, at the option of the Trustees of the Fund, receive cash and/or be issued Series 2 Trust Notes in full payment of the Class B Redemption Note plus accrued interest thereon.

Repurchase of Units

The Fund is allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Meetings of Unitholders

The Fund Declaration of Trust provides that meetings of Unitholders will be called and held annually for the election of Trustees and the appointment of auditors of the Fund. The Fund Declaration of Trust provides that the Unitholders will be entitled to pass resolutions that will bind the Fund only with respect to:

- (a) the election or removal of Trustees;
- (b) the election or removal of nominees of the Fund to serve as trustees of the Trust;
- (c) the appointment or removal of the auditors of the Fund;
- (d) the appointment of an inspector to investigate the performance by the Trustees in respect of their respective responsibilities and duties in respect of the Fund;
- (e) the approval of amendments to the Fund Declaration of Trust (but only in the manner described below under “Amendments to the Fund Declaration of Trust”);
- (f) the termination of the Fund;
- (g) any merger, amalgamation, consolidation or other business combination or joint venture of the Fund, except in conjunction with an internal reorganization;

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- (h) the sale of all or substantially all of the assets of the Fund;
 - (i) the exercise of certain voting rights attached to the securities of the Trust held by the Fund and subject to the provisions of any securityholders' agreement among the securityholders of the Brick GP and the terms of the Brick LP Agreement, securities of the Brick LP or the Brick GP, as the case may be, held by the Trust (see "Exercise of Certain Voting Rights Attached to Securities of the Trust, the Brick GP and the Brick LP");
 - (j) the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Fund Declaration of Trust requiring Unitholder approval;
 - (k) the dissolution of the Fund prior to the end of its term; and
 - (l) any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval, provided that the Unitholders shall not pass any resolution that would cause the Fund, the Trust, the Brick GP or the Brick LP or their respective subsidiaries to breach the terms of the Brick LP Agreement or the Securityholders Agreement.

No other action taken by Unitholders or any other resolution of the Unitholders at any meeting will in any way bind the Trustees.

A resolution electing or removing nominees of the Fund to serve as trustees of the Trust (except filling casual vacancies) or with respect to the exercise of certain voting rights attached to the securities of the Trust or the Brick GP held by the Fund, a resolution required by securities law, stock exchange rules or other laws or regulations requiring a simple majority of Unitholders, and a resolution appointing or removing the auditors of the Fund must be passed by a simple majority of the votes cast by Unitholders. The balance of the foregoing matters must be passed by a resolution passed by the affirmative vote of the holders of not less than 66 2/3% of the Fund Units who voted in respect of that resolution at a meeting at which a quorum was present or a resolution or instrument signed in one or more counterparts by the holders of not less than 66 2/3% of the Fund Units entitled to vote on such resolution (a "Special Resolution").

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Fund Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Fund Units will constitute a quorum for the transaction of business at all meetings.

The Fund Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Exercise of Certain Voting Rights Attached to Securities of the Trust, the Brick GP and the Brick LP

The Fund Declaration of Trust provides that the Fund will not vote any securities of the Trust, nor permit the Trust to vote any securities of the Brick GP or the Brick LP except as may be required under the Securityholders Agreement, to authorize any transaction that is adverse to the Unitholders including, among other things:

- (a) any sale, lease or other disposition of all or substantially all of the direct or indirect assets of the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or any of their respective affiliates, except in conjunction with an internal reorganization of any of these entities, as applicable;
- (b) any amalgamation, arrangement or other merger of the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or any of their respective affiliates, with any other entity, except in conjunction with an internal reorganization of any of these entities, as applicable;
- (c) any material amendment to the Trust Note Indenture other than in contemplation of a further issuance of Trust Notes to the Fund that are identical in all respects to the Trust Notes issued in connection with the initial public offering of the Fund or in conjunction with an internal reorganization of the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or any of their respective affiliates, as applicable;
- (d) the winding-up or dissolution of the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or any of their respective affiliates prior to the end of the term of the Fund; or
- (e) any material amendment to the constating documents of the Trust, the Brick GP, the Brick LP, UFW GP, UFW LP or any of their respective affiliates, to change the authorized units, share capital or partnership interests, which may be prejudicial to the Fund, without the authorization of the Unitholders by a Special Resolution.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act (“non-residents”). Accordingly, the Fund Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49.9% of the Units or the Fund Units (each on both a non-diluted and fully diluted basis).

In addition, the Declaration of Trust provides that no Units may be held for the benefit of non-residents other than Units held by a member of the Vendor Group where such Units were held by a member of the Vendor Group on July 20, 2004 (including any Units subsequently acquired on the exchange of Class B Units held by a member of the Vendor Group on July 20, 2004), unless and until the Vendor Group holds Fund Units representing less than 40% of the outstanding Fund Units (the “blanket non-resident limitation”).

The Trustees, in their sole discretion, may require declarations as to the jurisdictions in which beneficial owners of Fund Units are resident.

While the blanket non-resident limitation is in effect, each transferee of a Unit (other than a member of the Vendor Group who is acquiring Units from another member of the Vendor Group where such Units were held by a member of the Vendor Group on July 20, 2004 (including any Units subsequently acquired on the exchange of Class B Units held by a member of the Vendor Group on July 20, 2004)) will be deemed to have represented to the Trustees that it is not a non-resident and that it does not hold such Unit for the benefit of non-residents and will be deemed to have covenanted to maintain such representations true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Trustees determine that a person has purported to become or remain, directly or indirectly, a holder of Units in breach of the above mentioned representations or covenant, or if the holder fails to provide a declaration in form and content satisfactory to the Trustees that it is not a non-resident and does not hold such Units for the benefit of non-residents, (i) the Trustees will require such person to dispose of the Units within a specified period not to exceed 60 days to a person who does not contravene the blanket non-resident limitation, and (ii) effective immediately prior to the breach, such person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be deemed to be suspended and such Units will be deemed not to be outstanding until acquired by a new holder who complies with such limitation and such person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such person has not, within such period, sold such Units or provided the Trustees with a declaration in form and content satisfactory to the Trustees that it is not a non-resident and does not hold such Units for the benefit of non-residents, the Trustees may sell such Units on behalf of such person, and such person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

If the Trustees become aware, as a result of requiring declarations as to beneficial ownership, that the beneficial owners of at least 49.9% of the Units then outstanding or the beneficial owners of at least 49.9% of the Fund Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and will not accept a subscription for Fund Units from, or issue or register a transfer of Fund Units to, a person unless the person provides a declaration in a form satisfactory to the Trustees that the person is not a non-resident and does not hold such Units for the benefit of non-residents.

