



Date: March 16, 2008

Management's Discussion and Analysis of Consolidated Financial Position and Results of Operations for the quarter and year ended December 31, 2007.

The information in this Management's Discussion and Analysis ("MD&A") is supplemental to, and should be read in conjunction with the audited consolidated financial statements and the Annual Information Form of The Brick Group Income Fund for the year ended December 31, 2007. These financial statements and the Annual Information Form can be found on SEDAR at www.sedar.com or www.thebrickgroup.ca. The Brick Group Income Fund's financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Brick Group Income Fund's reporting currency is the Canadian dollar. Per unit amounts are calculated using the weighted average number of units outstanding for the applicable period. Additional information about The Brick Group Income Fund can also be found on SEDAR at www.sedar.com and at www.thebrickgroup.ca.

This MD&A contains forward-looking statements. Please see "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. This discussion also makes reference to certain non-GAAP measures to assist in assessing The Brick Group Income Fund's financial performance. Non-GAAP earnings measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures".

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1. BUSINESS OVERVIEW

The Brick Group Income Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Alberta. The Brick Group Income Fund was created to invest in the retail furniture, mattress, appliance, and electronics industry initially through the indirect acquisition of the limited partnership units of The Brick Warehouse LP (together with its general partner, the “Brick LP”). The Brick LP owns among other things, 100% of the outstanding limited partnership units of United Furniture Warehouse LP (“United Furniture”) and all of the outstanding shares of First Oceans Trading Corporation. United Furniture owns Trans Global Warranty Corp. and its subsidiaries Trans Global Insurance Company and Trans Global Life Insurance Company. The Brick Group Income Fund and all of its subsidiaries and partnerships will collectively be referred to as the “Brick Group” in this MD&A.

Our Vision

To provide long-term balanced growth of distributable cash to our unitholders

Core Strategy

To drive long-term profitable growth through our furniture, mattress, electronics, and appliance business throughout Canada

Competitive Points of Leverage

Leadership in our price value position
Superior buying power
Retail store/Internet sales base
Distribution centre infrastructure
Commercial and franchise sales group
Financial services
Cost-effective supply chain

Keys to Success

Continue to build loyalty/advocacy with existing/potential customers
Optimize strong relationships with current/future suppliers
Foster an environment that respects valued employees and recognizes excellence

Bottom Line

To be Canada’s Brand of choice in furniture/mattresses/electronics/appliances

Retail Operations

The Brick Group is one of Canada's largest volume retailers of household furniture, mattresses, appliances and home electronics. The Brick Group’s strategy is centered on strengthening its competitive position and increasing its market share through organic growth within its retail banners, The Brick, United Furniture, The Brick Superstore, and The Brick Mattress Store.

The Brick Group, through its first three banners listed above, targets the following three principal markets: the middle-income consumer, the lower-income consumer, and the middle to upper middle-income consumer, respectively.

The Brick Mattress Store banner, which was designed to compete with independent national bedding chains, features mid to high end product lines including national brands and exclusive specialty products.

In addition, through its corporate sales division, the Brick Group services the subdivision, condominium and high-rise builder market. As at December 31, 2007, The Brick Group operated 210 retail stores (including its 33 franchise locations) in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia and the Yukon Territory.

Financial Services

The Brick Group operates a financial services segment that offers extended product warranties, credit insurance on balances that arise from retail purchase financing made available to retail customers through third party credit providers, and credit and property insurance policies to third parties. Financial services are a stable and significant contributor to EBITDA (see “Non-GAAP Financial Measures”), and a solid and growing source of cash flow. This segment should continue to grow as the underlying retail operations expand across Canada and third party clients are developed.

Reported and Adjusted Results

The July 20, 2004 indirect acquisition of the Brick LP by The Brick Group Income Fund was accounted for using the purchase method of accounting which requires that assets and liabilities acquired be measured at their fair values at the acquisition date. The purchase accounting adjustments required to measure the assets and liabilities acquired at their fair values have no impact on the cash position or cash flow generated by the Brick Group and therefore have no impact on the ability of the Brick Group to distribute cash to the unitholders of the Brick Group.

For simplicity, beginning with the first quarter of 2006, the Analysis of Operating and Financial Results presented in the MD&A has referred to results as reported in our annual and interim financial statements. This change in presentation was not possible prior to the first quarter of 2006 as this is the first quarter for which prior year quarterly and year-to-date comparative results include the effects of purchase accounting.

Prior MD&A’s included discussions of adjusted results which are derived by excluding the impact of purchase accounting adjustments from the amounts reported under Canadian GAAP. The impact of these purchase accounting adjustments reduces non-cash related revenues and increases non-cash related expenses recorded on the income statement. This impact will diminish over future periods.

The purchase accounting adjustments are described in detail under the heading Purchase Accounting Adjustments in this MD&A.

Management believes the adjusted results to be important measures as they facilitate comparison to past performance of the business acquired by the Brick Group. To provide continuity, management will continue to provide adjusted results as supplementary information throughout this MD&A where management believes unadjusted results may be misleading. As well, a complete table of results on an adjusted basis is provided as supplementary information under the section heading “Non-GAAP Financial Measures”. The adjusted results do not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other issuers.

The calculation of distributable cash continues to be based on adjusted EBITDA.

Same Store Sales

Comparable same store sales are calculated to include merchandise sales for new stores open 14 full calendar months and sales from all relocated and rebannered stores, but exclude stores where significant cannibalization has occurred. For the 2007 fourth quarter and full year results for same store sales growth, 9 stores have been excluded due to cannibalization. On this basis, same store sales as discussed in this MD&A reflect 90.0% in fourth quarter and 90.6% year to date of the total sales occurring at all stores that have been open 14 full calendar months.

Same store sales, is not an earnings measure recognized by GAAP, and does not have a standardized meaning prescribed by GAAP. Therefore, same store sales as discussed in this MD&A may not be comparable to similar measures presented by other issuers.

In this MD&A, references to same store sales in Western Canada include corporate stores situated in Manitoba, Saskatchewan, Alberta, British Columbia, and the Yukon Territory. References to same store sales in Eastern Canada include corporate stores located in Ontario and Quebec. References to both Western Canada and Eastern Canada same store sales include United Furniture same store sales which, prior to our First Quarter 2007 MD&A, were presented separately.

Franchise Sales

Franchise sales figures and franchise same store sales figures as discussed in this MD&A refer to results that have not been audited. Sales at franchise stores are not included in the sales and operating revenue figures presented in The Brick Group Income Fund's consolidated financial statements, or in the corporate same store sales figures presented in this MD&A.

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2. FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

| (000's of \$ except %, and store amounts) | For the three months ended December 31 | | | | For the twelve months ended December 31 | | | |
|--|--|------------|---------------------------|--------------------------|---|--------------|---------------------------|--------------------------|
| | 2007 | 2006 | \$ Increase (Decrease) | % Increase (Decrease) | 2007 | 2006 | \$ Increase (Decrease) | % Increase (Decrease) |
| Retail Segment - Sales and operating revenue | \$ 395,731 | \$ 369,403 | 26,328 | 7.1% | \$ 1,398,543 | \$ 1,291,804 | 106,739 | 8.3% |
| Financial Services Segment - Sales and operating revenue | 13,401 | 10,281 | 3,120 | 30.3% | 49,033 | 36,517 | 12,516 | 34.3% |
| Consolidated - Sales and operating revenue | 409,132 | 379,684 | 29,448 | 7.8% | 1,447,576 | 1,328,321 | 119,255 | 9.0% |
| Franchise Sales | 37,881 | 31,155 | 6,726 | 21.6% | 120,017 | 93,180 | 26,837 | 28.8% |
| Consolidated and Franchise Sales and operating revenue | \$ 447,013 | \$ 410,839 | 36,174 | 8.8% | \$ 1,567,593 | \$ 1,421,501 | 146,092 | 10.3% |
| Same Store Sales Growth (corporate stores) | 6.3% | 6.2% | | | 6.4% | 6.1% | | |
| Same Store Sales Growth (corporate and franchise stores) | 6.1% | 6.2% | | | 6.2% | 6.1% | | |
| Retail Segment - EBITDA | \$ 19,806 | \$ 16,987 | 2,819 | 16.6% | \$ 52,617 | \$ 46,553 | 6,064 | 13.0% |
| Financial Services Segment - EBITDA | 8,112 | 5,554 | 2,558 | 46.1% | 28,061 | 21,407 | 6,654 | 31.1% |
| Consolidated - EBITDA | \$ 27,918 | \$ 22,541 | 5,377 | 23.9% | \$ 80,678 | \$ 67,960 | 12,718 | 18.7% |
| Retail Segment - Net income (loss) | \$ 14,699 | \$ 8,380 | 6,319 | 75.4% | \$ (23,734) | \$ 13,656 | (37,390) | -273.8% |
| Financial Services Segment - Net income | 7,903 | 6,248 | 1,655 | 26.5% | 28,687 | 24,274 | 4,413 | 18.2% |
| Consolidated - Net income | \$ 22,602 | \$ 14,628 | 7,974 | 54.5% | \$ 4,953 | \$ 37,930 | (32,977) | -86.9% |
| EBITDA - Adjusted | \$ 29,732 | \$ 25,347 | 4,385 | 17.3% | \$ 89,896 | \$ 79,538 | 10,358 | 13.0% |
| Distributable cash per unit for the three months ended December 31 | \$ 0.47 | \$ 0.40 | 0.07 | 17.3% | | | | |
| Payout Ratio for the three months ended December 31 | 63.5% | 74.4% | | | | | | |
| Distributable cash per unit for the twelve months ended December 31 | | | | | \$ 1.36 | \$ 1.24 | 0.12 | 9.8% |
| Payout Ratio for the twelve months ended December 31 | | | | | 88.0% | 96.7% | | |
| Stores at period end | 210 | 201 | | | 210 | 201 | | |

Overview

Management is pleased to report record results for both the three months and full year ended December 31, 2007.

Surpassing the record set in the third quarter of 2007, the Brick Group's EBITDA of \$27.9 million, and consolidated net income of \$22.6 million, were the highest ever reported for a quarter.

Fourth quarter sales and operating revenue of \$409.1 million, increased by 7.8% or \$29.4 million, over the same quarter in 2006. This increase was primarily driven by retail segment same store sales growth of 6.3%. As was the case in the third quarter, improved supply chain management in conjunction with a strong promotional calendar was key to driving strong same store sales growth. Management's decision to build inventory levels, especially within the electronics segment, to drive cash and carry sales, further enhanced same store and total store sales growth in the fourth quarter. This was our eighth consecutive quarter of positive same store sales growth.

Consolidated sales and operating revenue for the year of \$1.45 billion represented an increase of 9.0% over the prior year, driven by same store sales growth of 6.4%, 12 new corporate and franchise stores, and a 34.3% growth in our financial services segment.

Fourth quarter consolidated EBITDA of \$27.9 million represented an increase of 23.9% over the same quarter in 2006. We continued our progress from the third quarter in driving improvements in key revenue and expense line items, most notably within our supply chain infrastructure. Consolidated Selling, General and Administrative (SG&A) expense, as a percentage of sales and operating revenue,

was below prior year levels for a second quarter in a row. EBITDA, as a percentage of sales and operating revenue, increased by 0.9 ppts over the same quarter last year.

Adjusted EBITDA for the fourth quarter of \$29.7 million increased by 17.3%, or \$4.4 million, over the same quarter in 2006.

Adjusted EBITDA for the year of \$89.9 million represented an increase of 13.0%, or \$10.4 million, over the prior year.

Distributable cash per unit (DCPU) of \$0.47 increased by \$0.07, or 17.3%, when compared to the same quarter of 2006. For the year, DCPU of \$1.36 increased by \$0.12, or 9.8%, when compared to the prior year.

Through the end of December 31, 2007, and for the 41st consecutive month since becoming an income fund, we have continued to meet all of our distribution commitments. This represents just over \$234 million distributed to our unitholders. The payout ratio for the year ended December 31, 2007 was 88.0%, reflecting an improvement of 8.7 ppts from the prior year ratio. Management is pleased to see the results of its strategic initiatives from 2006, and its focus in 2007 in driving past sales and EBITDA targets reflected in a payout ratio that now falls below 90% for the first time since becoming an income fund.

Under our alternative view of distributable cash, the payout ratio for the year ended December 31, 2007 was 88.8%.

The Brick Group has exceeded the financial tests required to terminate the subordination arrangements with respect to the Class B Trust Units of the Brick Group currently held by the founder of the Brick Group, William Comrie. Effective upon the Board of Trustees' approval of the Brick Group's 2007 annual audited financial statements, the subordination in respect of the Class B Trust Units terminates. As a result, cash available to make distributions will be paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units will become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder.

Consolidated and Franchise Sales and Operating Revenue

Fourth quarter consolidated and franchise sales and operating revenue was \$447.0 million, including \$37.9 million of franchise sales, compared to \$410.8 million, including \$31.2 million of franchise sales, in the same quarter last year, representing an 8.8% increase. Same store sales growth for corporate stores together with franchise stores was 6.1% compared to 6.2% for the fourth quarter in 2006.

Compared to the same quarter a year ago, sales for franchise stores increased by 21.6%, to \$37.9 million.

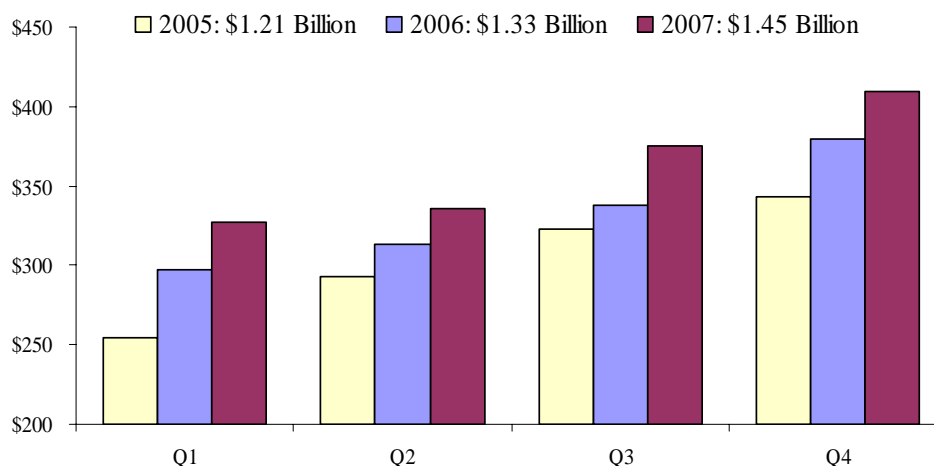
We began the quarter with 31 franchise stores and ended with 33, while in 2006, we began the quarter with 25 franchise stores and ended with 26.

For the year, consolidated and franchise sales and operating revenue was \$1.57 billion, including \$120.0 million of franchise sales, compared to \$1.42 billion, including \$93.2 million of franchise sales, in the prior year, representing a 10.3% increase. Same store sales growth for corporate stores together with franchise stores was 6.2% compared to 6.1% for the prior year.

3. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

| (000's of \$ except %, per unit and store amounts) | For the three months ended December 31 | | | | For the twelve months ended December 31 | | | |
|--|--|------------|------------------------|-----------------------|---|--------------|------------------------|-----------------------|
| | 2007 | 2006 | \$ Increase (Decrease) | % Increase (Decrease) | 2007 | 2006 | \$ Increase (Decrease) | % Increase (Decrease) |
| Sales and operating revenue | \$ 409,132 | \$ 379,684 | 29,448 | 7.8% | \$ 1,447,576 | \$ 1,328,321 | 119,255 | 9.0% |
| Cost of sales | (245,735) | (230,563) | 15,172 | 6.6% | (866,377) | (799,597) | 66,780 | 8.4% |
| Gross margin | 163,397 | 149,121 | 14,276 | 9.6% | 581,199 | 528,724 | 52,475 | 9.9% |
| <i>Gross margin as a percentage of sales and operating revenue</i> | 39.9% | 39.3% | | | 40.1% | 39.8% | | |
| Selling, general and administrative expenses (SG&A) | (136,324) | (127,106) | 9,218 | 7.3% | (504,605) | (462,525) | 42,080 | 9.1% |
| Investment and other income | 845 | 526 | 319 | 60.6% | 4,084 | 1,761 | 2,323 | 131.9% |
| EBITDA | 27,918 | 22,541 | 5,377 | 23.9% | 80,678 | 67,960 | 12,718 | 18.7% |
| <i>EBITDA as a percentage of sales and operating revenue</i> | 6.8% | 5.9% | | | 5.6% | 5.1% | | |
| Interest expense on long-term and other debt | (2,052) | (1,827) | 225 | 12.3% | (8,830) | (5,994) | 2,836 | 47.3% |
| Income tax (expense) recovery | 3,551 | 694 | 2,857 | 411.7% | (40,201) | 2,870 | (43,071) | -1,500.7% |
| Amortization | (6,815) | (6,780) | 35 | 0.5% | (26,694) | (27,268) | (574) | -2.1% |
| Income before extraordinary item | 22,602 | 14,628 | 7,974 | 54.5% | 4,953 | 37,568 | (32,615) | -86.8% |
| Extraordinary item net of taxes | - | - | - | - | - | 362 | (362) | -100.0% |
| Net income | \$ 22,602 | \$ 14,628 | 7,974 | 54.5% | \$ 4,953 | \$ 37,930 | (32,977) | -86.9% |
| Basic and diluted net income per unit | \$ 0.42 | \$ 0.27 | 0.15 | 55.6% | \$ 0.09 | \$ 0.69 | (0.60) | -86.8% |
| Stores at period end | 210 | 201 | | | 210 | 201 | | |
| <i>Adjusted results (purchase accounting adjustments removed):</i> | | | | | | | | |
| Sales and operating revenue | \$ 410,899 | \$ 382,568 | 28,331 | 7.4% | \$ 1,456,306 | \$ 1,341,342 | 114,964 | 8.6% |
| EBITDA | 29,732 | 25,347 | 4,385 | 17.3% | 89,896 | 79,538 | 10,358 | 13.0% |
| <i>EBITDA as a percentage of sales and operating revenue</i> | 7.2% | 6.6% | | | 6.2% | 5.9% | | |
| Net income | \$ 25,628 | \$ 18,392 | 7,236 | 39.3% | \$ 18,755 | \$ 56,196 | (37,441) | -66.6% |
| Payout ratio | 63.5% | 74.4% | | | 88.0% | 96.7% | | |

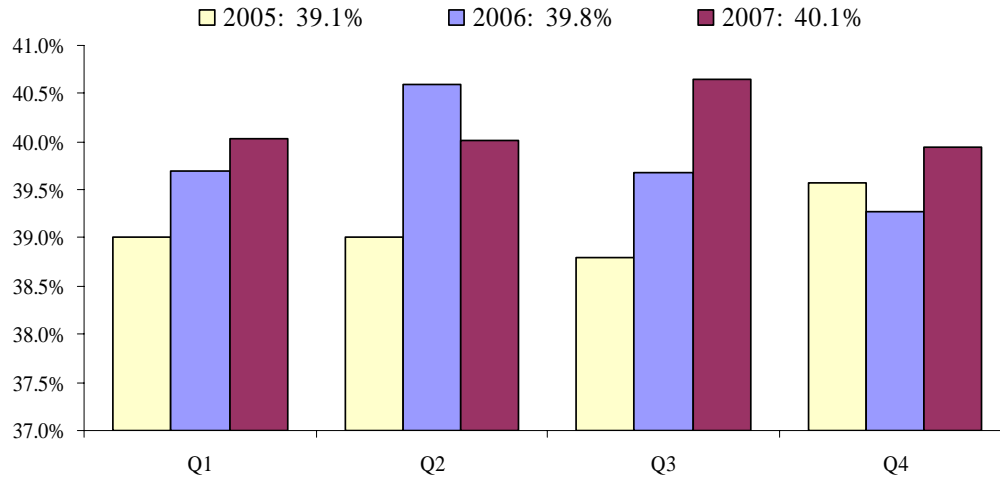
Consolidated Sales and Operating Revenue (Millions of \$'s)



For the quarter ended December 31, 2007, consolidated sales and operating revenue of \$409.1 million increased by 7.8% over the same quarter of 2006. This increase was due primarily to same store sales growth of 6.3% which was strong in both Eastern and Western Canada. This was our eighth consecutive quarter of positive same store sales growth.

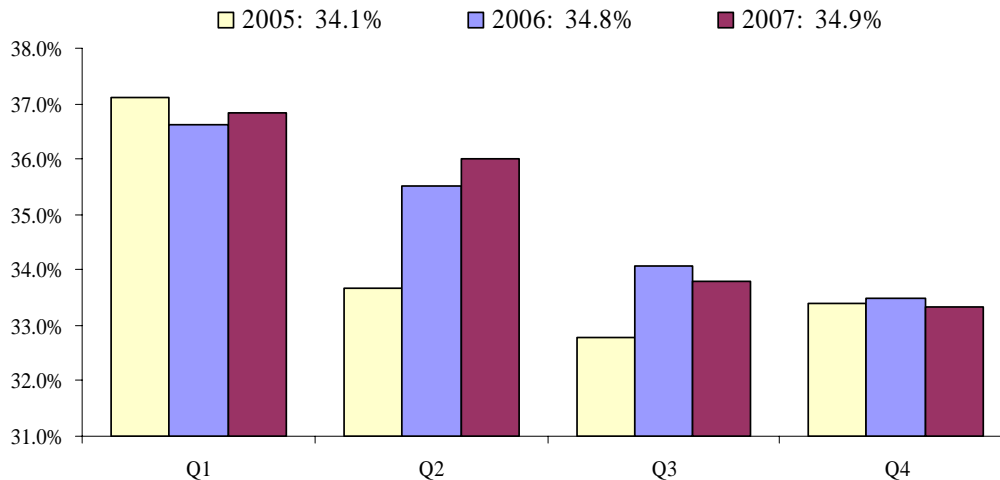
A strong promotional calendar supported by improved supply chain management, were key to driving strong same store sales growth. With a high customer demand for electronics during the holiday sales season, management strategically increased inventory to drive cash and carry sales.

**Consolidated Gross Margin
(As % of Consolidated Sales and Operating Revenue)**



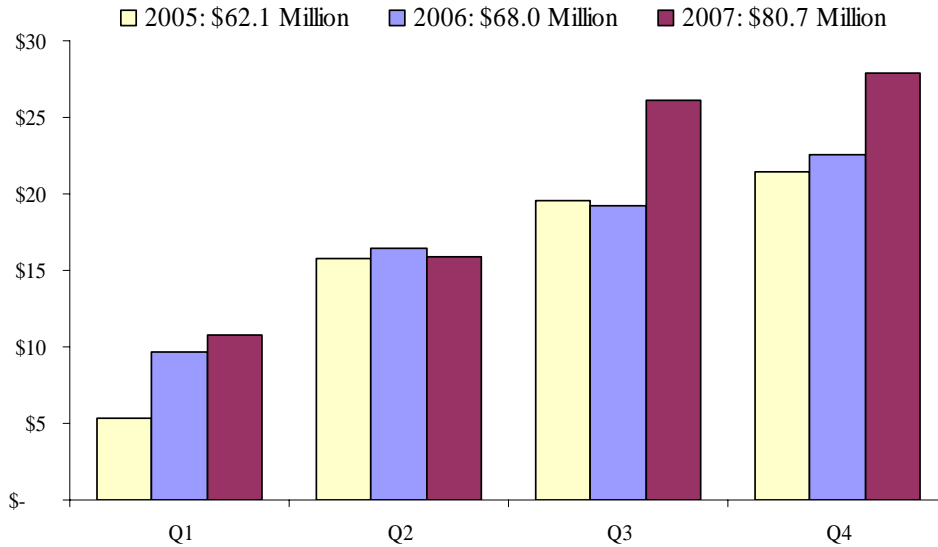
Gross margin for the quarter was positively impacted by higher gross margins in all our main categories of furniture, mattresses, appliances, and electronics. These increases in gross margin more than offset a small year over year shift in mix towards lower margin electronics.

**Consolidated SG&A
(As % of Consolidated Sales and Operating Revenue)**



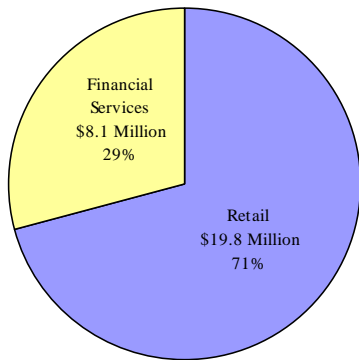
This marked the second quarter in a row that Consolidated SG&A as a percentage of sales was below prior year levels as strong sales in the quarter allowed us to leverage our fixed operating costs.

Consolidated EBITDA (Millions of \$'s)

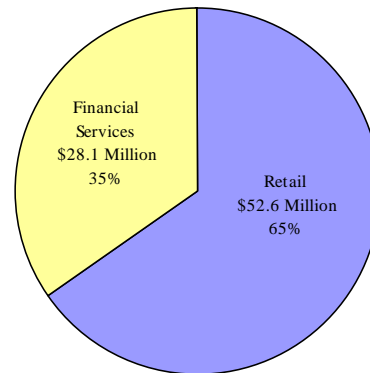


Fourth quarter EBITDA reflected an increase of \$5.4 million or 23.9% over the same quarter last year. As with our third quarter, our strong fourth quarter results were driven by more effectively executing against strong written sales as we continued to take advantage of our new infrastructure and optimize operational efficiencies to deliver strong results in the fourth quarter.

**Consolidated EBITDA by Segment
(Three Months Ended December 31, 2007)**



**Consolidated EBITDA by Segment
(Year Ended December 31, 2007)**



Due to seasonality, the majority of retail segment EBITDA is earned in the latter half of the year. Relative to the retail segment, financial services segment EBITDA is earned evenly throughout the year. This difference in seasonality, between the segments, causes the relative contribution of financial services to total quarterly EBITDA to trend lower, as we progress from the first to the fourth quarter of the year. On an annual basis, financial services contributes approximately one third (35% in 2007, 31% in 2006) of our consolidated EBITDA.

Consolidated Net Income

For the quarter, consolidated net income increased \$8.0 million or 54.5% to \$22.6 million compared to the same quarter last year. Strong sales and gross margin drove an increase in net income in the retail segment, which contributed to the majority, or \$6.3 million, of this increase. The balance of the increase, \$1.7 million, was attributable to the financial services segment.

On a year to date basis, The Brick Group has reported a consolidated net income of \$5.0 million compared to \$37.9 million in 2006. This change in consolidated net income was driven by a \$40.8 million charge for future income tax expense, which was recorded in the retail segment. This charge relates to the “Tax Fairness Plan” announced on October 31, 2006 by the Department of Finance (Canada). This charge for future income tax expense does not have any impact on our operating decisions, our credit facilities or financial covenants, the carrying values of our assets, our cash flows, our ability to generate cash flow, or our ability to make distributions to our unitholders.

After normalizing to exclude the impact of the future income tax charge, our 2007 consolidated net income would have been \$45.8 million compared to \$37.9 million in 2006, an increase of \$7.9 million or 20.7%. Of this normalized net income of \$45.8 million, the financial services segment contributed \$28.7 million, and the retail segment would have contributed \$17.1 million.

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4. SUMMARY OF CONSOLIDATED QUARTERLY AND ANNUAL RESULTS

The table below highlights the variability of quarterly results and the impact of seasonality on quarterly results. The first quarter of the year is typically the slowest period for the Brick Group, with results improving throughout the year. The third and fourth quarters are traditionally the Brick Group's strongest quarters due to seasonality.

| (000's of \$ except per unit amounts) | October 1 to December 31, 2007 Q4 | July 1 to September 30, 2007 Q3 | April 1 to June 30, 2007 Q2 | January 1 to March 31, 2007 Q1 |
|---|---|---------------------------------------|-----------------------------------|--------------------------------------|
| Sales and operating revenue: | \$ 409,132 | \$ 375,103 | \$ 335,901 | \$ 327,440 |
| EBITDA: | \$ 27,918 | \$ 26,134 | \$ 15,859 | \$ 10,767 |
| Net income (loss): ⁽²⁾ | \$ 22,602 | \$ 17,161 | \$ (37,542) | \$ 2,732 |
| Basic and diluted net income (loss) per unit ⁽²⁾ | \$ 0.42 | \$ 0.32 | \$ (0.69) | \$ 0.05 |
| Distributable cash | \$ 25,610 | \$ 23,569 | \$ 14,707 | \$ 9,929 |
| Distributable cash per unit | \$ 0.47 | \$ 0.44 | \$ 0.27 | \$ 0.18 |
| Cash distributions declared | \$ 16,252 | \$ 16,251 | \$ 16,251 | \$ 16,251 |

| (000's of \$ except per unit amounts) | October 1 to December 31, 2006 Q4 | July 1 to September 30, 2006 Q3 | April 1 to June 30, 2006 Q2 | January 1 to March 31, 2006 Q1 |
|--|---|---------------------------------------|-----------------------------------|--------------------------------------|
| Sales and operating revenue: | \$ 379,684 | \$ 337,783 | \$ 313,123 | \$ 297,731 |
| EBITDA | \$ 22,541 | \$ 19,266 | \$ 16,441 | \$ 9,712 |
| Net income: ⁽¹⁾ | \$ 14,628 | \$ 11,708 | \$ 9,380 | \$ 2,214 |
| Basic and diluted net income per unit ⁽¹⁾ | \$ 0.27 | \$ 0.22 | \$ 0.17 | \$ 0.04 |
| Distributable cash | \$ 21,834 | \$ 18,587 | \$ 16,748 | \$ 10,083 |
| Distributable cash per unit | \$ 0.40 | \$ 0.34 | \$ 0.31 | \$ 0.19 |
| Cash distributions declared | \$ 16,253 | \$ 16,251 | \$ 16,251 | \$ 16,251 |

| (000's of \$ except per unit amounts) | October 1 to December 31, 2005 Q4 | July 1 to September 30, 2005 Q3 | April 1 to June 30, 2005 Q2 | January 1 to March 31, 2005 Q1 |
|--|---|---------------------------------------|-----------------------------------|--------------------------------------|
| Sales and operating revenue: | \$ 343,547 | \$ 323,356 | \$ 293,269 | \$ 254,233 |
| EBITDA | \$ 21,445 | \$ 19,601 | \$ 15,789 | \$ 5,313 |
| Net income (loss): | \$ 13,453 | \$ 11,713 | \$ 9,175 | \$ (2,337) |
| Basic and diluted net income (loss) per unit | \$ 0.25 | \$ 0.22 | \$ 0.17 | \$ (0.04) |
| Distributable cash | \$ 22,740 | \$ 20,543 | \$ 16,182 | \$ 5,851 |
| Distributable cash per unit | \$ 0.42 | \$ 0.38 | \$ 0.30 | \$ 0.11 |
| Cash distributions declared | \$ 16,253 | \$ 16,251 | \$ 16,251 | \$ 16,251 |

(1) For the quarter ended June 30, 2006, reported income before extraordinary item was \$9,018 and basic and diluted net income per unit before extraordinary item was \$0.17.

