

Date: March 13, 2009

Management's Discussion and Analysis of Consolidated Financial Position and Results of Operations for the quarter and year ended December 31, 2008.

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, 2008. 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.

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.

Urban Brick

The Brick Group is excited about the recent launch of Urban Brick in the fourth quarter of 2008. Urban Brick provides condo dwellers and other metro market consumers with unique, stylish, high quality home furnishings at competitive prices. The first Urban Brick store was opened by rebannered one of our Mattress Stores within Toronto, Ontario to the new design. This banner is also featured in galleries within 53 Brick stores across Canada. The banner is expected to expand to high density, metro areas across Canada.

As at December 31, 2008, The Brick Group operated 230 retail stores (including its 47 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 was the first quarter for which prior year quarterly and year-to-date comparative results included 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 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 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 2008 fourth quarter results for same store sales growth, 5 stores have been excluded due to cannibalization. On this basis, same store sales as discussed in this MD&A reflect 96.4% in the fourth quarter, and 97.1% 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 corporate same store sales in Western Canada include corporate stores situated in Manitoba, Saskatchewan, Alberta, British Columbia, and the Yukon Territory. References to corporate same store sales in Eastern Canada include corporate stores located in Ontario and Quebec.

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 ended December 31			
	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Retail Segment - Sales and operating revenue	\$ 348,424	\$ 395,731	(47,307)	-12.0%	\$ 1,365,203	\$ 1,398,543	(33,340)	-2.4%
Financial Services Segment - Sales and operating revenue	16,789	13,401	3,388	25.3%	61,910	49,033	12,877	26.3%
Consolidated - Sales and operating revenue	365,214	409,132	(43,918)	-10.7%	1,427,113	1,447,576	(20,463)	-1.4%
Franchise Sales	48,124	37,881	10,243	27.0%	144,962	120,017	24,945	20.8%
Consolidated and Franchise Sales and operating revenue	\$ 413,338	\$ 447,013	(33,675)	-7.5%	\$ 1,572,075	\$ 1,567,593	4,482	0.3%
<i>Same Store Sales Growth (corporate stores)</i>	-12.4%	6.3%			-3.6%	6.4%		
<i>Same Store Sales Growth (corporate and franchise stores)</i>	-11.6%	6.1%			-3.5%	6.2%		
Retail Segment - EBITDA	\$ 12,120	\$ 19,806	(7,686)	-38.8%	\$ 38,963	\$ 52,617	(13,654)	-25.9%
Financial Services Segment - EBITDA	7,502	8,112	(610)	-7.5%	30,275	28,061	2,214	7.9%
Consolidated - EBITDA	\$ 19,622	\$ 27,918	(8,296)	-29.7%	\$ 69,238	\$ 80,678	(11,440)	-14.2%
<i>EBITDA as a percentage of sales and operating revenue</i>	5.4%	6.8%			4.9%	5.6%		
Retail Segment - Net (loss) income ^{(1) (2)}	\$ (230,982)	\$ 15,451	(246,433)	-1594.9%	\$ (230,957)	\$ (13,154)	(217,803)	1655.8%
Financial Services Segment - Net income	7,334	7,903	(569)	-7.2%	30,201	28,687	1,514	5.3%
Consolidated - Net (loss) income ^{(1) (2)}	\$ (223,648)	\$ 23,354	(247,003)	-1057.6%	\$ (200,756)	\$ 15,533	(216,289)	-1392.4%
<i>EBITDA - Adjusted</i>	\$ 20,677	\$ 29,732	(9,055)	-30.5%	\$ 74,460	\$ 89,896	(15,436)	-17.2%
<i>Adjusted EBITDA as a percentage of sales and operating revenue</i>	5.7%	7.3%			5.2%	6.2%		
<i>Distributable cash per unit for the three months ended December 31</i>	\$ 0.33	\$ 0.47	(0.14)	-30.6%				
<i>Payout Ratio for the three months ended December 31</i>	61.4%	63.5%						
<i>Distributable cash per unit for the twelve months ended December 31</i>					\$ 1.09	\$ 1.36	(0.27)	-20.2%
<i>Payout Ratio for the twelve months ended December 31</i>					101.3%	88.0%		
Stores at period end	230	210			230	210		

(1) Retail segment net income for 2007 has been restated for the correction of an error which overstated future income tax expense by \$10,580 for the year, and by \$752 for the fourth quarter. The correction of this error resulted in an increase to 2007 annual net income of \$10,580, and an increase to 2007 fourth quarter net income of \$752. No other amounts on this schedule were impacted.

(2) Annual and fourth quarter net income for 2008 includes goodwill and brand intangible asset impairment charges of \$241,471.

Overview

In the fourth quarter, the Brick Group's operating results were impacted by the weakening Canadian economy and declining consumer confidence. Consolidated sales and operating revenue of \$365.2 million was 10.7% lower, and consolidated EBITDA of \$19.6 million was 29.7% lower, than in the same quarter of 2007.