If, notwithstanding the foregoing, the Trustees, in their sole discretion, determine that 49.9% or more of the Units or 49.9% or more of the Fund Units are held by non-residents, the Trustees will send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents within such period, the Trustees will, on behalf of such persons, sell such Units and, in the interim, will suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders will cease to be holders of the Units and their rights will be limited to receiving the net proceeds of such sale. Notwithstanding the foregoing, the Trustees will not take any action which will affect the rights of the Vendor Group to or in respect of any Fund Units held by any member of the Vendor Group on July 20, 2004 (including any Units subsequently acquired on the exchange of Class B Units held by any member of the Vendor Group on July 20, 2004), and, for greater certainty, any of such Fund Units will be deemed to have been acquired by such member prior to the acquisition of Fund Units by any other Unitholder at any time.

Amendments to the Fund Declaration of Trust

The Fund Declaration of Trust contains provisions that allow it to be amended or altered from time to time by the Trustees with the consent of the Unitholders by a Special Resolution, provided that any amendment relating to the subordination provisions attached to the Class B Units, including a change of the EBITDA Target or the Distribution Target, requires the consent of the holders of Class B Units. The Trustees, at their discretion and without the approval of the Unitholders, are entitled to make certain amendments to the Fund Declaration of Trust, including amendments:

- (i) which are required for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Fund, including ensuring that the Fund continues to qualify as a “mutual fund trust” and the Fund Units do not constitute “foreign property”, each within the meaning of the Tax Act provided that the Trustees receive a legal opinion from counsel to this effect;
- (ii) which provide additional protection or added benefits for the Unitholders, provided that the Trustees receive a legal opinion from counsel to this effect;
- (iii) to remove any conflicts or inconsistencies in the Fund Declaration of Trust or to make minor corrections which are necessary or desirable and not prejudicial to the Unitholders; and
- (iv) which are necessary or desirable as a result of changes in taxation laws or policies of any governmental authority having jurisdiction over the Trustees of the Fund.

Notwithstanding the previous sentence, the Trustees may not amend the Fund Declaration of Trust in a manner which would result in (a) the Fund failing to qualify as a “mutual fund trust” under the Tax Act or (b) the Fund Units being treated as “foreign property” for the purposes of the Tax Act.

Term of the Fund

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on May 25, 2004. On a date selected by the Trustees which is not more than two years prior to the expiry of the term of the Fund, the Trustees are obligated to commence to wind-up the affairs of the Fund so that it will terminate on the expiration of the term. At any time prior to the expiry of the term of the Fund, the Unitholders may by Special Resolution require the Trustees to commence the termination, liquidation or winding-up of the affairs of the Fund.

The Fund Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Fund Units for cancellation and the date at which the register of Fund Units will be closed. After the date the register is closed, the Trustees shall proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money the Trust Interest, the Trust Notes and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and

obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall distribute the remaining part of the proceeds of the sale of the Trust Interest, the Trust Notes and other assets together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their *pro rata* interests. If the Trustees are unable to sell all or any of the Trust Interest, the Trust Notes or other assets, which comprise part of the Fund by the date, set for termination, the Trustees may distribute the remaining Trust Interest, the Trust Notes or other assets *in specie* directly to the Unitholders in accordance with their *pro rata* interests subject to obtaining all required regulatory approvals.

Take-over Bids

The Fund Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Fund Units and not less than 90% of the Fund Units (other than Fund Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Fund Units held by Unitholders who did not accept the take-over bid on the terms on which the offeror acquired Fund Units from Unitholders who accepted the take-over bid.

Information and Reports

The Fund will furnish to Unitholders, in accordance with applicable securities laws, all financial statements of the Fund (including quarterly and annual financial statements and certifications) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of tax returns under the Tax Act and equivalent provincial legislation. Prior to each meeting of Unitholders, the Trustees will provide such holders (together with a notice of such meeting) all such information as is required by applicable law and the Fund Declaration of Trust to be provided to Unitholders.

Trustees of the Fund and directors and senior officers of subsidiaries of the Fund, including the Brick GP and the UFW GP, will be required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by such persons in Units of the Fund.

Book-Entry Only System

Registration of interests in and transfers of the Units were made through a book-based system (the “Book-Entry System”) administered by CDS. On or about July 20, 2004, the Trustee delivered to CDS certificates evidencing the number of aggregate number of Units subscribed for under the Offer. Units may be purchased, transferred and surrendered for redemption through a participant in the CDS depository service (a “CDS Participant”). All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholder is entitled will be made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon a purchase of any Units, the Unitholder will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

The Fund has the option to terminate registration of the Units through the Book-Entry System in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

Conflicts of Interest Restrictions and Provisions

The Fund Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on the Fund. The Fund Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee or officer to disclose to the Fund, as applicable, any interest in a material contract or transaction or proposed material contract or transaction with the Fund, or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund. In any case, a Trustee or officer who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to (i) his remuneration as a Trustee or officer of the Fund, as applicable, (ii) insurance or indemnity, or (iii) a contract or transaction with an affiliate.

MARKET FOR SECURITIES

The Fund’s Units are listed for trading on the Toronto Stock Exchange under the symbol BRK.UN. The following table shows the monthly range of high and low prices per Unit as at the close of market during the year ended December 31, 2007.

2007 Month	Price per Unit (\$) Monthly High	Price per Unit (\$) Monthly Low	Total Monthly Volume of Units
January	8.76	8.2	920,797
February	9.50	8.65	643,084
March	9.10	8.63	1,072,288
April	10.05	8.81	1,184,218
May	9.95	9.12	847,549
June	10.00	9.54	1,139,327
July	10.00	9.5	702,997
August	9.70	9.09	992,270
September	9.50	8.51	513,904
October	8.94	8.01	661,054
November	9.10	8.07	1,454,684
December	9.15	8.45	1,108,167

ESCROWED SECURITIES

To the Fund’s knowledge, the following table sets forth all of the securities of the Fund held in escrow as at December 31, 2007.

Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Class B Units of the Fund	11,247,117	100%

The date and terms upon which the escrow arrangements applicable to the above securities are described under "Retained Interest and Exchange Rights - Subordination" in the Prospectus, which section of the Prospectus, together with all applicable defined terms, is incorporated by reference herein.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Investor Services Inc., at its principal transfer office in Toronto, Ontario.

TRUSTEES OF THE FUND AND THE TRUST / DIRECTORS OF THE BRICK GP

The following table sets out, for each of the Trustees of the Fund as at March 16, 2008 and the Trust and the directors of the Brick GP as at March 18, 2008, the person's name, province of residence, positions with the Fund, the Trust and the Brick GP, membership to various board committees as applicable, principal occupation, period of service as a trustee or director, and number of Units beneficially owned. The term for each office of the Trustees and directors will expire at the time of the next annual meeting of Unitholders of the Fund, the Trust, or the Brick GP, as the case may be, or until his successor is elected.

Name and Province of Residence	Position	Principal Occupation	Trustee/Director since	Number of Units Beneficially Owned
Ron D. Barbaro ^{(1) (2) (3)(5)} Ontario, Canada	Chairman, Trustee, Director	Corporate Director and Consultant	July 20, 2004	202,100
Ron Rogers ^{(1) (2)} Alberta, Canada	Trustee, Director	Corporate Director	July 20, 2004	20,000
Domenic Ieraci ⁽¹⁾ Ontario, Canada	Trustee, Director	Consultant and Co-proprietor of Olvi China and Gifts	September 3, 2004	1,500
Chris Hodgson ⁽³⁾ Ontario, Canada	Trustee, Director	President, Ontario Mining Association	January 13, 2005	1,500
Al Swyripa ⁽³⁾⁽⁴⁾ Alberta, Canada	Trustee, Director	President, Landex Investments Company	July 20, 2004	8,900
Kim Yost ⁽²⁾⁽⁴⁾ Alberta, Canada	Trustee, Director, President and Chief Executive Officer	President and Chief Executive Officer, The Brick GP	July 20, 2004	72,254
Louie Mele ⁽³⁾ Toronto, Canada	Trustee, Director	Corporate Director and Consultant	March 21, 2006	nil

- (1) Member of the Audit Committee
- (2) Member of the Distribution Committee
- (3) Member of the Compensation, Nominating, and Corporate Governance Committee
- (4) Nominee Trustee of the Vendor Group
- (5) Chairman of the Board of Trustees

Biographies

The following are brief profiles of the Trustees of the Fund and the Trust as at March 16, 2008, and the directors of the Brick GP as at March 16, 2008.

Ron D. Barbaro (Age: 76). Ron D. Barbaro is a corporate director and consultant. Between 1998 and 2003, Mr. Barbaro was Chairman and Chief Executive Officer of the Ontario Lottery and Gaming Corporation. Prior to holding that position, Mr. Barbaro was President of Worldwide Operations of Prudential Insurance Company of America. Mr. Barbaro is a director of The Thomson Corporation, Northbridge Financial Corporation, and the Chairperson of TGI and TGLI. Mr. Barbaro is also a member of the advisory board for Confederation Freezers and Asian Coast Development Ltd.

Ron Rogers (Age: 63). Ron Rogers is a corporate director. Mr. Rogers was the Senior Vice President and Chief Financial Officer of Shaw Communications Inc. Mr. Rogers joined Shaw Communications in November 1995. He has held senior financial and operating positions with both public and private sector organizations and has extensive domestic and international experience in finance, operations and mergers and acquisitions. Mr. Rogers is also a director of Corus Entertainment and Transforce Inc., and a Trustee of Parkland Income Fund.

Domenic Ieraci (Age: 45). Domenic Ieraci is a Chartered Accountant and a Consultant. He is also a co-proprietor of Olvi China and Gifts. During the period October 1999 to February 2003, Mr. Ieraci held several senior financial positions with Mosaic Group Inc., a leading provider of marketing solutions. During the period July 2003 to June 2004, Mr. Ieraci held the position of Senior Vice President, Mosaic Sales Solutions Canada. Mr. Ieraci is also a former tax partner of KPMG LLP. He is also a director of TGI and TGLI.

Chris Hodgson (Age: 46). Chris Hodgson has been the President of the Ontario Mining Association since October 2004. Previously, he held various government portfolios during his nine years as a Member of Ontario's Provincial Parliament for the riding of Haliburton-Victoria-Brock. These included Chairman of the Management Board of Cabinet (October 1997 - February 2001); Minister of Municipal Affairs and Housing (February 2001 - April 2004); Commissioner of the Board of Internal Economy (July 1999 - March, 2001); Minister of Northern Development and Mines (June 1995 - June 1999); Deputy Government House Leader (October 1997 - May 1999); and Minister of Natural Resources (June 1995 - October 1997). Mr. Hodgson also enjoyed an earlier career in real estate development and is currently a Director for Phoscan Chemical Corp. and Canadian Orebodies Inc.

Louie Mele (Age: 52). Louie Mele is a corporate director and consultant. He was the President of McDonald's Restaurants of Canada for the period April, 2005 to February, 2008. Prior to that, he held various senior executive and management positions with McDonalds Restaurants in Canada, United States, and Italy. Mr. Mele is a current board member of AtLast The Hearing Store.

Al Swyripa (Age: 58). Al Swyripa has been the President of Landex Investments Company since December 2004. Prior to that and since April 1992, Al Swyripa served as President of Midco Equities Inc. and/or its subsidiary, Landex Investments Ltd., a private holding company that invests in real estate and both private and public equities. Mr. Swyripa is a Chartered Accountant and a former partner with the accounting firm of Thorne Ernst & Whinney. He is also a director of TGI and TGLI.

Kim Yost (Age: 54). Mr. Yost is the President and Chief Executive Officer of the Brick GP. Mr. Yost joined the Fund in February 1997 and has held various positions since then, including Senior Vice-

President of Marketing and Senior Vice-President of Merchandising. Mr. Yost was appointed President of The Brick Warehouse Corporation in March 2000 and subsequently became Chief Executive Officer in March 2004. Mr. Yost has spent over 30 years in the retail industry in Canada, with experience in sales, marketing, operations and executive management with a number of organizations, including Wosk's, Woolworth and Woodwards.

AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee of the Fund is set out in Schedule A to this AIF.

Composition of the Audit Committee

The Audit Committee is composed of three Trustees, namely Domenic Ieraci (Chairperson), Ron Rogers, and Ron D. Barbaro. Each member of the audit committee is independent and financially literate as defined under Multilateral Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the relevant education and experience of each Audit Committee member is set forth in their respective biographies above under "Trustees of the Fund, Trustees of the Trust /Directors of the Brick GP – Biographies".

Audit Fees

Deloitte & Touche LLP has served continually as the Fund's auditor since 2004. The following table lists the fees incurred by The Fund relating to services provided by Deloitte & Touche LLP, by category, for the last two fiscal years.

Type of Fees	Fiscal 2007	Fiscal 2006
Audit Fees	\$ 732,296	\$ 987,967
Audit-Related Fees	\$ 31,930	\$ 16,480
Tax Fees	\$ 90,846	\$ 46,041
All other fees	\$ 14,805	\$ 2,575
TOTAL	\$ 869,877	\$ 1,053,063

The nature of each category of fees is described below:

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Fund's annual financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of the Fund's interim financial statements.

Audit Related Fees

Audit related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit

fees item above. These services consist of special attest services as required by various government entities and other accounting consultations.

Tax Related Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance including the review of original and amended tax returns, tax planning, and advisory services relating to common forms of taxation including income tax, goods and services tax, capital tax, good and services tax and property tax.

All Other Fees

All other fees were paid for products or services other than the audit fees, audit-related fees, and tax fees described above. These fees consisted of fees related to general consultation, special projects and tax related matters.

Pre-Approval Policies and Procedures

As part of the Fund's corporate governance structure, the Audit Committee annually reviews and approves the terms of the external auditor's engagement. To further ensure the independence of the auditors is not compromised, the Fund's policy requires that the Audit Committee also pre-approve all significant engagements of the auditors for non-audit related services and monitor all other engagements.

Under the policy, the significance threshold for non-audit engagements is defined as any engagement for which the cost estimate exceeds \$25,000.00 per engagement, up to a maximum of \$100,000.00 per annum for all engagements.

OFFICERS

The following table sets out, for each of the officers of the Fund as at December 31, 2007, the person's name, municipality and province of residence, and position with the Fund.

Name and Municipality of Residence	Position
Doug Allen Alberta, Canada	Vice President Merchandising, Appliances and Electronics
Jackie Beattie Alberta, Canada	Vice President, Finance and Controller
Michael Borys ⁽¹⁾ Alberta, Canada	Executive Vice President, and Chief Financial Officer
Paul Comrie Alberta, Canada	Vice President, Merchandising, Furniture and Mattresses
Sandra Cox ⁽²⁾ Alberta, Canada	Vice President, Planning and Investor Relations
Troy Davis Alberta, Canada	Chief Operating Officer
Dave Freeman Alberta, Canada	Vice President, Sales

Name and Municipality of Residence	Position
Bob Gloweski Alberta, Canada	Vice President, Marketing and Brand Development
Bryan Gnida Ontario, Canada	Vice President, Ontario Region
Gino Gualtieri Alberta, Canada	Chief Information Officer
Paulina Hiebert Alberta, Canada	Vice President, Legal and Corporate Secretary
Jerry Johnson, Alberta, Canada	Vice President, T.V. and Appliance Service
Jim Leach Alberta, Canada	Vice President, Human Resources
Dennis Mahoney British Columbia, Canada	Vice President, Retail Merchandising
Kirk Marleau Ontario, Canada	Senior Vice President, Franchises
Kerry McDowell Ontario, Canada	Vice President, Consumer and Commercial Credit
Heather Murray Alberta, Canada	National Vice President, Corporate Security
Mark Mascotto Alberta, Canada	Vice President, Financial Services (TGW, TGLI and TGI)
Shane Sabatino Alberta, Canada	Senior Vice President, Human Resources
Jeffrey Silver Ontario, Canada	Vice President, Commercial Sales
Craig Styles Alberta, Canada	Vice President, Real Estate
Frank Talarico Alberta, Canada	Chief Distribution Officer
David Upright Alberta, Canada	Vice President, Process Improvement
Owen Wiberg Alberta, Canada	Vice President, Logistics and Inventory Management
Roman Warchola Alberta, Canada	Vice President, Operations
Kim Yost Alberta, Canada	President and Chief Executive Officer

(1) Mr. Borys resigned from his position effective April 18, 2008.

(2) Ms. Cox resigned from her position effective February 1, 2008.

All of the Officers listed have held their respective positions with the Fund (through its predecessors) for at least the last five years, except for the following:

Doug Allen. Doug Allen was appointed Vice President, Appliances and Electronic in October 2003. Mr. Allen joined the Fund (or its predecessor) in 1979, and has held numerous management positions in merchandising and sales.

Jackie Beattie. Jackie Beattie joined the Fund in 2004 as Corporate Financial Reporting Manager, and was appointed Controller in April, 2006. Ms. Beattie was appointed Vice President, Finance and Controller for the Fund in December, 2006. Prior to joining the Fund, Ms. Beattie held the position of Controller with Lehman Trikes Inc.; the position of Corporate Controller for Altachem Pharma Inc.; and the position of Securities Analyst with the Alberta Securities Commission from 2001 to 2002.

Mike Borys. Mike Borys joined the Fund in September, 2005. Prior to joining the Fund, Mr. Borys held the position of Executive Vice President & Chief Financial Officer for Famous Players. Prior to joining Famous Players, M. Borys was CFO for Tricon Restaurants Canada. He also held the CFO position for Pizza Hut Canada. From 1991 to 2002, Mike held several positions in the Quick Service Restaurant (QSR) industry, primarily under the Pepsi/Tricon Global Restaurants banner.

Sandra Cox. Sandra Cox was appointed Vice President, Planning and Investor Relations in May, 2006. Ms. Cox joined the Fund in 2004 as Director of Planning. Prior to joining the Fund, Ms. Cox held various management positions with General Electric, Railink Ltd. and Scout Canada.