(2) For the quarter ended June 30, 2007, the Brick Group recorded future income tax expense and an increase to its long-term future income tax liability of \$44.4 million. This charge relates to the "Tax Fairness Plan", announced on October 31, 2006 by the Department of Finance (Canada), which was enacted during the quarter. This charge for future income tax expense does not have any impact on our operating decisions, our credit facilities or financial covenants, the carrying values of our assets, our cash flows, our ability to generate cash flow, or our ability to make distributions to our unitholders. Management was required to record this charge in order to be in compliance with GAAP. For the quarter ended December 31, 2007, this amount was reduced to \$40.8 million to reflect a reduction to the tax rate applicable in future years.

The following table provides a summary of selected annual information for each of the three most recently completed fiscal years.

| (000's of \$, except per unit and store amounts) | For years ended December 31 | | |
|--|-----------------------------|--------------|--------------|
| | 2007 | 2006 | 2005 |
| Consolidated sales and operating revenue | \$ 1,447,576 | \$ 1,328,321 | \$ 1,214,405 |
| Consolidated net income ^{(1), (2)} | \$ 4,953 | \$ 37,930 | \$ 32,004 |
| Basic and diluted net income per unit ^{(1), (2)} | \$ 0.09 | \$ 0.69 | \$ 0.59 |
| Consolidated EBITDA | \$ 80,678 | \$ 67,960 | \$ 62,148 |
| Total assets | \$ 966,371 | \$ 948,767 | \$ 923,900 |
| Total long-term liabilities | \$ 266,135 | \$ 118,343 | \$ 167,298 |
| Distributable cash | \$ 73,865 | \$ 67,251 | \$ 65,317 |
| Distributable cash per unit | \$ 1.36 | \$ 1.24 | \$ 1.21 |
| Cash distributions declared ⁽³⁾ | \$ 65,005 | \$ 65,006 | \$ 65,006 |
| Cash distributions declared per unit | \$ 1.20 | \$ 1.20 | \$ 1.20 |
| Payout ratio | 88.0% | 96.7% | 99.5% |
| Stores at period end | 210 | 201 | 194 |

(1) For the year ended December 31, 2007, net income includes a one-time charge related to the Tax Fairness Plan of \$40,830. Excluding this one-time charge, net income would have been \$45,928, and basic and diluted net income per unit would have been \$0.85.

(2) For the year ended December 31, 2006, net income before extraordinary item was \$37,568 and basic and diluted net income per unit before extraordinary item was \$0.69.

(3) Cash distributions for 2007 do not equal 2006 and 2005 cash distributions due to rounding.

5. SEGMENTED INFORMATION – RETAIL OPERATIONS

| (000's of \$) | Three months ended December 31 | | | | Twelve months ended December 31 | | | |
|--|--------------------------------|------------|-------------|------------|---------------------------------|--------------|-------------|------------|
| | 2007 | 2006 | \$ Increase | % Increase | 2007 | 2006 | \$ Increase | % Increase |
| Sales and operating revenue | \$ 395,731 | \$ 369,403 | \$ 26,328 | 7.1% | \$ 1,398,543 | \$ 1,291,804 | \$ 106,739 | 8.3% |
| EBITDA | 19,806 | 16,987 | 2,819 | 16.6% | 52,617 | 46,553 | 6,064 | 13.0% |
| <u>Adjusted results (purchase accounting adjustments removed):</u> | | | | | | | | |
| Sales and operating revenue | \$ 395,731 | \$ 369,403 | \$ 26,328 | 7.1% | \$ 1,398,544 | \$ 1,291,803 | \$ 106,741 | 8.3% |
| EBITDA | 20,248 | 17,593 | 2,655 | 15.1% | 55,204 | 48,421 | 6,783 | 14.0% |

Sales and Operating Revenue

For the Quarter:

Sales and operating revenue from the retail segment increased by \$26.3 million or 7.1% compared to the same quarter a year ago.

This increase was due primarily to same store sales growth of 6.3% which was strong in both Eastern and Western Canada. This was our eighth consecutive quarter of positive same store sales growth.

A strong promotional calendar supported by improved supply chain management were key to driving strong same store sales growth. With a high customer demand for electronics during the holiday sales season, management strategically increased in store inventory to drive cash and carry sales.

For the Year:

Driven by 6.4% same store sales growth and new store openings, sales and operating revenue from the retail segment increased by \$106.7 million or 8.3% when compared to 2006.

Throughout 2007, we maintained our focus on improving supply chain efficiency, leveraging our previous year investments in distribution infrastructure and capitalizing on the rebanner initiative.

The prior year strategic investments supported sales from new Brick and franchise locations, the ongoing strength of core Brick stores, additional rebannerings, and expansion of Brick Mattress Stores.

Management is pleased to report that the 2006 rebanner initiative has exceeded our expectations. Same store sales increases at the rebannered United Furniture stores have been among the highest of all Brick stores. As well, the remaining United Furniture stores are performing exceptionally well with the management function now fully integrated under the Brick management team.

There have also been significant improvements in sales at the Brick Superstores (previously Home Show) and the Brick Mattress Stores (previously Sleep Better) as a result of the 2006 rebanner initiative.

Management is also pleased with the results of its strategic initiatives related to the Quebec market, which included the benefit of new stores opened in late 2006, and more locally developed marketing. These initiatives had the effect of increasing our market presence, driving sales, and expanding our market share in this key market.

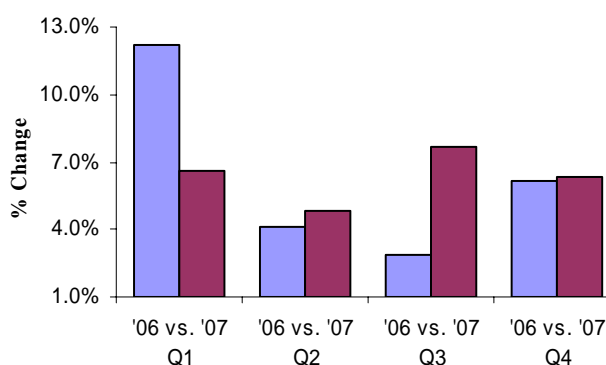
All of these factors contributed to achieving another year of record sales.

| Fourth Quarter Same Store Sales Change versus prior year | | | Full Year Same Store Sales Change versus prior year | | |
|---|------|------|--|------|-------|
| | 2007 | 2006 | | 2007 | 2006 |
| Corporate Stores | | | Corporate Stores | | |
| Western Canada | 7.9% | 9.8% | Western Canada | 9.0% | 11.4% |
| Eastern Canada | 4.7% | 2.8% | Eastern Canada | 3.9% | 1.2% |
| Total Corporate Stores | 6.3% | 6.2% | Total Corporate Stores | 6.4% | 6.1% |
| Franchise Stores | 3.0% | 5.7% | Franchise Stores | 3.4% | 5.3% |
| Total Corporate Stores & Franchise Stores | 6.1% | 6.2% | Total Corporate Stores & Franchise Stores | 6.2% | 6.1% |

Year-to-date same store sales as discussed in this MD&A reflect 90.6% of the total sales occurring at all stores that have been open 14 full calendar months.

Our corporate same store sales figures include United Furniture same store sales which, prior to our First Quarter 2007 MD&A, were presented separately. In our post-rebanning era, and with the United Furniture management function now fully integrated under the Brick management team, we no longer report United Furniture same store sales performance separately. 2006 same store sales figures prepared on this same basis are provided to facilitate comparability.

Corporate Same Store Sales



For the first quarter of 2007, same store sales growth was less than in first quarter of 2006. The relatively higher same store sales growth in the first quarter of 2006 was driven primarily by clearance sales related to the rebanning initiative. For the second through fourth quarters of 2007, we exceeded our prior year same store sales growth. Improved execution against strong written sales, enabled by our investments in and focus on our supply chain, helped us to achieve this result.

Franchise Sales

For the Quarter:

Sales at franchise stores increased by 21.6% to \$37.9 million. We began the quarter with 31 franchise stores and ended with 33, while in 2006, we began the quarter with 25 franchise stores and ended with 26.

For the Year:

Sales at franchise stores increased by 28.8% to \$120.0 million. During the year ended December 31, 2007, we have added 7 franchise stores, one of which was a conversion from a corporately owned store, ending the period with 33. In 2006, we added 6 franchise stores and ended with 26.

Gross Margin

For the Quarter:

For the quarter ended December 31, 2007, gross margin was \$12.0 million higher than in the same quarter a year ago. Quarter over quarter, gross margin percentage was 0.5 pts higher.

Gross margin for the quarter was positively impacted by higher gross margins in all our main categories of furniture, mattresses, appliances, and electronics. These increases in gross margin more than offset a small year over year shift in mix towards lower margin electronics. Consistent with the previous quarter, the demand for electronics, predominantly flat screen TVs, remained strong. Through merchandising strategies aimed at maximizing delivery of these electronics items, we were able to increase our fourth quarter sales in this category significantly as compared to the fourth quarter of 2006.

In addition to the above, gross margins continued to be positively impacted by increased delivery revenue compared to 2006.

For the Year

On a year to date basis, gross margin was \$45.7 million higher, than in 2006. Gross margin percentage improved 0.3 pts due predominantly to a strong second half.

The increase in the strength of the Canadian dollar has not impacted margins significantly. The Brick routinely adjusts its prices so as to offer lower, more competitive, prices to our customers, and this includes lowering prices on those goods where cost is impacted by the strength of the Canadian dollar.

Selling, General and Administrative Expenses

For the Quarter:

As a percentage of sales and operating revenue, SG&A expense was relatively flat when compared to the same quarter of 2006.

SG&A expenses for the quarter, \$9.0 million higher than in the same quarter of 2006, reflect the costs of new stores which have increased our fixed occupancy costs by approximately \$2.0 million, as well as other fixed costs, including compensation, which have increased by approximately \$2.5 million. The balance of the quarter over quarter increase in SG&A expense, of approximately \$4.5 million, was driven by increased sales volume.

For the Year:

Throughout the year, management has worked to address challenges related to costs associated with delivery expense due to the changes in our distribution model in 2006. Management is pleased with the progress in driving improvements in key expense line items, most notably within our supply chain infrastructure.

As a percentage of sales and operating revenue, SG&A expense increased 0.3 pts compared to 2006. For the year, SG&A expense increased by \$40.7 million compared to 2006.

New stores and the distribution centre build out have increased our fixed costs, mainly in the areas of occupancy and compensation, by approximately \$15.6 million compared to 2006.

Management continues to look for opportunities to leverage infrastructure, increase operating efficiencies and drive down costs.

EBITDA

For the Quarter:

Surpassing a record third quarter, fourth quarter EBITDA of \$19.8 million was the highest the Brick Group retail segment has generated in one quarter since its inception. Fourth quarter EBITDA as a percentage of retail segment sales and operating revenue, increased by 0.4 ppts, and was \$2.8 million, or 16.6%, higher than in the same quarter a year ago.

Year to Date:

For the year, retail segment EBITDA was \$52.6 million. These record results have been a result of management's focus on leveraging the prior year infrastructure investment, and capitalizing on the increased sales and cost efficiencies of the rebanner initiative.

As a percentage of retail segment sales and operating revenue, retail segment EBITDA increased by 0.2 ppts, and was \$6.1 million or 13.0% higher than in 2006.

The rebanner of United Furniture stores made a significant contribution to the growth in EBITDA and the return on investment has exceeded expectations. Our build out of the Brick Mattress Stores, especially in the West, has demonstrated strong results. The increased focus on building out the Quebec market presence has also produced improved bottom line results, as compared to the prior year.

These initiatives combined with the strength of the core Brick banner have been key contributors to the growth of EBITDA to a record high.

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Store Continuity

For the Quarter:

During the fourth quarter, we opened a Brick store in Markham, Ontario and a Brick Mattress Store in St. Albert, Alberta. Brick franchise stores also opened in Peace River and Brooks, Alberta.

The following chart illustrates the Brick Group's store count continuity from September 30, 2007 to December 31, 2007.

| Store Count Continuity Q4 2007 | | | | |
|---|-------------------------|-----------------|----------------------------|----------------------------|
| | At Sept 30, 2007 | Rebanned | Opened / Closed | At Dec 31, 2007 |
| Corporate Stores | | | | |
| Brick | 91 | 0 | 1 | 92 |
| Brick Clearance Centres | 11 | 0 | 0 | 11 |
| Superstore | 3 | 0 | 0 | 3 |
| Mattress Store | 22 | 0 | 1 | 23 |
| UFW | 48 | 0 | 0 | 48 |
| Corporate Subtotal | 175 | 0 | 2 | 177 |
| Franchise Stores | | | | |
| Brick Franchise (1 mattress franchise) | 30 | 0 | 2 | 32 |
| UFW Franchise | 1 | 0 | 0 | 1 |
| Franchise Subtotal | 31 | 0 | 2 | 33 |
| Total Corporate & Franchise Stores | 206 | 0 | 4 | 210 |

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For the Year:

During 2007, we rebannered three United Furniture stores to Brick stores. Management continues to evaluate further rebannered of United Furniture stores, as an option to improve overall retail results.

We added two Brick stores, four Brick Mattress Stores, and six new Brick franchise stores, for a total of twelve new stores in 2007. We also converted one Brick store to a Brick franchise.

The following chart illustrates the Brick Group's store count continuity from December 31, 2006 to December 31, 2007.

| Store Count Continuity 2007 | | | | |
|---|----------------------------|-------------------|----------------------------|----------------------------|
| | At Dec 31, 2006 | Rebannered | 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 |

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6. SEGMENTED INFORMATION – FINANCIAL SERVICES

The financial services segment offers extended product warranties, credit insurance on balances that arise from retail purchase financing made available to retail customers through third party credit providers, and credit and property insurance policies to third parties. The financial services segment also holds a portfolio of marketable securities upon which it earns investment income.

Our Warranty Business

The Brick Group commenced providing warranties to its customers in 1985. These warranties, underwritten by the Brick Group's wholly-owned subsidiary, Trans Global Warranty Corp. (TGW), are offered on all appliances, electronics and upholstered and leather furniture to provide coverage extending beyond the manufacturers warranty period by up to four years. With new technologies emerging, and some products being un-repairable, customers realize the value and peace of mind warranties provide when making a major purchase for their homes. Warranties are sold to customers when they are making their original purchase and take effect after the manufacturers warranty period, which is typically one year, has expired. The warranty contracts provide both repair and replacement service depending upon the problem with the product.

The Brick Group's accounting policy for revenue recognition in connection with the warranty business requires that warranty contract premiums be recorded as deferred revenue and recognized into income over the term of the warranty coverage provided. Warranty contracts sold by the financial services segment provide coverage for periods subsequent to expiration of the manufacturer's warranty coverage period. Consequently, earned warranty revenue recognized in the current period relates to warranty contracts sold in previous years.

The Brick Group's warranty claims costs have remained relatively consistent and predictable over the past number of years, driven by a number of factors, including:

- Diversity and number of products, manufacturers, and models being underwritten;
- No single product model in any one year makes up more than 3.5% of products covered by warranty; and
- Database that allows us to understand and address problem areas with any specific model or manufacturer.

Beyond these factors, maximum claims loss is limited to the replacement value of the product under warranty. Should any claims issues occur, The Brick Group is able to leverage its strong strategic relationships with its vendors to potentially mitigate claims exposure and develop satisfactory solutions to any claims issues determined to exist. Our ability to adjust warranty pricing helps to offset claims costs and maintain long-term profitability within our warranty business.

Our Insurance Business

The Brick Group offers holders of the Brick and United Furniture credit cards (collectively, the "Brick Card"), credit insurance on their Brick Card balances with coverage that includes life, dismemberment, disability, critical illness, involuntary unemployment, property, and family leave of absence.

These credit insurance policies are underwritten by Trans Global Insurance Company (TGI) and its sister company, Trans Global Life Insurance Company (TGLI), both subsidiaries of TGW. TGI and TGLI

commenced operations in November of 1999, and are licensed as insurance companies in all provinces and territories.

These companies, TGI and TGLI, also commenced providing credit insurance to a third party in the first quarter of 2005.

Also in the first quarter of 2005, TGI commenced providing property insurance to a third party which provides coverage against theft of property. On December 31, 2007, TGI's business agreement with this third party matured and was not renewed. This third party accounted for less than 5.0% of premiums written in the financial services segment in 2007.

Management expects to grow the insurance business by focusing primarily on credit insurance provided to holders of the Brick Card, while also developing and underwriting specialty insurance products tailored to the specific needs of third parties.

The Brick Group's accounting policy for revenue and expense recognition in connection with insurance policies requires that premiums written and policy acquisition costs incurred in an accounting period be recognized over the term of the related coverage. The majority of insurance premiums written relate to coverage provided on a month-to-month basis. However, in 2005, as noted above, the financial services segment also began to provide multi-year property insurance to a third party. Unearned insurance revenues include the portion of premiums written on multi-year coverage policies that relate to the unexpired term of coverage.

TGI and TGLI retain reserves for anticipated claims. The adequacy of these reserves is supported by the opinions obtained from independent actuarial reviews.

With respect to managing risk associated with our credit insurance on the Brick Card, the Brick Group benefits from a number of factors, including:

- Geographic dispersion of accounts
- Relatively high number of active accounts, with moderate level of balances outstanding
- Credit risk loss generally limited to account balance
- Specified maximums to loss payout on any one account (\$10,000)
- Coverage periods of one month
- Good history of claims experience

Beyond these factors, our insurance business is regulated and is subject to oversight by the various insurance regulatory bodies across Canada, its own separate board of directors, and undergoes actuarial reviews of its claims provisions.

With regard to our third party clients, many of the same factors that apply to our Brick customer based insurance and warranty business also apply to similarly mitigate our risk exposure.

Financial Services Operating Results

| (000's of \$) | Three months ended December 31 | | | | Twelve months ended December 31 | | | |
|--|--------------------------------|-----------|-------------|------------|---------------------------------|-----------|-------------|------------|
| | 2007 | 2006 | \$ Increase | % Increase | 2007 | 2006 | \$ Increase | % Increase |
| Sales and operating revenue | \$ 13,401 | \$ 10,281 | \$ 3,120 | 30.3% | \$ 49,033 | \$ 36,517 | \$ 12,516 | 34.3% |
| EBITDA | 8,112 | 5,554 | 2,558 | 46.1% | 28,061 | 21,407 | 6,654 | 31.1% |
| <u>Adjusted results (purchase accounting adjustments removed):</u> | | | | | | | | |
| Sales and operating revenue | \$ 15,168 | \$ 13,165 | \$ 2,003 | 15.2% | \$ 57,762 | \$ 49,539 | \$ 8,223 | 16.6% |
| EBITDA | 9,484 | 7,754 | 1,730 | 22.3% | 34,692 | 31,117 | 3,575 | 11.5% |

Sales and Operating Revenue

For the Quarter:

Sales and operating revenue from the financial services segment increased by \$3.1 million or 30.3% compared to the same quarter a year ago. Third party business accounted for approximately 17% of the increase in sales and operating revenue.

For the Year:

Sales and operating revenue from the financial services segment increased by \$12.5 million or 34.3% compared to the prior year. Third party business accounted for approximately 33% of the increase in sales and operating revenue.

EBITDA

For the Quarter:

The financial services segment EBITDA was \$8.1 million in the quarter compared to \$5.6 million in the same quarter last year, an increase of 46.1%.

EBITDA as a percentage of sales and operating revenue was 60.5% compared to 54.0% for the same quarter of 2006. EBITDA as a percentage of sales was positively impacted by a reduction to the reserves for unpaid claims maintained in the insurance companies, reflecting the long-term trend in the stability of historical claims experience with respect to Brick Card payment protection plans. These reserves for unpaid claims were also reduced to reflect a business agreement amendment, which decreases the claims exposure related to a third party client.

For the fourth quarter, claims costs associated with our warranty company were relatively flat compared to the same quarter in 2006.

For the Year:

On a year to date basis, financial services segment EBITDA increased \$6.7 million, or 31.1%, to \$28.1 million when compared to 2006.

EBITDA, as a percentage of sales and operating revenue, was 57.2% compared to 58.6% for 2006.

For the year, EBITDA as a percentage of sales and operating revenue was impacted primarily by the increasing relative contribution of our lower margin third party clients, and partially due to a decrease in our Brick business gross margin percentage, reflecting an increase in warranty claims costs. These effects were offset by reductions to the reserves for unpaid claims maintained in the insurance companies.

Operations

Key performance indicators for the financial services segment include the amount of premiums written for both the insurance and warranty business, and for the insurance business, the level of credit sales penetration (CSP). CSP is the percentage of all retail customer sales financed using the Brick Card.

The amount of consolidated warranty and insurance premiums written by the financial services segment in the fourth quarter of 2007 increased to \$20.5 million compared to \$18.9 million in the fourth quarter of 2006, reflecting an increase of 8.4%.

For the year, consolidated warranty and insurance premiums written increased by \$7.5 million, or 11.7%, to \$71.5 million.

For the quarter and for the year to date, our third party clients contributed the majority of the increase in premiums written in our insurance business.

For the year ended December 31, 2007, our CSP improved slightly as compared to the year ended December 31, 2006. Management continually works towards optimizing the CSP rate to maximize insurance premiums written and overall profitability.

On December 31, 2007, TGI's business agreement with a third party client matured and was not renewed. This third party accounted for less than 5.0% of premiums written in the financial services segment in 2007. As third party insurance business delivers a lower gross margin percentage than that earned on Brick business (i.e., Brick credit card insurance and warranty programs), the impact of not renewing this business agreement on future consolidated net income for the Brick Group will not be significant.

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7. FINANCIAL POSITION

| (000's of \$) | December 31, 2007 | December 31, 2006 |
|-----------------------------|--------------------------|--------------------------|
| Total assets | \$ 966,371 | \$ 948,767 |
| Total long-term liabilities | 266,135 | 118,343 |

Assets

Total assets as at December 31, 2007 of \$966.4 million were \$17.6 million higher than the \$948.8 million reported at December 31, 2006. The majority of this change related to current assets where an increase in inventory of \$25.5 million was offset by a decrease in cash and cash equivalents of \$8.3 million. Offsetting changes in other current and long-term asset balances accounted for the remaining \$0.4 million of the total change.

In the fourth quarter of 2007, management strategically increased its inventory levels over typical seasonal levels, predominantly within the electronics category, to optimize cash and carry sales. The record sales achieved in the fourth quarter validated this strategy.

With respect to long-term assets, an increase in deferred acquisition costs was offset by a reduction in the intangible assets and deferred charges balance. The increase in deferred acquisition costs is in direct proportion to the increase in warranty contract and insurance policy revenue. The costs incurred in selling warranty contracts and insurance policies are deferred and expensed when the related revenue is recognized in net income. Intangible assets and deferred charges decreased by the amortization of the December 31, 2006 intangible asset and deferred charges balance.

Long-Term Liabilities

Long-term liabilities increased \$147.8 million to \$266.1 million at December 31, 2007 compared to \$118.3 million at December 31, 2006.

The main components of this increase were as follows:

- The issuance of long-term debt of \$83 million. At December 31, 2006, the long-term debt was classified on the Brick Group's consolidated balance sheet as a current liability as it was scheduled to mature and become payable in full on July 20, 2007. On March 14, 2007, the Brick Group completed the refinancing of its long-term debt which is now due on March 14, 2014.
- The increase in the future income tax liability of \$38.5 million. This increase reflects the "Tax Fairness Plan" which received Royal Assent on June 22, 2007. This future income tax liability is further discussed in this MD&A under the heading "Consolidated Operating and Financial Results" and under the heading "Risk Factors".
- The increase in deferred warranty and insurance plan revenue of \$22.4 million. As the rate at which warranty premiums are written and received continues to exceed the rate at which these premiums are recognized as earned revenue, the balance of deferred warranty plan revenue continues to increase. Warranty premiums are recognized initially as deferred revenue, and recognized as earned revenue over the life of the warranty period.
- Deferred lease inducements increased by \$5.2 million related to current year leasehold improvements.

8. LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summarized statement of cash flows for the three and twelve month periods ended December 31, 2007 and December 31, 2006.

| Source (Use) of Cash (000's of \$) | Three months ended December 31 | | | Twelve months ended December 31 | | |
|---|--------------------------------|----------------|------------------------|---------------------------------|----------------|------------------------|
| | 2007 | 2006 | \$ Increase (Decrease) | 2007 | 2006 | \$ Increase (Decrease) |
| Operating activities | | | | | | |
| Retail | \$ 21,298 | \$ 16,584 | 4,714 | \$ 46,996 | \$ 44,306 | 2,690 |
| Financial | <u>12,592</u> | <u>11,849</u> | 743 | <u>42,810</u> | <u>41,492</u> | 1,318 |
| Funds Flow from operations | 33,890 | 28,433 | 5,457 | 89,806 | 85,798 | 4,008 |
| Change in non-cash working capital | <u>(38,320)</u> | <u>(1,357)</u> | (36,963) | <u>(19,359)</u> | <u>(7,252)</u> | (12,107) |
| | (4,430) | 27,076 | (31,506) | 70,447 | 78,546 | (8,099) |
| Financing activities | | | | | | |
| Distributions | (16,252) | (16,253) | 1 | (65,005) | (65,006) | 1 |
| Other | 14,525 | 8,399 | 6,126 | 6,862 | 951 | 5,911 |
| Investing activities | (6,913) | (6,518) | (395) | (20,580) | (27,242) | 6,662 |
| Increase (decrease) in cash and cash equivalents | \$ (13,070) | \$ 12,704 | (25,774) | \$ (8,276) | \$ (12,751) | 4,475 |

Funds Flow from Operations and Changes in Non-Cash Working Capital

For the quarter ended December 31, 2007, funds flow from operations increased by \$5.5 million compared to the fourth quarter in 2006. This increase was a direct result of increasing sales while maintaining gross margin and controlling SG&A expenses.

For the year ended December 31, 2007, funds flow from operations increased by \$4.0 million compared to 2006. Management was pleased with this improvement in cash flow in the first full year of operations with our expanded distribution infrastructure.

For the quarter ended December 31, 2007, non-cash working capital used \$38.3 million in cash compared to using \$1.4 million in 2006. The majority of this variance relates to the increased inventory balances at the year end. Management increased in-store and distribution centre inventory to maximize delivered sales during the holiday sales season. The Brick Group funded this increase in non cash working capital from existing cash and credit facilities.

For the year ended December 31, 2007, changes in non-cash working capital used \$19.4 million in cash compared to \$7.3 million in 2006. Management's decision to strategically build inventory levels in the fourth quarter had the desired effect of allowing written sales to be delivered on a more timely basis to our customers. As a result, this had the anticipated impact of reducing customer deposits for goods on order at December 31, 2007 compared to December 31, 2006. This use of cash was partially offset by lower trade accounts receivable balances, together with higher accounts payable balances.

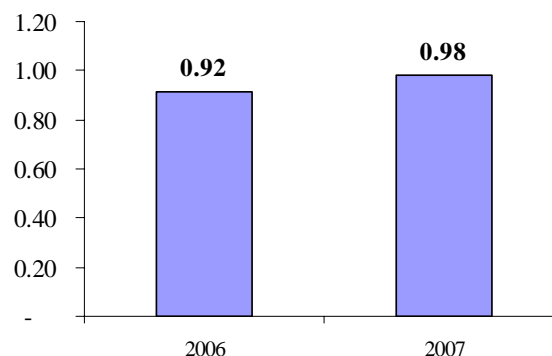
Working capital fluctuates seasonally, largely driven by changes in inventory, accounts payable and customer deposits. In addition to funds flow from operations, the Brick Group will use its \$50.0 million Operating Credit Facility to fund unit holder distributions, seasonal fluctuations in working capital requirements, debt service requirements, and to fund growth capital expenditures. A separate \$50.0 million Acquisition Credit Facility is available to fund acquisition requirements and may also be used to fund growth capital expenditures.

Management believes that the Brick Group has sufficient liquidity to meet all its working capital, distributions, and capital needs for the next twelve months.

Adjusted EBITDA for the year ended December 31, 2007 was \$89.9 million and net debt was \$88.3 million. Net debt includes long-term debt of \$82.0 million and bank indebtedness of \$14.6 million, offset by cash and cash equivalents of \$8.2 million. Net debt of \$72.8 million, as at December 31, 2006, included long-term debt of \$79.5 million and bank indebtedness of \$9.8 million, offset by cash and cash equivalents of \$16.5 million.

The ratio for the twelve months ended December 31, 2007 was 0.98 as compared to 0.92 for the twelve months ended December 31, 2006. The change in the ratio was driven by Adjusted EBITDA increasing \$10.4 million over 2006 as compared to net debt increasing \$15.5 million over December 31, 2006. \$13.1 million of the increase in net debt was due to a decrease in cash and cash equivalents of \$4.8 million and an increase in bank indebtedness of \$8.3 million. These changes were primarily driven by a decrease in customer deposits as at December 31, 2007 as compared to December 31, 2006.

Net Debt to Adjusted EBITDA
(Twelve months ended December 31)



Financing Activities

Distributions

During the fourth quarter, the Brick Group paid cash distributions to unitholders of \$16.3 million, bringing cash distributions to \$65.0 million (\$1.20 per unit) for the year ended December 31, 2007. Distributions for the year ended December 31, 2006 were the same as 2007.