Paul Comrie. Paul Comrie joined the Fund (or its predecessor) in 2002 as a Case Goods Buyer and was promoted to Director of Imports in 2003 and President of UFW LP in March 2004. Mr. Comrie was appointed Vice President, Merchandising, Furniture and Mattresses of the Fund in August, 2006. Prior to joining the Fund, Mr. Comrie was a professional hockey player with the Edmonton Oilers.

Troy Davis. Mr. Davis was appointed Chief Operating Officer of the Fund in October, 2006. Prior to this appointment, Mr. Davis held the position of Vice President Quebec Region of the Fund from 2005 to 2006. Mr. Davis has also held several management positions since joining the Fund (or its predecessor) in 2002. Prior to joining the Fund, Mr. Davis held various financial analyst and consultant positions with various investment banking firms.

Dave Freeman. Mr. Freeman was appointed Vice President, Sales in September 2007. Prior to his appointment as Vice President, Sales, Mr. Freeman held the position of Director of Stores for the Southern Alberta Region from 1997 to 2007 and Regional Sales/Operations Manager from 1990 to 1997. From 1980 to 1990 worked in a number of roles in Distribution, Finance and Store Management.

Gino Gualtieri. Mr. Gualtieri was appointed Chief Information Officer in September, 2007. Prior to his appointment, Mr. Gualtieri held the position of Vice President, Information Technology and Supply Chain with Olly Shoes LLC, and the position of Senior Executive with Accenture Ltd in the UK and North America. Before joining Accenture, he spent ten years in various roles with Staples, most recently as the Vice President, Information Technology for Staples International. Mr. Gualtieri has also held IT management positions with Neilson Dairy, Toronto and Shoppers Drug Mart Inc, Toronto.

Bob Gloweski. Prior to Mr. Gloweski's appointment to Vice President, Marketing and Brand Development in August of 2007. Mr. Gloweski held the position of Vice President of Sales for 26 years with the Fund (or its predecessor). Mr. Gloweski started with the Brick as a Sales Consultant in 1976 and was promoted to various positions until his appointment to Vice President, Sales.

Bryan Gnida. Mr. Gnida was appointed Vice President, Ontario in January, 2006. Mr. Gnida joined the Fund (or its predecessor) in 1976, and has held numerous management positions in operations and sales.

Paulina Hiebert. Paulina Hiebert joined the Fund (or its predecessor) in 2002 as Corporate Counsel, and was appointed Vice President, Legal and Corporate Secretary in June 2004. Prior to joining the Fund, Ms. Hiebert was Corporate Counsel for Alberta Treasury Branches, and an Associate with the law firm of Milner Fenerty. Ms. Hiebert has also held various senior management positions with several chartered banks in Canada, and a venture capital fund. Ms. Hiebert has also been a director of several privately held companies.

Dennis Mahoney. Dennis Mahoney held the positions of National Manager, Merchandising and Regional Manager, Merchandising with the Fund (or its predecessor), prior to being appointed Vice President, Retail Merchandising in October 2003. Mr. Mahoney held various merchandising positions with the Fund since 1986.

Kirk Marleau. Kirk Marleau held the positions of Vice President, Franchises and Senior Vice President, Speciality Divisions with the Fund (or its predecessor) since 2001 before being appointed Senior Vice President, Franchises in February 2005. Mr. Marleau had a lengthy career with Marks Work Warehouse in various sales roles prior to joining the Fund, with his last position as Vice President Retail Development.

Mark Mascotto. Mr. Mascotto was appointed Vice President, Financial Services in April 2007. Prior to his appointment, Mr. Mascotto held the positions of Vice President Marketing and Business Development for IntelEvent; AVP Marketing, Customer Acquisition and Dealer Relations for Canadian Tire Financial Services; and General Manager World Market Marketing for CIBC, and Product Manager for Proctor and Gamble. Mr. Mascotto owned and operated a private business from 1978 to 1994.

Kerry McDowell. Mr. McDowell was appointed Vice President, Consumer and Commercial Credit in May, 2006. Prior to his appointment, Mr. McDowell held the position of Controller, Commercial Sales of the Fund (or its predecessor). Prior to joining the Fund (or its predecessor), Mr. McDowell held the position of Senior Vice President, Marketing for National Retail Credit Services, and the position of National Manager, Credit Marketing for Sears Canada.

Shane Sabatino. Shane Sabatino joined the Fund (or its predecessor) in January 2004 as Vice President, Employee Development and Compensation. Prior to joining the Fund, Mr. Sabatino held various management positions in Human Resources for TELUS. Mr. Sabatino was also management consultant with PriceWaterhouseCoopers LLP.

Jeffrey Silver. Jeff Silver held the position of National General Manager, Commercial Sales with the Fund (or its predecessor) prior to being appointed Vice President, Commercial Sales in February 2005. Mr. Silver held various sales positions with the Fund since 1985.

Frank Talarico. Mr. Talarico was appointed Chief Distribution Officer of the Fund on October 1, 2006. Prior to his appointment, Mr. Talarico held the position of Vice President, Operations of the Fund (or its predecessor) for the period 1991 to 2006. Mr. Talarico also held various management and merchandising positions with the Fund (or its predecessor) since 1977.

Roman Warchola. Mr. Warchola was appointed Vice President, Operations of the Fund in October, 2006. Roman Warchola held the position of Regional Manager Operations, Pacific Region with the Fund (or its predecessor) prior to being appointed Vice President Operations of UFW LP in March 2004. Mr. Warchola joined the Fund in 1982 and held various positions in operations until his appointment to Regional Manager, Operations.

Owen Wiberg. Mr. Wiberg was appointed Vice President, Inventory and Logistics in August, 2007. Prior to his appointment, Mr. Wiberg held the position of Senior Director, Supply Chain Integration with the Fund since January, 2007. Prior to joining the Fund, Mr. Wiberg held the positions of President for Queue Global, and Vice President Business Transformation for TELUS from 1996 – 2005.

Kim Yost. See “Trustees of the Fund, Trustees of the Trust and Directors of the Brick GP – Biographies”.

As at March 16, 2008, the Trustees and the directors and officers of the Fund as a group, beneficially owned, directly or indirectly, or exercised control or direction over 577,353 (1.4%) Units or 1.1% of the Fund Units.

CONFLICT OF INTERESTS

No trustee of the Fund or the Trust, or director or officer of any subsidiary of the Fund, or any associate or affiliate of the foregoing persons, has any substantial interest, direct or indirect, in any material transaction with the Fund for the period July 20, 2004 to December 31, 2007.

PROMOTER

The Brick Warehouse Corporation (now Landex Investments Company by amalgamation) may be considered a promoter of the Fund, by reason of its initiative in organizing the business and affairs of the Fund. As disclosed in the Prospectus, on July 20, 2004, the Fund acquired, indirectly through The Brick Trust, all of the issued and outstanding limited partnership units of the Brick LP and shares of the Brick GP and their subsidiary entities. See "Funding and Related Transactions" in the Prospectus, which section of the Prospectus, together with all applicable defined terms, is incorporated by reference herein.

LEGAL PROCEEDINGS

Management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Fund, the Trust, the Fund or their respective subsidiaries which would be material to a purchaser of Units, other than in connection with the assessment by the Alberta tax authorities of premium taxes related to the Fund's sale of protection plans. See “Risk Factors – Litigation”.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below and elsewhere herein, no Trustee of the Fund, or any director or officer of the Fund, or other insider of the Fund, nor any associate or affiliate of the foregoing persons has any substantial interest, direct or indirect, in any material transaction since the commencement of the Fund's most recently completed financial year or in any proposed transaction.

As disclosed in the Fund's Prospectus dated July 9, 2004, on July 20, 2004, the Fund acquired, indirectly through The Brick Trust, from LB Asset Holding Corp., a corporation controlled by William H. Comrie, all of the issued and outstanding limited partnership units of The Brick Warehouse LP and shares of The Brick GP Ltd., and their subsidiary entities. See "Funding and Related Transactions" in the Prospectus, which section of the Prospectus, together with all applicable defined terms, is incorporated by reference herein. To the knowledge of the Trustees, directors and officers of the Fund, William H. Comrie beneficially owns, directly or indirectly, or exercises control or direction over 11,247,117 Class B units of the Fund and 10,314,866 Class A units of the Fund, representing 100% of the issued and outstanding Class B units and 24.0% of the issued and outstanding Class A units, respectively, as at December 31, 2006. The Class B units of the Fund are subject to subordination arrangements that are described under "Retained Interest and Exchange Rights" in the Prospectus, which section, and applicable definitions, is incorporated by reference herein.

In connection with the completion of the above acquisition and related transactions, the Vendor was granted certain registration rights and approval rights over the affairs of the Fund. These rights are described under "Retained Interest and Exchange Rights" in the Prospectus.

MATERIAL CONTRACTS

The Fund entered into the following material contracts on March 14, 2007 (other than in the ordinary course of business):

- Trust Indenture providing for the Issuance of Senior Secured Notes between the Brick LP and Computershare Trust Company of Canada effective March 14, 2007.
- First Supplemental Indenture to Trust Indenture between the Brick LP and Computershare Trust Company of Canada effective March 14, 2007

The Fund entered into the following material contract during the year ending December 31, 2006 (other than in the ordinary course of business):

- Limited Partnership Amending Agreement, between the Brick GP and the Trust, amending The Brick LP Partnership Agreement, effective December 21, 2006. .

The following material contracts were entered into at the time of the Fund's initial public offering on July 20, 2004 (other than in the ordinary course of business):

- The Brick Group Income Fund Amended and Restated Declaration of Trust;
- The Brick Trust Amended and Restated Declaration of Trust;

- The Brick Trust Note Indenture;
- The Brick Warehouse LP Partnership Agreement;
- The Securityholders Agreement;
- The Investment and Acquisition Agreement;
- The Registration Rights Agreement (see “*Retained Interest and Exchange Rights*” in the Prospectus);
- The Escrow Agreement;
- The Non-competition and Non-solicitation Agreement; and
- The Underwriting Agreement.

A copy of the foregoing documents may be examined during normal business hours at the office of the Fund located at 16930-114 Avenue, Edmonton, Alberta, T5M 3S2, and are available on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com and at www.thebrickgroup.ca.

Additional information, including trustees’ directors’, and officer’s remuneration and indebtedness, principal holders of the Fund’s securities, and securities authorized for issuance under equity compensation plans, is contained in the Fund’s Management Information Circular issued in connection with the Annual Meeting of Unitholders to be held on May 8, 2008.

Additional financial information is provided in the Fund’s Consolidated Financial Statements and Management’s Discussion and Analysis for the year ended December 31, 2007 and the Fund’s 2007 Annual Report, all of which are available on SEDAR at www.sedar.com and at www.thebrickgroup.ca.

Copies of the information referred to in this section, and well as the AIF, can be obtained by writing to the Corporate Secretary, The Brick Group Income Fund, 16930 – 114 Avenue, Edmonton, Alberta T5M 3S6.

SCHEDULE A – AUDIT COMMITTEE CHARTER

THE BRICK GROUP INCOME FUND

The Audit Committee (the “**Committee**”) of The Brick Group Income Fund (the “**Fund**”) is established in order to assist the board of trustees of the Fund in their oversight activities, including overseeing the work of the Fund’s external auditor. The purpose of the Committee is to assist such boards in fulfilling their responsibilities of oversight and supervision of:

- the integrity of the Fund’s accounting and financial reporting practices and procedures,
- the adequacy of the Fund’s internal accounting controls and procedures
- the quality and integrity of the Fund’s consolidated financial statements,
- the independence and performance of the Fund’s independent auditor,
- compliance by the Fund with legal and regulatory requirements, in regard to financial disclosure that the Fund is subject to; and
- performance of the Fund’s Chief Financial Officer (“**CFO**”), including reviewing same for ultimate report by the Committee Chairman to the Fund’s Chief Executive Officer (“**CEO**”), in conjunction with the CEO’s annual review of the Fund’s CFO.