Other

For the fourth quarter, other sources of cash from financing activities were \$6.1 million higher than in the same quarter a year ago. Borrowing against our operating credit facility was \$4.8 higher, and we did not make any mortgage related payments, which in the fourth quarter of 2006, totaled \$1.3 million.

For the year, other sources of cash from financing activities were \$5.9 million higher than in 2006. Borrowing against our operating credit facility was \$1.7 higher, and the refinancing our long-term debt resulted in a cash inflow of \$11.8 million after deducting related refinancing fees. In conjunction with this refinancing of our long-term debt, we made payments totaling \$7.6 million to extinguish our two remaining outstanding mortgages.

Our long-term debt was refinanced on March 14, 2007. The Brick Group refinanced its \$70.0 million Term Credit Facility on a long-term basis through the private placement of senior secured notes with an aggregate principal amount of \$83,000. These notes have a term of seven years and pay a semi-annual coupon of 6.431%.

As mentioned above, the Brick Group paid \$7.6 million to extinguish its two remaining mortgages outstanding at the time of refinancing of its long-term debt, on March 14, 2007. During 2006, in anticipation of the refinancing of its long term debt, the Brick Group paid out the balance of \$1.1 million on a mortgage that matured during the period. These payments are not considered within the definition of debt servicing used in our calculation of distributable cash. For purposes of calculating distributable cash, scheduled payments of interest and principal required to maintain a debt are deducted. However, just as advances of funds under a borrowing agreement are not considered to be components of distributable cash, non-scheduled repayments of borrowings such as maturity payments, or payments made in contemplation of a refinancing, are also not considered to be components of distributable cash.

Investing Activities

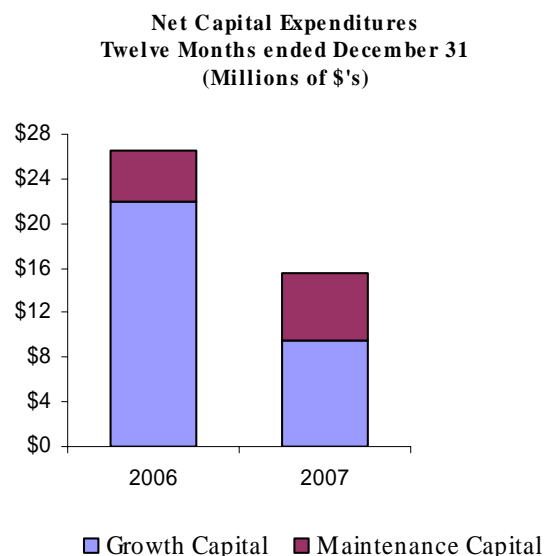
The following table summarizes the Brick Group's investing activities for the three and twelve month periods ended December 31, 2007 and December 31, 2006:

| Investing Activities Source (Use) of Cash (000's of \$) | Three months ended December 31 | | | Twelve months ended December 31 | | |
|--|--------------------------------|------------|---------------------------|---------------------------------|-------------|---------------------------|
| | 2007 | 2006 | \$ (Increase) Decrease | 2007 | 2006 | \$ (Increase) Decrease |
| | Capital assets additions | \$ (6,360) | \$ (8,797) | 2,437 | \$ (22,162) | \$ (31,247) |
| Intangible asset additions | 38 | (632) | 670 | (1,470) | (5,229) | 3,759 |
| Changes in payables related to capital assets | (2,379) | 2,008 | (4,387) | (2,379) | 2,008 | (4,387) |
| Proceeds from disposal of capital assets | 4 | - | 4 | 2,928 | 1,108 | 1,820 |
| Proceeds from expropriation of property | - | - | - | - | 5,500 | (5,500) |
| Marketable securities additions | (1,531) | (2,092) | 561 | (6,312) | (4,578) | (1,734) |
| Proceeds from sale of marketable securities | 3,315 | 2,995 | 320 | 8,815 | 5,196 | 3,619 |
| | \$ (6,913) | \$ (6,518) | (395) | \$ (20,580) | \$ (27,242) | 6,662 |

Investments in capital assets are lower than in the prior year as the Brick Group undertook a major initiative to expand its distribution infrastructure in 2006. During the second quarter of 2007, the Brick Group received proceeds from disposal of capital assets of \$2.9 million relating to the disposal of a redundant real estate asset in Edmonton, Alberta. In 2006, the Brick group received proceeds from capital asset disposals of \$6.6 million including \$5.5 million related to an expropriation of property by the City of Calgary.

Capital Expenditures

The Brick Group incurred maintenance capital expenditures for the three months ended December 31, 2007 of \$2.3 million compared to \$1.3 million for 2006. On an annual basis, maintenance capital expenditures of \$6.2 million have been incurred for 2007 compared to \$4.5 million for 2006.



Maintenance capital expenditures include those required to maintain and upgrade existing facilities, major roof replacements, information systems, existing distribution infrastructure and equipment. In general, maintenance capital expenditures are undertaken to maintain existing levels of EBITDA. Maintenance capital expenditures may fluctuate year to year based on the rolling life cycle of building and equipment.

Growth capital expenditures for the year were approximately \$15.9 million, mainly for new and relocated stores. We received tenant inducements of \$6.5 million, bringing our net expenditures on growth capital to \$9.4 million for the year. This compares to net growth capital of \$22.0 million for 2006, which was higher than expenditures for 2007 due to the 2006 expansion of the distribution infrastructure.

Financing Resources

At December 31, 2007, \$15.5 million was drawn under the \$50.0 million Operating Credit Facility and no amount was drawn under the \$5.0 million Commercial Letter of Credit Facility. No amount was drawn on the \$50.0 million Acquisition Credit Facility. These credit facilities, the Operating Credit Facility, the Commercial Letter of Credit Facility, and the Acquisition Credit Facility, are referred to as the "Credit Facilities". The Credit Facilities are explained in more detail in the Notes to the Financial Statements in the annual consolidated financial statements for The Brick Group Income Fund for the year ended December 31, 2007.

On March 14, 2007, the Brick Group 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 \$70.0 million Term Credit Facility, the two remaining outstanding mortgages (\$9.5 million at December 31, 2006), and to fund general operations.

The credit agreements governing the Credit Facilities and the Senior Notes respectively require The Brick Group 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 Brick Group was in compliance with all covenants.

Contractual Commitments

The following table provides an overview of the Brick Group's contractual commitments as at December 31, 2007.

| As at December 31, 2007 | | | | |
|-------------------------------|------------|-------------|-------------|---------------|
| (000's of \$) | Total | 1 - 3 years | 4 - 5 years | After 5 years |
| Long-term debt | \$ 83,000 | \$ - | \$ - | 83,000 |
| Construction Commitments | 2,117 | 2,117 | - | - |
| Purchase obligations | | | | |
| Commercial letters of credit | 8 | 8 | - | - |
| Outstanding purchase orders | 106,054 | 106,054 | - | - |
| Operating leases | 749,268 | 212,992 | 128,617 | 407,659 |
| Total contractual obligations | \$ 940,447 | \$ 321,171 | \$ 128,617 | \$ 490,659 |

Restriction on the Distribution of Capital from TGI and TGLI

Regulatory requirements stipulate that TGI and TGLI must maintain assets equal to their share capital and contributed surplus which totals \$11.0 million for the two companies. TGI and TGLI have cash and marketable securities in excess of the required amount at December 31, 2007.

9. NON-GAAP FINANCIAL MEASURES

Adjusted results, EBITDA, reported EBITDA, adjusted EBITDA, and distributable cash are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Therefore, adjusted results, EBITDA, adjusted EBITDA, and distributable cash may not be comparable to similar measures presented by other issuers. Investors are cautioned that adjusted results, EBITDA, adjusted EBITDA, and distributable cash should not be construed as alternatives to net income as determined in accordance with GAAP, as indicators of performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

In July 2007 the Canadian Institute of Chartered Accountants (CICA) published an interpretative release titled "Standardized Distributable Cash in Income Trusts and Other Flow-through Entities".

The objective of the guidance is to standardize the reporting of distributable cash within the income trust industry. The CICA guidance defines standardized distributable cash as cash provided by operating activities less the purchase of property, plant and equipment and any cash that cannot be distributed as a result of not meeting certain debt covenants. Income trusts may show distributable cash adjustments that are not included in the calculation of standardized distributable cash if they feel those adjustments are pertinent to investors' understanding of their business.

Management believes that the discussions related to distributable cash in this MD&A are appropriate, and clearly explain issues related to the Brick Group's distributable cash. Accordingly, management has not adopted the guidance in the CICA's interpretive release.

EBITDA

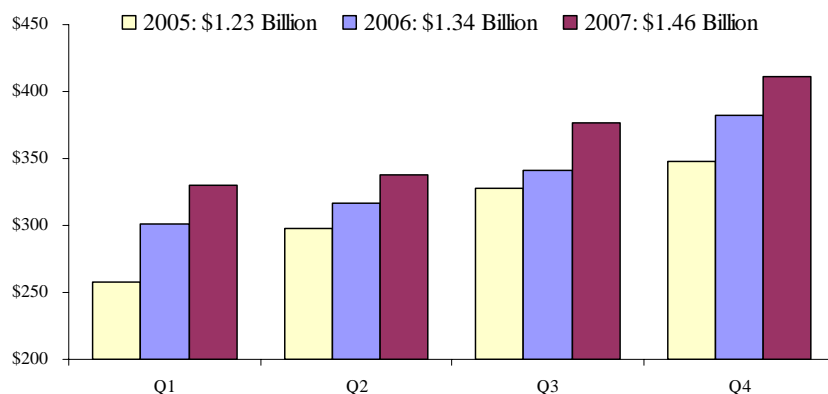
References to "EBITDA" or "reported EBITDA" are to earnings before interest, income taxes and amortization. References to "adjusted EBITDA" are to earnings before interest, income taxes and amortization, adjusted to remove the impact of purchase accounting.

Management of the Brick Group believes that adjusted EBITDA is a useful financial measure as it represents a starting point in the determination of cash available for distribution to unitholders.

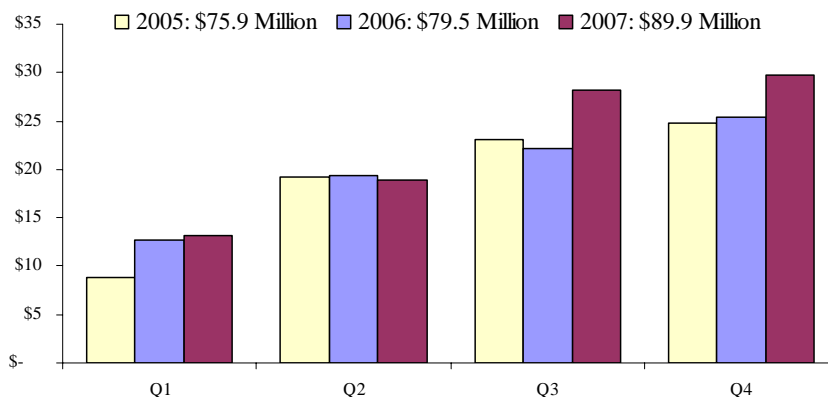
Adjusted Results of Operations

| Adjusted Results: (000's of \$ except %, per unit and store amounts) | For the three months ended December 31 | | | | For the twelve months ended December 31 | | | |
|--|--|---------------|------------------------|-----------------------|---|---------------|------------------------|-----------------------|
| | 2007 Adjusted | 2006 Adjusted | \$ Increase (Decrease) | % Increase (Decrease) | 2007 Adjusted | 2006 Adjusted | \$ Increase (Decrease) | % Increase (Decrease) |
| Sales and operating revenue | \$ 410,899 | \$ 382,568 | 28,331 | 7.4% | 1,456,306 | \$ 1,341,342 | 114,964 | 8.6% |
| Cost of sales | (246,176) | (231,285) | 14,891 | 6.4% | (868,560) | (802,865) | 65,695 | 8.2% |
| Gross margin | 164,723 | 151,283 | 13,440 | 8.9% | 587,746 | 538,477 | 49,269 | 9.1% |
| <i>Gross margin as a percentage of sales and operating revenue</i> | 40.1% | 39.5% | | | 40.4% | 40.1% | | |
| Selling, general and administrative expenses (SG&A) | (135,881) | (126,500) | 9,381 | 7.4% | (502,784) | (460,656) | 42,128 | 9.1% |
| Investment and other income | 890 | 564 | 326 | 57.7% | 4,934 | 1,717 | 3,217 | 187.4% |
| EBITDA | 29,732 | 25,347 | 4,385 | 17.3% | 89,896 | 79,538 | 10,358 | 13.0% |
| <i>EBITDA as a percentage of sales and operating revenue</i> | 7.2% | 6.6% | | | 6.2% | 5.9% | | |
| Interest expense on long-term and other debt | (2,052) | (1,909) | 143 | 7.5% | (8,994) | (6,398) | 2,596 | 40.6% |
| Income tax expense | 3,102 | (53) | (3,155) | -5952.8% | (42,437) | (1,066) | 41,371 | 3881.0% |
| Amortization | (5,154) | (4,995) | 159 | 3.2% | (19,710) | (19,257) | 453 | 2.4% |
| Income before extraordinary item | 25,628 | 18,390 | 7,238 | 39.4% | 18,755 | 52,817 | (34,062) | -64.5% |
| Extraordinary item net of taxes | - | - | - | - | - | 3,379 | (3,379) | -100.0% |
| Net income | \$ 25,628 | \$ 18,390 | 7,238 | 39.4% | \$ 18,755 | \$ 56,196 | (37,441) | -66.6% |
| Basic and diluted net income per unit | \$ 0.47 | \$ 0.34 | 0.13 | 38.2% | \$ 0.35 | \$ 0.98 | (0.63) | -64.3% |
| Stores at period end | 210 | 201 | | | 210 | 201 | | |

Adjusted Sales and Operating Revenue (Millions of \$'s)



Adjusted EBITDA (Millions of \$'s)



10. DISTRIBUTABLE CASH AND DISTRIBUTABLE CASH PER UNIT

Distributable cash is used by income funds as a measure of the cash generated and available for distribution to unitholders. The Brick Group's current measure of reported distributable cash represents adjusted EBITDA, adjusted for debt service obligations, maintenance capital expenditures, and income and capital taxes. As this calculation is not prescribed by GAAP, different income funds calculate this measure using alternative methods.

Pursuant to the Declaration of Trust for The Brick Group Income Fund and various partnership agreements, the Brick Group is required to distribute its distributable cash as calculated pursuant to its EBITDA based calculation of distributable cash (less reasonable reserves determined by the Trustees of the Brick Group to be prudent and in the best interests of The Brick Group Income Fund). This EBITDA based calculation of distributable cash is a primary measure the Trustees must consider with respect to the distributions related to the subordinated Class B Trust Units, as set out below. The Distribution Committee of the Board of Trustees reviews and approves cash distributions on a monthly basis taking into account its reported distributable cash as calculated above, the Brick Group's current and prospective performance, seasonality, and other factors it considers prudent.

The Brick Group's goal is to provide a long-term and stable base of distributable cash growth while paying a regular monthly cash distribution to its unitholders. The amount of the cash distributions paid are based on actual historical and estimated future performance of the Brick Group and are only partially dependent on the distributable cash calculation of a single period. Consequently, cash distributions for a period will not necessarily equal the amount of distributable cash calculated for that same period. For example, the seasonal nature of the retail business will cause distributions to exceed distributable cash during slower periods of the year. In periods where cash distributions exceed distributable cash, the excess of cash distributions over distributable cash are funded from the Brick Group's cash reserves built up in prior periods or from its operating credit facilities. Compared to our net income, our distributions have been higher. Management does not view distributions in excess of net income as an economic return of capital because they include significant amounts of cash flows from our warranty business, which are recorded as deferred revenue and recognized into income in future periods.

Together with Board of Trustees, management has targeted a distributable cash payout ratio in the mid-80s on an annualized basis (based on its EBITDA based calculation of distributable cash) before the Brick Group would consider an increase in monthly distributions.

On October 31, 2006, the Department of Finance (Canada) announced its intention to tax certain income of, and distributions paid by, income trusts and other existing flow through entities that meet the definition of a Specified Investment Flow-Through Entity or "SIFT". On June 22, 2007, Bill C-52, which significantly modifies the income tax rules applicable to the taxation of SIFTs, was enacted (the "SIFT tax"). The impact of the SIFT tax would necessarily be considered before any changes to distributions are made. The impact of the new tax on our distributable cash will be mitigated to the extent that management is successful in growing the business, and the amount of distributable cash generated by it, during the period until the new tax takes effect. For entities remaining within normal growth limits announced by the Department of Finance (Canada) on December 15, 2006, the SIFT tax will take effect on January 1, 2011. The SIFT tax is further discussed in this MD&A under the headings "Consolidated Operating and Financial Results" and "Risk Factors".

Distributions for the twelve months ended December 31, 2007 resulted in a payout ratio of 88.0% (twelve months ended December 31, 2006: 96.7%). For the twelve months ended December 31, 2007, our payout ratio was positively impacted by our strong third and fourth quarter results. Management is pleased with the improvement in the payout ratio, especially in light of increased maintenance capital expenditures and debt servicing costs compared to 2006.

Distributions on the Class A Trust Units and Class B Trust Units are cumulative, such that the amount of any deficiency from the \$0.10 per unit monthly distribution target will accumulate for 15 months. Payments of deficiencies, if any, on Class A Trust Units will be made in priority to distributions on the Class B Trust Units. Any deficiency in respect of a distribution on any units not satisfied within 15 months of the date it arose will cease to be payable. To date, no such deficiencies exist.

The subordination arrangements relating to the Class B Trust Units are only entitled to be terminated effective December 31, 2007 if the Brick Group earns adjusted EBITDA for fiscal 2007 of at least \$82.848 million, and the Brick Group has paid average monthly distributions of at least \$0.10 per Class A Trust Unit and Class B Trust Unit for fiscal 2007. For the year ended December 31, 2007, the Brick Group earned adjusted EBITDA of \$89.9 million, and paid average monthly distributions of at least \$0.10 per Class A Trust Unit and Class B Trust Unit.

Accordingly, effective upon the Board of Trustees' approval of the Brick Group's 2007 annual audited financial statements, the subordination in respect of the Class B Trust Units terminates. As a result, cash available to make distributions will be paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units will become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder.

Readers of this MD&A are encouraged to refer to the March 2008 AIF which provides further information on the Distribution Policy of the Brick Group and the subordination provisions of the Class B Trust Units.

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Distributable Cash

Reconciliation of Cash Flow from Operating Activities to Distributable Cash

| (000's of \$ except per unit amounts) | Notes | Three months ended December 31 | | Twelve months ended December 31 | |
|--|-------|--------------------------------|------------|---------------------------------|------------|
| | | 2007 | 2006 | 2007 | 2006 |
| Cash flow from operating activities | 1 | \$ (4,430) | \$ 27,076 | \$ 70,447 | \$ 78,546 |
| Changes in non-cash operating working capital items | 1, 2 | 38,320 | 1,357 | 19,359 | 7,252 |
| Items not affecting cash | 3 | 4,363 | (1,018) | (38,539) | (6,215) |
| Cash items | 4 | (15,651) | (12,787) | (46,314) | (42,015) |
| Income before extraordinary item | | 22,602 | 14,628 | 4,953 | 37,568 |
| Interest | | 2,052 | 1,827 | 8,830 | 5,994 |
| Income tax (recovery) expense | | (3,551) | (694) | 40,201 | (2,870) |
| Amortization | | 6,815 | 6,780 | 26,694 | 27,268 |
| Reported EBITDA | | 27,918 | 22,541 | 80,678 | 67,960 |
| Elimination of Purchase Accounting Impact | 5 | 1,813 | 2,806 | 9,218 | 11,578 |
| Adjusted EBITDA | | 29,731 | 25,347 | 89,896 | 79,538 |
| Debt service obligation | 6 | (1,961) | (1,920) | (8,936) | (6,551) |
| Maintenance capital expenditures | 7 | (2,272) | (1,296) | (6,203) | (4,504) |
| Corporate income taxes - current | 8 | 112 | (298) | (893) | (1,232) |
| Cash available for distribution | | \$ 25,610 | \$ 21,833 | \$ 73,865 | \$ 67,251 |
| Cash available for distribution per unit | | \$ 0.47 | \$ 0.40 | \$ 1.36 | \$ 1.24 |
| Cash distributions declared | | \$ 16,252 | \$ 16,253 | \$ 65,005 | \$ 65,006 |
| Cash distributions declared per unit | | \$ 0.30 | \$ 0.30 | \$ 1.20 | \$ 1.20 |
| Weighted average units outstanding during the period | | 54,171,133 | 54,171,133 | 54,171,133 | 54,171,133 |
| Payout ratio for the periods ended December 31 | | 63.5% | 74.4% | 88.0% | 96.7% |

- Cash flow from operating activities and changes in non-cash working capital items are as per the Brick Group's consolidated financial statements.
- The Brick Group's objective is to maintain a stable monthly distribution to its unitholders. The amount of the monthly distributions are based on actual historical and estimated future performance of The Brick Group. Consequently, periodic fluctuations in non-cash working capital are not considered a use or source of funds available for distribution to unitholders. Changes in non-cash working capital include changes in accounts receivable, inventory, prepaid expenses and deposits, accounts payable and accrued liabilities, corporate income taxes payable, customers' deposits, deferred service revenue, and unpaid claims reserve.
- Items not affecting cash includes amortization of the following items: capital assets, intangible assets, deferred lease inducements, deferred warranty revenue, deferred acquisition costs and preferred share premiums. Also included in this amount are future income taxes and the gain or loss on the sale of capital assets and marketable securities.
- Cash items includes cash received for leasehold inducements and from warranty and insurance sales and cash paid for deferred acquisition costs.
- As discussed in this Annual MD&A, purchase accounting adjustments relate to the July 20, 2004 indirect acquisition of the Brick LP by The Brick Group Income Fund. These purchase accounting adjustments have no impact on the cash position or cash flow generated by the Brick Group and therefore, have no impact on the ability of the Brick Group to distribute cash to unitholders of the Brick Group. Consequently, purchase accounting adjustments are excluded from cash available for distribution.
- Payments for scheduled debt service obligations, which include payments of interest and principal, represent a first claim on the cash flows of the Brick Group and as such reduce the amount of cash available to residual interest holders. Non-scheduled repayments of principal made in contemplation of a refinancing, advances of funds under our Credit Facilities, and the refinancing of our Credit Facilities are not considered components of distributable cash.
- Maintenance capital expenditures include those required to maintain and upgrade existing facilities, major roof replacements, information systems, existing distribution infrastructure and equipment. In general, maintenance capital expenditures are undertaken to maintain existing levels of EBITDA.
- Corporate income taxes represent a priority claim on the cash flows of the Brick Group and as such reduce the amount of cash available to residual interest holders.

An Alternative View of Distributable Cash

As discussed above, as the distributable cash calculation is not prescribed by GAAP, different income funds calculate this measure using alternative methods.

The Brick Group's current calculation for distributable cash and payout ratio starts with EBITDA and does not capture the full impact of cash flows generated by our financial services segment, specifically our warranty and certain insurance cash flows. Under GAAP, these cash flows are deferred and taken into income over the term of the extended warranty or insurance period, even though they are received in the current period. In addition, the current EBITDA based calculation includes revenue recognized from the amortization of lease inducements. Management views lease inducements and their corresponding revenue recognition as a financing activity as opposed to a source of cash available for distribution.

Management has not changed its calculation of reported distributable cash and associated payout ratio. However, through this alternative view, we are providing our unitholders a parallel view of our distributable cash that management believes is better aligned with the cash flows generated by the underlying business. As discussed above, our reported EBITDA based calculation of distributable cash is a primary measure the Trustees must consider with respect to the distributions related to the subordinated Class B Trust Units, as set out below. However, the Brick Group is entitled to distribute an amount greater than the Brick Group's current reported distributable cash, utilizing the cash flows generated by our financial services segment as discussed above, if the Trustees of the Brick Group consider such distribution to be prudent and in the best interests of The Brick Group Income Fund. After the subordination in respect of the Class B Trust Units has ended, while the Brick Group's current EBITDA based calculation of distributable cash is still a factor the Trustees of the Brick Group must consider when determining the amount of cash distributions paid, it will no longer be a primary measure. As such, the Trustees of the Brick Group will consider adopting this alternative view of distributable cash as our reported distributable cash measure in the future, at the time the subordination in respect of the Class B Trust Units has ended. Readers of this MD&A are encouraged to refer to the March 2008 AIF which provides further information on the subordination provisions of the Class B Trust Units.

The impact of applying this alternative view results in a fourth quarter payout ratio of 60.5% compared to our reported third quarter payout ratio of 63.5%. For the twelve months ended December 31, 2007, the payout ratio under this alternative view was 88.8%, as compared to our reported payout ratio of 88.0% for the same period.

The decrease in spread between the reported and alternative payout ratio is primarily due to the recognition of deferred warranty revenue growing faster than cash flow generated from written warranty sales. Written sales saw significant growth in 2004 and 2005 which is only now being reflected in the income statement as earned income. During that time, increased growth in written warranty sales was driven by sales growth as a result of the Quebec store openings and the addition of a third party client. Warranty sales continue to grow, but the rate of growth for written sales is not as high as it was in 2004. As a result, there will be less difference between the reported and alternative payout ratio.

| Alternative View (000's of \$) | Three months ended December 31 | | Twelve months ended December 31 | |
|--|---|---------------|--|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash flow from operating activities | \$ (4,430) | \$ 27,076 | \$ 70,447 | \$ 78,546 |
| Changes in non-cash working capital | 38,320 | 1,357 | 19,359 | 7,252 |
| Funds flow from operations | 33,890 | 28,433 | 89,806 | 85,798 |
| Cash received for leasehold inducements | (3,570) | (1,501) | (6,505) | (4,701) |
| Increase in claims exposure | (1,168) | (1,817) | (3,678) | (4,645) |
| Scheduled principal repayments | - | (167) | (239) | (827) |
| Maintenance capital expenditures | (2,272) | (1,296) | (6,203) | (4,504) |
| Distributable Cash | 26,880 | 23,652 | 73,181 | 71,121 |
| Distributions | (16,252) | (16,253) | (65,005) | (65,006) |
| Excess | \$ 10,628 | \$ 7,399 | \$ 8,176 | \$ 6,115 |
| Payout ratio | 60.5% | 68.7% | 88.8% | 91.4% |

Changes in Non-Cash Working Capital

The Brick Group's goal is to pay a stable monthly cash distribution to its unitholders. The amount of the monthly cash distributions are based on actual historical and estimated future performance of The Brick Group. Consequently, periodic fluctuations in non-cash working capital are not considered a use or source of funds available for distribution to unitholders.

Funds Flow from Operations

Funds flow from operations is equal to cash from operating activities before changes in non-cash operating working capital items as presented in our consolidated financial statements.

Cash Received for Leasehold Inducements

Management considers cash received for leasehold inducements to be a source of financing for growth capital expenditures as opposed to a source of cash available for distribution. Therefore, in the alternative view, cash received for leasehold inducements is deducted in calculating distributable cash.

Increase in Claims Exposure

The Brick Group's financial services segment sells warranties, as well as certain insurance products, where the customer is provided with warranty or insurance protection for an extended period of time. Cash collected from these sales is included in Funds Flow from operations. Claims and other expenses that will be incurred in the future related to these sales result in a future liability or claims exposure for the Brick Group.

The alternate view calculation deducts an amount from Funds Flow from operations to address the increase in claims exposure (i.e. future warranty and certain insurance claims) of the warranty and insurance portfolios (i.e. unexpired warranty and insurance contracts). In general, any change in claims exposure is driven by two main factors, including a change in the size of the portfolios as well as changes in estimated future claims rates.

In determining the total claims exposure associated with these portfolios, management looks at each type of warranty and insurance product offered and the associated historical claims rates as an indicator of future claims rates. These estimates for future claims rates are applied to the portfolios.

Principal Payments

As interest expense is already deducted in deriving Funds Flow from operations, scheduled principal payments are deducted in the alternative view to ensure all debt servicing is considered.

Maintenance Capital Expenditures

This amount is the same as that which is currently deducted in the reported calculation of distributable cash.

Distributions for the Period

Distributions remained unchanged in the fourth quarter of 2007. For the quarter and the year ended December 31, 2007, the Brick Group met all distribution targets of \$0.10 per unit per month for Class A Trust Units and Class B Trust Units. Total cash distributions were \$16.3 million for the quarter, and \$65.0 million for the year, as detailed in the table below:

| Period | Record Date | Payment Date | Per Unit | Amount |
|-------------------------------|--------------------|---------------------|-----------------|---------------|
| Class A units | | | | |
| January 2007 | January 31, 2007 | February 15, 2007 | \$ 0.1000 | \$ 4,292 |
| February 2007 | February 28, 2007 | March 15, 2007 | 0.1000 | 4,292 |
| March 2007 | March 30, 2007 | April 16, 2007 | 0.1000 | 4,292 |
| April 2007 | April 30, 2007 | May 15, 2007 | 0.1000 | 4,292 |
| May 2007 | May 31, 2007 | June 15, 2007 | 0.1000 | 4,292 |
| June 2007 | June 29, 2007 | July 16, 2007 | 0.1000 | 4,292 |
| July 2007 | July 31, 2007 | August 15, 2007 | 0.1000 | 4,292 |
| August 2007 | August 31, 2007 | September 17, 2007 | 0.1000 | 4,292 |
| September 2007 | September 28, 2007 | October 15, 2007 | 0.1000 | 4,292 |
| October 2007 | October 31, 2007 | November 15, 2007 | 0.1000 | 4,292 |
| November 2007 | November 30, 2007 | December 17, 2007 | 0.1000 | 4,292 |
| December 2007 | December 31, 2007 | January 15, 2008 | 0.1000 | 4,293 |
| | | | | 51,505 |
| Class B units | | | | |
| January 1 - March 31, 2007 | March 30, 2007 | April 16, 2007 | 0.3000 | 3,375 |
| April 1 - June 30, 2007 | June 29, 2007 | July 16, 2007 | 0.3000 | 3,375 |
| July 1 - September 30, 2007 | September 28, 2007 | October 15, 2007 | 0.3000 | 3,375 |
| October 1 - December 31, 2007 | December 31, 2007 | January 15, 2008 | 0.3000 | 3,375 |
| | | | | 13,500 |
| | | | | \$ 65,005 |

Distributions are declared monthly to Class A unitholders of record on the last business day of each month, and quarterly to Class B unitholders of record on the last business day of each fiscal quarter.