Composition:

- The board of trustees of the Fund shall elect annually from among its members a committee to be known as the Audit Committee to be composed of three trustees who are “independent” trustees (within the meaning of Multilateral Instrument 52-110 Audit Committees, as amended from time to time (the “**Policy**”)), who are independent of the Fund and each of whom is “financially literate” (within the meaning of the Policy) or will become financially literate within the applicable period of time following his or her appointment as set out in the Policy.
- A member of the Committee who sits on the board or directors/trustees of an affiliated entity is exempt from the requirement that he or she be independent if that member, except for being a director/trustee (or member of the audit committee or any other board committee) of the Fund and the affiliated entity, is otherwise independent of the Fund and the affiliated entity, provided a majority of the members of the Committee would still be independent and provided the boards have determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.
- If a member of the Committee ceases to be independent for reasons outside that member’s reasonable control, that member is exempt from the requirement to be independent for a period ending on the later of:
 - (a) the next annual meeting of the Fund; and
 - (b) the date that is six months from the occurrence of the event which caused the member to not be independent,

provided that the board of trustees of the Fund have determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

- Where the death, disability or resignation of a member of the Committee has resulted in a vacancy on the Committee that the boards are required to fill, a member appointed to fill such vacancy is exempt from the requirements to be independent and financially literate for a period ending the later of:
 - (a) the next annual meeting of the Fund; and
 - (b) the date that is six months from the day the vacancy was created,

provided that the board of trustees have determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

Reports:

The Committee shall report to the board of trustees of the Fund on a regular basis and, in any event, before the public disclosure by the Fund of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Fund's consolidated financial statements, its compliance with legal or regulatory requirements, and the performance and independence of the Fund's independent auditor.

Responsibilities:

Subject to the powers and duties of the board of trustees of the Fund, the board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the board of trustees of the Fund:

A. Financial Statements and Other Financial Information

The Committee shall:

- (i) review the Fund's consolidated annual audited financial statements and related documents prior to any public disclosure of such information;
- (ii) review the Fund's consolidated interim unaudited financial results and related documents prior to any public disclosure of such information;
- (iii) following a review with management and the independent auditors of such annual and interim consolidated financial statements and related documents recommend to the board of trustees of the Fund the approval of such financial statements and related documents;
- (iv) review with management and/or the independent auditors all critical policies and practices used as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect the Fund's consolidated financial statements;

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- (v) review with management and/or the independent auditors the treatment in the financial statements of any significant transactions, and other potentially difficult matters;
 - (vi) review a summary provided by the Fund's legal counsel of the status of any material pending or threatened litigation, claims and assessments respecting the Fund and its subsidiaries;
 - (vii) discuss the annual financial statements and the auditors' report thereon with officers of The Brick and the auditors;
 - (viii) review the other annual financial reporting documents as well as management's discussion and analysis and earnings press releases of the Fund prior to any disclosure to the public; and
 - (ix) have the responsibility of reviewing, in advance, any communications between the Fund and any applicable securities regulators or commissions.

B. Financial Reporting Control Systems

The Committee shall:

- (i) report to the board of trustees of the Fund on a regular basis, prior to the public release by the Fund of its quarterly and annual financial statements
- (ii) require management to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the Fund's policies for the management of risk and the preservation of assets and the fulfillment of legislative and regulatory requirements;
- (iii) annually, in consultation with management, the independent auditors and if applicable the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy and integrity of the Fund's consolidated financial reporting processes and internal controls; and discuss significant financial risk, exposures and the steps management has taken to monitor, control and report such exposures;
- (iv) if applicable, at a time when internal audit personnel are in place, meet separately with such personnel responsible for the internal audit function to discuss any matters that the Committee or auditors believe should be discussed in private;
- (v) submit to the board of trustees of the Fund and the boards of trustees or directors of its subsidiaries, any recommendations that the Committee may have from time to time (through its own inquiries or through those of advisors retained by the Committee) with respect to financial reporting, accounting procedures and policies and internal controls;
- (vi) review reports from senior officers of the Fund and its subsidiaries outlining any significant changes in financial risks facing the Fund;

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- (vii) review the management letter of the independent auditors and the responses to suggestions made;
 - (viii) review any new appointments to senior positions of the Fund and its subsidiaries with financial reporting responsibilities;
 - (ix) satisfy itself that adequate procedures are in place for the review of the Fund's disclosure of the Fund's financial information extracted or derived from the Fund's consolidated financial statements (other than the financial statements, management's discussion and analysis and earnings press releases) and periodically assess the adequacy of those procedures;
 - (x) establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Fund or its subsidiaries regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Fund or its subsidiaries of concerns regarding questionable accounting or auditing matters.
 - (xi) review and approve the Fund's (and its respective subsidiaries') hiring policies regarding employees and former employees of the present and former independent auditors of the Fund; and
 - (xii) obtain assurance from independent auditors regarding the overall control environment and the adequacy of accounting system controls.

C. Independent Auditor

The Committee shall:

- (i) obtain confirmation from the independent auditors that it will be accountable to, and report directly to, the Committee;
- (ii) review the audit plan with the independent auditors;
- (iii) discuss in private with the independent auditors matters affecting the conduct of their audit and other corporate matters;
- (iv) review regularly the performance, qualifications, independence and remuneration of the Fund's auditors, as well as the competence and responsiveness of the individual partners assigned to the Fund's account;
- (v) recommend to the board of trustees of the Fund each year the retention or replacement of the independent auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund;

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- (vi) if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;
 - (vii) annually review and recommend for approval to the trust unitholders the terms of engagement and the remuneration of the independent auditor;
 - (viii) oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund, including the resolution of disagreements between management and the independent auditors regarding financial reporting;
 - (ix) discuss with the Fund's auditors the quality and not just the acceptability of the Fund's accounting principles;
 - (x) meet with the Fund's auditors on a regular basis in the absence of management;
 - (xi) relay its expectations to the Fund's auditors from time to time including its expectation that (i) any disagreements of a material nature with management be brought to the attention of the Committee, (ii) that the auditors are accountable to the Committee and the board, each as representatives of the unitholders and must report directly to the Committee, (iii) any irregularities in the financial information be reported to the Committee, (iv) the auditors explain the process undertaken by them in auditing or reviewing the Fund's financial disclosure, (v) the auditors disclose to the Committee any significant changes to accounting policies or treatment of the Fund, (vi) the auditors disclose to the Committee any reservations they may have about the financial statements or their access to materials and/or persons in reviewing or auditing such statements, and (vii) the auditors disclose any conflict of interest that may arise in their engagement;
 - (xii) review at least annually the non-audit services provided by the Fund's auditors for the purposes of getting assurance that the performance of such services will not compromise the independence of the independent auditors; and
 - (xiii) pre-approve all non-audit services to be provided to the Fund or its subsidiary entities by its independent auditors or the independent auditors of its subsidiary entities¹ provided that the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

¹ The Committee may satisfy the pre-approval requirement if the aggregate amount of all the non-audit services that were not pre-approved does not constitute more than \$100,000.00 per fiscal year, at a maximum of \$25,000.00 per individual engagement.