11. OUTSTANDING UNIT DATA

At December 31, 2007 and March 16, 2008, the Brick Group had 42,924,016 Class A Trust Units and 11,247,117 Class B Trust Units outstanding. William H. Comrie, a resident of the United States, holds a 39.80% interest in the Brick Group through 10,314,866 Class A Trust Units (19.04%) and 11,247,117 Class B Trust Units (20.76%). As at March 16, 2008, Fairfax Financial Holdings Limited holds 10.96% of all units outstanding, or 5,938,800 Class A Trust Units, and Mackenzie Financial Corporation holds 8.19% of all units outstanding, or 4,437,100 Class A Trust Units.

12. OUTLOOK

Our outlook will build upon the benefits of our prior year key strategic initiatives, rebannered and the distribution centre infrastructure build out. Our record results in 2007 have validated our focus and commitment to these initiatives.

In the coming year, in addition to managing our various strategic levers, we will also address a number of strategic opportunities and challenges, discussed below.

Strategic Levers

We continue to have many levers to drive down costs and increase EBITDA. Within the retail segment, these include:

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

Within our financial services segment, these include:

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

Store Count Continuity

The following chart illustrates our 2008 store count projections:

| Store Count Continuity 2008 | | | | |
|---|--------------------|---------------------------------|----------------------|--------------------|
| | At Dec 31, 2007 | Rebanning 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 |

Limited Rebanning in 2008

Management has been very pleased with results on the rebanning initiative. As a result, we will continue to evaluate the option of further rebanning of United Furniture stores, where opportunities present themselves. For 2008, we have identified 9 potential locations for rebanning.

Mattress Stores

Management expects to open 5 new Brick Mattress Stores in 2008, bringing our total number of mattress stores to 28 by the end of 2008. We have been very pleased with the performance of our specialty bedding chain and will continue to pursue its expansion over the coming years.

Capital Expenditures

In 2008, management expects to spend approximately \$7.0 million in maintenance capital expenditures and approximately \$25.0 million in growth capital expenditures, net of tenant inducements. Growth capital will be directed to opening 4 new Brick stores, 5 new Brick Mattress stores, in addition to a number of rebanning and renovation projects identified for the year.

Renewal of Credit Facility

The Brick Warehouse LP, a member of the Brick Group, has secured commitments from its existing syndicate of lenders to refinance its Credit Facilities 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.

Retail Installment Financing

The Brick Group 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 Brick Group's third party credit providers, have the option of applying for retail installment financing that is provided directly by the Brick Group. For those customers meeting the Brick Group'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. Management 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 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. With the Board, management has set limits to the maximum allowable receivable balance it will allow for this program, in order to manage risk appropriately.

Current Income Tax Expense and SIFT Tax

Our anticipated current income tax expense for the 2008 year is estimated at approximately \$2.0 million.

As noted previously, for entities remaining within normal growth limits announced by the Department of Finance (Canada) on December 15, 2006, the SIFT tax will take effect on January 1, 2011. Management anticipates in the 2008 year to begin to formulate its tax planning strategy as it relates to the SIFT tax, but does not anticipate any specific action to convert from an income fund in 2008.

We believe that our geographic and economic diversification will allow us to remain competitive in the short and long term Canadian economy.

Management remains focused on our mission to drive sales, grow profitability, and ultimately maintain sustainable and stable level of distributions.

13. CRITICAL ASSUMPTIONS

Future Income Taxes

The impact of the adjustment for future income taxes recorded in the second quarter of 2007 is discussed in this MD&A under the heading, "Consolidated Operating and Financial Results", and is further discussed under the heading "Risk Factors".

Off-Balance Sheet Arrangements

For information on off-balance sheet arrangements, see notes 17 and 18 of the audited consolidated financial statements of The Brick Group Income Fund for the year ended December 31, 2007.

Related Party Transactions

Included in selling, general and administrative expenses for the year ended December 31, 2007 is rent expense of \$1.0 million (2006: \$0.9 million), paid to a joint venture partially owned by an officer of the Brick Group. These transactions are in the normal course of operations and are measured based on commercial rates established and agreed to by the related parties.

Included in accounts receivable at December 31, 2007 is \$0.4 million (2006: \$0.3 million) for loans made to employees. These loans relate to employee relocation.

Critical Accounting Estimates

The preparation of financial statements, in conformity with Canadian GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Allowance for Doubtful Accounts

The Brick Group expects that a certain portion of required customer payments will not be made and maintains an allowance for these doubtful accounts. This requires an assessment and estimation of the credit worthiness of customers, the timing of collections, and the amounts that will be received. This allowance is based on management's estimation of the likelihood of recovering the accounts receivable. Management's process of determining allowances includes identification of collection risk relative to the age of accounts receivables, as well as identification of collection risk on a specific account basis.

Unpaid Claims Reserve

The unpaid claims reserve consists of a reserve for unpaid warranty and unpaid insurance claims as at the balance sheet date.

For warranty claims, the unpaid claims reserve includes an estimate of all reported claims that remain unsettled as at the balance sheet date. The unpaid claims reserve for warranty claims is based on assumptions and estimates of the cost of repairs and expected expenses associated with the payment of such claims.

For insurance claims, the unpaid claims reserve includes an estimate of both reported and unreported claims that remain unsettled as at the balance sheet date. The unpaid claims reserve for insurance claims is based on assumptions and estimates of loss emergence, payment rates, interest and expected expenses associated with the payment of such claims.

Management believes that the unpaid claims reserve includes appropriate provisions for risk that arises from the uncertainty inherent in the aforementioned assumptions and estimates.

Sales Revenue

The Brick Group records a provision for sales returns and price guarantees based on historical experience and actual experience subsequent to year-end.

Vendor Rebates

Certain vendor rebates and other supplier discounts are included in income as a reduction in cost of goods sold. Volume rebates are recorded based on annualized expected purchase volumes where applicable. All other rebates and discounts are recorded when the related expense is incurred.

Fair Value of Marketable Securities

Available for sale securities are subject to a regular review for losses that are other than temporary. Available for sale securities are written down to fair value through income whenever it is necessary to reflect an other-than-temporary impairment. Whether a particular decline in value is other than temporary is an estimate requiring the use of judgment.

Inventory Obsolescence

Inventory is valued at the lower of cost, determined using the first-in, first-out method, and net realizable value. Whether net realizable value will exceed cost requires the use of estimation and judgment about future sales.

Capital Assets

Capital assets are recorded at cost. Capital assets are amortized using the straight-line method over their estimated useful lives. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate their carrying amount may not be recoverable. An impairment loss is recognized when carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of impairment loss is the excess of the carrying value of the asset over its fair value.

Goodwill and Indefinite Life Intangible Assets

Goodwill and intangible assets with indefinite lives are recorded at cost and are not amortized. Management reviews assets for impairment in the fourth quarter of every year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Indefinite life intangible assets are written down if carrying value exceeds fair value.

Finite Life Intangible Assets

Intangible assets with finite lives are recorded at cost and are amortized over their estimated useful lives using the straight-line method. Finite life intangible assets are tested for recoverability whenever events or changes in circumstances indicate that a carrying amount may not be recoverable. An impairment loss is recognized when carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition.

Income Tax

Income tax provisions, including current and future income tax assets and liabilities, may require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to the Brick Group's specific situation.

Current and future income taxes are provided for the taxable entities owned by the Brick Group. Any changes in future income tax assets and liabilities are charged to income in the period.

Within The Brick Group, The Brick Group Income Fund (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 Brick Group 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 Brick Group, 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.

The impact on the Brick Group of Bill C-52 is discussed further in this MD&A in the section on Risk Factors, under the heading Income Taxes.

Valuation on Acquisition Date

Valuation of acquired assets and liabilities on the acquisition date required the use of estimates to determine the purchase price allocation. Estimates were made of the fair values of capital assets, intangible assets, goodwill and other assets and liabilities acquired. In certain circumstances, such as the valuation of intangible assets and capital assets, management also relied on independent third party estimates.

Materiality

In preparing this MD&A and the information contained herein, management considers the likelihood that a reasonable investor would be influenced to buy or not buy, or to sell or hold units of The Brick Group if such information were omitted or misstated. This concept of materiality is consistent with the notion of materiality applied to financial statements and contained in the Canadian Institute of Chartered Accountants Handbook.

Financial Instruments

The Brick Group is exposed to financial risks that arise from fluctuation in interest rates and foreign exchange rates and the degree of volatility of these rates.

The Brick Group enters into U.S. dollar forward exchange contracts to minimize a portion of the risk associated with future purchases of U.S. dollar denominated goods and services with an emphasis on those purchases that are expected to be completed the following month. These derivative contracts, not accounted for as hedges, are marked to market and any change in the market value is recorded in income or expense when the change occurs. The fair values of these instruments are recorded in accounts payable and accrued liabilities or accounts receivable.

There were no foreign exchange contracts outstanding at December 31, 2007, and December 31, 2006.

Accounting Standard Adopted in the Current Year

Commencing January 1, 2007, the Brick Group adopted the following new Canadian Institute of Chartered Accountants (“CICA”) accounting standards:

Section 3855 - Financial Instruments - Recognition and Measurement

Section 3865 - Hedges

Section 1530 - Comprehensive Income

Section 3251 - Equity

Section 3861 - Financial Instruments - Disclosure and Presentation

These sections establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, as well as the use and application of hedge accounting. Section 1530 establishes standards for the reporting and presentation of comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with GAAP, are recognized in comprehensive income, but excluded from net income.

According to these new standards, all financial assets and financial liabilities must be classified into one of the categories outlined in the following table:

| Category | Applies to | Definition |
|-----------------------------|--|--|
| Held for trading | Financial assets and financial liabilities | Includes: <ul style="list-style-type: none">• Financial instruments acquired for purpose of trading or as part of a trading portfolio• All derivatives that are not designated in hedging relationships• Financial instruments which are designated as trading |
| Held to maturity | Financial assets | A financial asset with fixed payments and maturity that the entity has the intent and ability to hold to maturity |
| Loans and receivables | Financial assets | A financial asset that is not a debt security, resulting from the delivery of assets in exchange for a promise to pay |
| Available for sale | Financial assets | Includes: <ul style="list-style-type: none">• Non-derivative financial assets designated as available for sale• Financial assets not classified in another category |
| Other financial liabilities | Financial liabilities | A financial liability not classified as held for trading |

The related accounting policies adopted by the Brick Group and the resulting financial statement impacts are discussed below.

These standards have been applied retrospectively without restatement. There was no impact on the Brick Group's opening consolidated deficit as at January 1, 2007, or on consolidated net income for the year ended December 31, 2007, as a result of the new standards.

All financial instruments are initially recognized on the consolidated balance sheet at their fair value. Subsequent to their initial recognition, all financial instruments continue to be measured at their fair value except for held to maturity investments, loans and receivables, and other financial liabilities which must be measured at amortized cost using the effective interest method.

Held for Trading

Changes in the fair value of financial assets and liabilities that are classified as held for trading are recorded in net income. The only financial instruments the Brick Group has classified as held for trading are its cash and cash equivalents. For cash and cash equivalents, fair value is assumed to equal book value. Gains, losses, and transaction costs related to held for trading assets and liabilities are recognized immediately in consolidated income.

Held to Maturity

The Brick Group has classified certain Government of Canada bonds held by Trans Global Insurance Company and Trans Global Life Insurance Company, as held to maturity. These bonds are required to be held as deposits by the regulatory authority overseeing insurance companies in the province of New Brunswick. Transaction costs related to held to maturity assets are included in their amortized cost. Gains or losses related to held to maturity assets are recognized immediately in consolidated income when the asset is derecognized or impaired.

Loans and Receivables

The Brick Group has classified its accounts receivable as loans and receivables. Impairment write-downs, foreign exchange translation adjustments, and transaction costs related to loans and receivables are recognized immediately in consolidated income. Gains and losses are recognized in income when the asset is derecognized.

Available For Sale

The Brick Group has classified all of its marketable securities at January 1, 2007 as available for sale. Available for sale securities are measured at fair value with unrealized gains and losses recorded in other comprehensive income, net of income taxes, until the security is either sold, or if an unrealized loss is considered other than temporary, the unrealized loss is reclassified to net income and presented within investment and other income. The fair values of our available for sale securities are determined from quoted market prices. Available for sale equity securities which do not have a quoted market price must be recorded at cost. The Brick Group does not currently hold any investment securities for which a quoted market price is unavailable.

Available for sale securities are subject to a regular review for losses that are other than temporary. Available for sale securities are written down to fair value through income whenever it is necessary to reflect an other-than-temporary impairment.

The Brick Group accounts for the purchase and sale of marketable securities using settlement date accounting for purposes of both the consolidated balance sheet and the consolidated statement of income. Transaction costs related to the Brick Group's available for sale securities will continue to be included in their carrying values.

At January 1, 2007, the Brick Group adjusted the marketable securities included on its consolidated balance sheet to their fair values. The amount of this adjustment, net of income taxes and together with the balance of deferred realized gains, was recorded as a component of the opening balance of accumulated other comprehensive income as summarized in the following table.

| | January 1, 2007 |
|---|----------------------------|
| | <u>Increase (decrease)</u> |
| Available for sale securities | \$ 1,451 |
| Future income tax assets | (646) |
| Future income tax liabilities | 54 |
| Other liabilities | 40 |
| <u>Accumulated other comprehensive income</u> | <u>\$ 899</u> |

Other Financial Liabilities

For the Brick Group, the other financial liabilities classification includes bank indebtedness, accounts payable and accrued liabilities, and long-term debt. Transaction costs are included in the carrying cost of the other financial liabilities.

Gains and losses from items in this category are recognized in net income in the period that the liability is derecognized. Foreign exchange translation adjustments are recognized immediately in net income. For the Brick Group, foreign exchange translation adjustments related to accounts payable in U.S. dollars are included in net income within cost of sales.

In accordance with the provisions of these new standards, the Brick Group has netted deferred financing charges against the carrying value of long-term debt and is amortizing these deferred financing charges using the effective interest method over the remaining term of the debt. Previously, the deferred financing charges were amortized on a straight line basis over the term of the debt. Consequently, unamortized deferred financing charges of \$1,123 as at December 31, 2007 (December 31, 2006: \$377), which were previously recorded in intangible assets and deferred charges, have been reclassified against the long-term debt and bank indebtedness. For the year ended December 31, 2007, amortization of the deferred financing charges in the amount of \$360 (2006: \$270), has been recorded in net income and presented as interest expense. Prior to adoption of these new standards, amortization of the deferred financing charges was presented as amortization expense

Derivatives and Hedge Accounting

All derivatives, including embedded derivatives that must be separately accounted for, are now recorded at fair value in the consolidated balance sheet with realized and unrealized gains recorded in net income unless the derivative is part of a designated effective hedging relationship in which case gains or losses from the derivative are offset against gains or losses on the hedged item.

At the inception of a hedging relationship, the Brick Group documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge. The Brick Group also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the cash flows of the hedged items.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Any gains or losses in fair value relating to the ineffective portion are recognized immediately in the income statement. Amounts accumulated in other comprehensive income are reclassified to net income in the period in which the hedged item affects net income.

Derivatives that are not designated as part of a hedging relationship are classified as held for trading. All gains and losses from changes in fair value of derivatives held for trading are recognized in the income statement. The Brick Group regularly enters into U.S. dollar forward exchange contracts which meet the definition of derivative contracts and are not part of a designated hedging relationship. The fair value of these contracts represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors.

Management performed a review for embedded derivatives and none were identified. In accordance with the new standard, the review considered any contracts entered into on or after January 1, 2003.

There were no significant changes to the Brick Group's risk management policies as a result of the new accounting standards.

Comprehensive Income

The consolidated statement of comprehensive income now forms part of the Brick Group's consolidated financial statements and displays current period net income and other comprehensive income. Accumulated other comprehensive income is now a separate component of unitholders' equity. The consolidated statement of comprehensive income reflects changes in accumulated other comprehensive income, comprised of changes in unrealized gains and losses on available for sale securities as well as changes in the fair value of derivatives designated as cash flow hedges, to the extent they are effective.

Revised Section 1506 - Accounting Changes

In July 2006, the Canadian Accounting Standards Board ("AcSB") issued revised CICA Handbook Section 1506, Accounting Changes. The main features of the revised standard are:

- Voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information.
- Changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the Section 1506).
- Prior period errors are corrected retrospectively.
- New disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors.

This revised Section was adopted by the Brick Group for its fiscal year beginning on January 1, 2007 and had no impact on its financial position or results of operations.

Pending Changes to Accounting Policy

Section 3031 – Inventories

In June 2007, the CICA issued Section 3031, Inventories, which will replace existing Section 3030 with the same title. The new Section, effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. The Brick Group currently measures inventories at the lower of cost and net realizable value and therefore, does not expect the new Section to have any impact on its financial position or results of operations. Under this new Section, the Brick Group will be required to disclose the amount of inventory expensed during a period, and also the amount of inventory pledged as security for liabilities. The Brick Group will adopt this new Section for its fiscal year beginning January 1, 2008.

Section 1535 – Capital Disclosures

In December 2006, the CICA issued a new accounting standard on disclosures about capital, to converge with recent amendments to International Financial Reporting Standard IAS 1, Presentation of Financial Statements. Section 1535, Capital Disclosures, must be implemented no later than the first reporting period in the first fiscal year beginning on or after October 1, 2007. Section 1535 requires an entity to disclose information about its objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements. Rather than providing a definition for capital, the Section requires entities to describe and provide quantitative data about what they manage as capital. As this new standard addresses disclosure issues only, it will not have any impact on the Brick Group's financial position or results of operations. The Brick Group will adopt this standard for its fiscal year beginning January 1, 2008.

Section 3064 – Goodwill and Intangible Assets

In February 2008, the CICA issued new Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Section 3062, Goodwill and Other Intangible Assets. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Brick Group will adopt the new standards for its fiscal year beginning January 1, 2009. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062. The new section provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Accordingly, for its fiscal year beginning January 1, 2009, the Brick Group will adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented, as if the pre-opening costs had not been deferred. As at December 31, 2007, the Brick Group had deferred pre-opening costs of \$5,732 (December 31, 2006: \$8,403). These pre-opening costs relate mainly to the expansion of the Brick Group's operations into Quebec in 2004, and to the expansion of its distribution centre infrastructure in 2006.

Section 3862 - Financial Instruments – Disclosures
Section 3863 - Financial Instruments - Presentation

In December 2006, the AcSB issued a new accounting standard on disclosures about financial instruments. Section 3862, Financial Instruments — Disclosures, improves upon the disclosure requirements in Section 3861, Financial Instruments — Disclosure and Presentation, and converges with International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures. Section 3862 must be implemented no later than the first reporting period in the first fiscal year beginning on or after October 1, 2007, but was made available in time for voluntary early implementation concurrent with adoption of the suite of financial instruments standards issued in 2005 (and effective for reporting periods beginning on or after October 1, 2006). Entities choosing not to early adopt the new disclosure requirements will continue to comply with the existing disclosure requirements in Section 3861.

Section 3862, like Section 3861, is based on the fundamental principle that entities should provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments to the entity's financial position and performance. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. Concurrent with the release of Section 3862, the AcSB also issued Section 3863, Financial Instruments — Presentation, which carries forward unchanged the presentation requirements of Section 3861. Section 3863 provides a companion standard to Section 3862 for entities subject to the latter. The Brick Group will adopt these standards for its fiscal year beginning January 1, 2008.

International Financial Reporting Standards

In March 2007, the CICA announced that Canadian publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) effective January 1, 2011. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Brick Group is currently assessing the impact IFRS will have on its financial statements.

14. PURCHASE ACCOUNTING ADJUSTMENTS

Deferred Warranty Plan Revenue

Warranty contract revenues are recorded as unearned revenues at the time of sale and are recognized into income over the term of the warranty contract which commences upon the expiration of the manufacturer's warranty period. Unamortized proceeds from contracts in force at the acquisition date would normally have been recognized into income over the remaining term of the contract life. At the acquisition date, the fair value of the liability associated with those existing warranty contracts was \$49.9 million less than the book value of deferred warranty revenue.

The approach used to determine the fair value of the liability was to assess the amount a third party would require as consideration in exchange for assuming the existing warranty liabilities at the acquisition date. This involved estimating the anticipated cost of future claims associated with the existing book of business at the acquisition date and allowing for a reasonable profit for the third party in addition to those claims costs the third party would expect to incur. The difference between the two values is deferred profit that would have been recognized over the remaining life of the warranty contracts.

The application of purchase accounting at July 20, 2004 results in a \$49.9 million reduction of the deferred warranty contract revenue credit on the balance sheet. The reduced amount is not reflective of the on-going warranty operations as the terms of the contracts in force at July 20, 2004 did not change due to the application of purchase price accounting. The purchase accounting adjustment will decrease sales and operating revenue over the terms of the contracts to which the deferred warranty contract revenue on the balance sheet at July 20, 2004 relates. It is estimated this adjustment will no longer have a significant impact after 2009.

In order to present comparative and informative information for the warranty operations, the effect of this purchase accounting adjustment has been presented and an adjusted sales and operating revenue number calculated. This allows the current period to be compared to the prior period, in which there was no purchase accounting adjustment impact.

Deferred Acquisition Costs

Deferred acquisition costs are direct costs associated with the sale of a warranty contract, such as commissions paid to sales staff. GAAP requires that costs directly related to the acquisition of a contract and that would have not been incurred but for the acquisition of that contract be deferred and charged to expense in proportion to the revenue recognized. The deferral of such acquisition costs allows for the matching of expenses with the associated revenues. Deferred acquisition costs are amortized over the term of the warranty period on the same basis as the associated revenues are recognized.

As purchase accounting requires all items to be measured at fair value, the deferred acquisition costs on the balance sheet had to be reduced by \$12.5 million on the acquisition date. This purchase accounting adjustment will decrease cost of sales over the terms of the contracts to which the deferred acquisition costs on the balance sheet at July 20, 2004 were associated. The decrease in cost of sales due to this purchase price adjustment will affect net income until approximately 2009.

Deferred Lease Inducements

Lease inducements applicable to real estate leases are recorded initially as deferred credits on the balance sheet of the Brick Group. The benefits of these lease inducements are recognized as a reduction of SG&A expense over the term of the lease. At acquisition date, purchase accounting adjustments reduced the carrying value of these deferred lease inducements by \$17.8 million.

The effect of reducing this deferred credit balance is that SG&A expense recognized in post-acquisition periods will be higher over the life of these lease agreements by the amount of this purchase accounting adjustment. Thus, it becomes difficult to compare SG&A expense from the current period with periods prior to acquisition that is not affected by this purchase accounting adjustment. To facilitate a comparison between periods, an adjusted amount has been calculated to exclude the effects of purchase accounting from post-acquisition periods.

Marketable Securities

Purchase accounting required that the carrying values of marketable securities on hand at July 20, 2004 be adjusted to their fair values. This resulted in a net increase in the carrying value of these marketable securities of \$0.4 million. As the marketable securities held at July 20, 2004 are sold this purchase accounting adjustment is decreased. The decrease in this purchase accounting adjustment is recognized as a reduction (increase) in the gain (loss) recognized on disposal of these marketable securities and is included as part of other income on the income statement.

Long-Term Debt

The carrying value of long-term debt also had to be adjusted to fair value at the acquisition date. This resulted in an increase of \$0.7 million in the carrying value of the debt. As the term of the debt decreases, the purchase accounting adjustment diminishes. This is reflected through a reduction of interest expense on long-term debt on the income statement.

Future Income Taxes

The organizational structure of the Brick Group includes various legal entities including partnerships, trusts and corporations. Partnerships are not considered to be taxpayers in Canada, therefore, partnerships do not record a tax expense in their financial statements. The trusts within the organizational structure of the Brick Group are mandated to distribute all of their taxable income to their beneficiaries and, as a result, will also not record a tax expense in their financial statements. Therefore, differences between the book value of assets and liabilities of the partnerships and trusts and their underlying tax basis do not give rise to future income tax assets and liabilities in the consolidated financial statements of the Brick Group. Only such differences related to assets and liabilities of the corporations within the structure give rise to future income tax assets, liabilities and expenses. The significant operations of the Brick Group that are carried on through corporate structures are the warranty and insurance businesses.

At the acquisition date the assets and liabilities owned by the warranty and insurance businesses were adjusted to their fair value. Deferred acquisition costs and customer contracts were the assets, and deferred warranty revenue was the liability, which were revalued at amounts that were different than their carrying values. The re-valuation of these items had the effect of creating an additional future tax liability of \$15.7 million, which will be recognized as a recovery of future income tax in the income statement over the next five years.

Capital and Intangible Assets

The carrying value of capital assets was increased by \$46.8 million at the acquisition date to reflect the fair value of those assets, and intangible assets subject to amortization, were increased by \$39.1 million. These increases in value cause amortization expense to be significantly higher in the current and future periods as compared to periods prior to the acquisition.

15. RISK FACTORS

Careful consideration should be given to the following risk factors. These descriptions of risks are not the only ones facing the Brick Group. Additional risks and uncertainties not presently known to the Brick Group, or that the Brick Group deems immaterial, may also impair the operations of the Brick Group. If any of such risks actually occur, the business, financial condition, liquidity, and results of operations of

the Brick Group could be materially adversely affected and the ability of the Brick Group to make distributions on its Class A Trust Units and Class B Trust Units could be adversely affected.

Readers of this MD&A are also encouraged to refer to the Brick Group's Annual Information Form which provides further information on the risk factors facing the Brick Group.

General Economic Conditions

The health of the Canadian economy as a whole, and the regional markets in which the Brick Group operates, has represented, and is currently expected to continue to represent, the principal determinant of the Brick Group's profitability and cash flows from operations. Accordingly, the Brick Group's financial results are sensitive to interest rates, domestic product growth, consumer confidence, housing starts, availability of consumer credit and the level of unemployment.

Third Party Credit Providers

The success of the Brick Group depends, in part, on its relationship with its third party credit providers. The Brick Group relies on two third party credit suppliers in supplying financing alternatives to its customers. There can be no assurance that the Brick Group 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 Brick Group's customers, the unavailability of such products, the deterioration in the Brick Group'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 Brick Group's business, financial condition, liquidity and results of operations.

U.S. Subprime Mortgage Market and Asset Backed Commercial Paper

During the year ended December 31, 2007, management considered The Brick Group's exposure to risks related to credit liquidity, and other potential issues, related to asset backed commercial paper and the U.S. 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, management did not identify any risks from asset backed commercial paper, or the U.S. subprime mortgage market impacting the marketable securities portfolios. The Brick Group does not hold any non-bank asset backed commercial paper.

From those same discussions and enquiries, management 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 as described below.

In our financial services segment, claims within our insurance business have remained stable and consistent with historical levels.

Retail Installment Financing

The Brick Group 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 Brick Group's third party credit providers, have the option of applying for retail installment financing that is provided directly by the Brick Group. For those customers meeting the Brick Group'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. Management 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. With the Board, management has set limits to the maximum allowable accounts receivable balance it will allow for this program, in order to manage risk appropriately.

Premium Tax Contingency

As a result of legislative amendments to the Alberta Corporate Tax Act effective May 24, 2006, Trans Global Warranty Corp. has commenced remitting premium taxes in Alberta. Prior to this date, Trans Global Warranty Corp. 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 Trans Global Warranty Corp. 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). Trans Global Warranty Corp. 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 Trans Global Warranty Corp. for premium taxes. If Trans Global Warranty Corp. 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.

Commodity and Capital Taxes

Entities within the Brick Group, 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 Brick Group or its predecessors have taken. While management of the Brick Group 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 Brick Group regularly reviews the potential for adverse outcomes and the adequacy of provisions relating to these matters.

Income Taxes

Within The Brick Group, The Brick Group Income Fund (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 Brick Group 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 Brick Group, 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 Brick Group. The guidance establishes objective tests with respect to how much the Brick Group is permitted to grow without jeopardizing its four year transitional relief. In general, the Brick Group 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 Brick Group'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 Brick Group 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 Brick Group's issued and outstanding publicly-traded units. If these limits are exceeded, the Brick Group may lose its transitional relief and thereby become immediately subject to the new rules.

The Brick Group is considering these legislative changes and their possible impact to the Brick Group. The new rules (including the normal growth guidelines released on December 15, 2006) may adversely affect the marketability of the Brick Group's units and the ability of the Brick Group to undertake financings and acquisitions, and, at such time as the new rules apply to the Brick Group, distributable cash of the Brick Group will be reduced. The impact of the tax on the Brick Group's distributable cash will be mitigated to the extent that management is successful in growing the amount of distributable cash generated by the Brick Group'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.

Performance Guarantee

Under the terms of a credit card services contract, the Brick Group had guaranteed the performance of a portfolio of Brick Card balances owned and underwritten by an unrelated external service provider. In conjunction with the amendment and renewal of this contract on June 30, 2007, this guarantee was removed. At December 31, 2007, the Brick Group has no performance guarantee exposure related to credit card services contracts.

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.

16. CONTROLS AND PROCEDURES

As at December 31, 2007, an evaluation was carried out of the effectiveness of the Brick Group's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer will certify that the design and operating effectiveness of those disclosure controls and procedures were effective.

This evaluation was conducted in accordance with the requirements of Multilateral Instrument 52-109 of the Canadian Securities Administrators.

The Chief Executive Officer and Chief Financial Officer also will certify that they have designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

There were no changes in the Brick Group's internal controls over financial reporting that occurred during the year ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect the Brick Group's internal controls over financial reporting.

17. NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements, within the meaning of applicable securities laws, including (but not limited to) statements about the Brick Group's profitability, the Brick Group's objectives and strategies, outlook for the Brick Group's business or the Canadian economy, the Brick Group's rebannered initiatives, 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 Brick Group'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", "target", "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. These statements speak only as of the date of this MD&A. In particular, this MD&A contains forward-looking statements pertaining to distributable cash and distributions per unit. The actual results could differ materially from those anticipated in these forward-looking statements.

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 Brick Group 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, legal developments, the level of competition in the Brick Group'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 Brick Group 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.