Structure:

- The Committee shall appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the “**Secretary**”). The Secretary does not have to be a member of the Committee or a trustee and can be changed by simple notice from the Chairman.
- The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairman. Notwithstanding the foregoing, the auditors of the Fund or any member of the Committee may call a meeting of the Committee on not less than 48 hours’ notice, unless so warranted.
- No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.
- Any member of the Committee may be removed or replaced at any time by the board of trustees of the Fund and shall cease to be a member of the Committee as soon as such member ceases to be a trustee. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of unitholders after his or her election as a member of the Committee.
- The auditors of the Fund shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Fund, to attend and be heard thereat.
- The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in the Declaration of Trust, or otherwise determined by resolution of the board of trustees.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the board of trustees may from time to time determine.

Chairman of the Committee:

The chairman of the Committee (the “**Chairman**”) is responsible for the effective functioning of the Committee.

The Chairman of the Committee shall:

- establish procedures to govern the Committee’s work and ensure the Committee’s full discharge of its duties, including:
 - collaborating with the board of trustees of the Fund, the CEO, the CFO and other members of management, where appropriate, to develop the agenda for Committee meetings;

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- obtaining appropriate information from management to enable the Committee to exercise its duties;
 - ensuring that all items requiring Committee approval or Committee recommendations to the board of trustees of the Fund are appropriately tabled;
 - ensuring proper flow of information to the Committee and reviewing adequacy and timing of required documentary materials;
 - ensuring that external advisors retained or to be retained by the Committee are appropriately qualified and independent;
 - ensuring that the Committee has access to such members of senior management as may be required;
 - ensuring an open and frank relationship between the Committee and the internal and external auditors; and
 - supporting the independence of the external auditor from management;
- discuss as necessary with the Chair of the Compensation, Nominating and Corporate Governance Committee the skills, experience and talents required for the Committee on an ongoing basis;
 - chair every meeting of the Committee and encourage a free and open discussion at each such meeting;
 - report to the board of trustees on behalf of the Committee;
 - attend every meeting of unitholders and respond to such questions from unitholders as may be put to the Chair of the Committee; and
 - carry out other duties as requested by the board of trustees of the Fund, depending on need and circumstances.

Independent Advice:

In discharging its mandate the Committee shall have the authority to retain and receive advice from special legal, accounting or other advisors at the expense of the Fund, as required to fulfill its duties, and to set and pay the compensation for such advisors.

Annual Evaluation:

At least annually, the Committee shall, in a manner it determines to be appropriate:

- perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with its terms of reference.

- review and assess the adequacy of its terms of reference and recommend to the board of trustees any improvements to its terms of reference that the Committee determines to be appropriate.

Limitation:

Nothing in this charter is intended to or shall have the effect of limiting or impairing the independent decision making authority or responsibility of any board of directors/managers of a Fund subsidiary mandated by applicable law.

Limitation on Committee's Duties:

Except as otherwise required by applicable laws including the Policy, in contributing to the Committee's discharge of its duties under this charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the trustees of the Fund are subject.

Except as otherwise required by applicable laws including the Policy, it is not the duty of the Committee to prepare financial statements or ensure their accuracy or absence of errors and omissions, to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Fund's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this charter is intended to make the Committee liable for any non-compliance by the Fund with applicable laws or regulations.

The Committee is a committee of the board of trustees and is not and shall not be deemed to be an agent of the Fund's unitholders or creditors for any purpose whatsoever. The board of directors may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to unitholders of the Fund or to any other liability whatsoever.

Except as otherwise required by applicable laws including the Policy, members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Fund by the external auditors, (iv) financial statements of the Fund represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Fund in accordance with generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

Definitions:

“**financially literate**” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's consolidated financial statements.

“**independent trustee**” means a trustee who has no direct or indirect material relationship with the Fund.

“**material relationship**” means a relationship which could, in the view of the board of trustees of the Fund, be reasonably expected to interfere with the exercise of a member’s independent judgment. Without limiting the generality of the foregoing, the following persons are considered to have a material relationship with the Fund:

- (a) an individual who is, or has been within the last three years an employee or executive officer the Fund;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Fund;
- (c) an individual who is a partner² of a firm that is the Fund's internal or external auditor, is an employee of that firm, or was within the last three years a partner or employee of that firm and personally worked on the Fund's audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual is a partner of a firm that is the Fund’s internal or external auditor, is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or was within the last three years a partner or employee of that firm and personally worked on the Fund’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Fund’s current executive officers serves or served at that same time on the entity's compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Fund received, more than \$75,000 in direct compensation from the Fund during any 12 month period within the last three years.³

Despite the material relationships described above, an individual will not be considered to have a material relationship with the Fund solely because the individual or his or her immediate family member has previously acted as an interim chief executive officer of the Fund, or acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Fund on a part-time basis.

Despite the material relationships described above, an individual will not be considered to have a material relationship with the Fund solely because he or she had a relationship identified above if that relationship ended before March 30, 2004 or if he or she had a relationship identified above by virtue of being a subsidiary entity of the Fund if that relationship ended before June 30, 2005.

² “partner” does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued services.

³ Direct compensation does not include remuneration for acting as a member of the board of directors or of any board committee of the Fund or any of its subsidiary or affiliated entities, and the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Fund or any of its subsidiary or affiliated entities if the compensation is not contingent in any way on continued service.

For the purposes of the above, the Fund includes a subsidiary entity of the Fund and a parent of the Fund.

Despite any determination made above, an individual who accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Fund or any subsidiary entity of the Fund, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee or is an affiliated entity of the Fund or any of its subsidiary entities, is considered to have a material relationship with the Fund. The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home or an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Fund or any subsidiary entity of the Fund. The compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Fund if the compensation is not contingent in any way on continued service.