Fourth quarter sales and operating revenue increased by 25.3% in the financial services segment to \$16.8 million, and decreased by 12.0% in the retail segment to \$348.4 million, compared to the same quarter in 2007. In the retail segment, fourth quarter growth in same store sales was negative 12.4%.

For the year, consolidated sales and operating revenue of \$1.43 billion was 1.4% lower than in 2007. Year over year, sales and operating revenue was lower by 2.4% in the retail segment, and higher by 26.3% in the financial services segment.

Fourth quarter EBITDA decreased by 7.5% in the financial services segment to \$7.5 million, and by 38.8% in the retail segment to \$12.1 million, compared to the same quarter in 2007. In the retail segment, the decrease in EBITDA was driven by weak fourth quarter sales and higher fixed costs, as compared to

the same quarter in 2007. The impact of these factors was mitigated by our continued efforts to reduce semi-fixed and variable costs, which contributed significantly to the \$11.5 million, or 8.4%, quarter-over-quarter reduction in consolidated selling, general and administrative expenses (“SG&A”).

For the year, EBITDA of \$69.2 million was 14.2% lower than in 2007. Retail segment EBITDA of \$39.0 million was 25.9% lower, and financial services segment EBITDA of \$30.3 million was 7.9% higher, than in 2007.

Adjusted EBITDA was \$20.7 million for the quarter and \$74.5 million for the year, representing a decrease from 2007 of 30.5% and 17.2%, respectively.

In the fourth quarter, our net loss was \$223.6 million compared to net income of \$23.4 million in the same quarter of 2007. For the year, our net loss was \$200.8 million compared to net income of \$15.5 million in 2007. Our fourth quarter and annual net loss includes a goodwill impairment charge of \$196.9 million, and an impairment charge of \$44.6 million related to our brand intangible asset.

The Brick Group uses the discounted cash flow method as well as a market comparable approach to assess fair values for its goodwill and brand intangible assets. The assessment of fair value is required to be made as at a point in time and must consider factors, regardless of the degree of volatility affecting those factors, existing at that same point in time, and therefore, does not necessarily reflect the long-term intrinsic value of the Brick Group. Factors impacting the results of the 2008 test include the recent economic downturn and a recessionary economic outlook with a high degree of uncertainty for the retail sector. As well, the Brick Group’s market capitalization declined significantly in the fourth quarter of 2008 and has remained significantly below the carrying value of the net assets of the Brick Group. Although market capitalization is only one of the factors considered in determining fair value, the decline in market capitalization reflects the market’s assessment of increased risk for the Brick Group. These factors, together with general concern over credit, liquidity and capital markets issues, are reflected in the risk adjusted discount rates applied in our discounted cash flow models, which are at historical high levels and significantly higher than those used in prior years’ tests. These impairment charges are further discussed in this MD&A under the heading Critical Accounting Estimates.

In 2007, we recognized a \$30.3 million charge for future income tax expense related to Bill C-52, enacted on June 22, 2007, which significantly modified the income tax rules applicable to the taxation of publicly traded trusts and partnerships that meet the definition of a Specified Investment Flow-Through Entity (the “SIFT tax”). In 2008, our SIFT tax liability was reduced as we recognized a future income tax recovery of \$9.8 million related primarily to the write down of our brand intangible asset.

On a normalized basis, excluding the impact of the future income tax charge in 2007 and the future income tax recovery in 2008, and the goodwill and brand intangible asset impairment charges in 2008, a comparison of our 2008 annual net income against our 2007 annual net income would appear as follows:

000's of \$'s	2008	2007 (*restated)	\$ Increase (Decrease)	% Increase (Decrease)
Net (loss) income	\$ (200,756)	\$ 15,533		
Goodwill and brand impairment charges	241,471			
SIFT future income tax (recovery) charge	(9,820)	30,250		
Normalized net income	\$ 30,895	\$ 45,783	(14,888)	-32.5%

*** Net income for 2007 has been restated to correct an error in the calculation of future income taxes. The correction of this error resulted in an increase to 2007 net income of \$10,580.**

On this normalized basis, our 2008 net income of \$30.9 million decreased by \$14.9 million, or 32.5%, compared to 2007.

Since becoming an income fund in July 2004, through the end of December 31, 2008, we have paid cash distributions of \$297 million to our unitholders.

The payout ratio for the twelve months ended December 31, 2008 was 101.3% compared to 88.0% for the twelve months ended December 31, 2007. Under our alternative view of distributable cash, the payout ratio for the twelve months ended December 31, 2008 was 99.2% compared to 88.8% for the twelve months ended December 31, 2007.

With the release of our third quarter 2008 results, we indicated that, as a result of sudden and dramatic changes in the economic and financial outlook, both domestically and internationally, we believed a reduction in distributions would be prudent. On November 19, 2008, we reduced our monthly distribution from \$0.10 per unit to \$0.05 per unit for all trust units. Subsequent to year end, as a result of the continued deterioration in economic conditions and the uncertain outlook for 2009, we announced on February 18, 2009 that we were suspending our monthly distribution payments for all trust units.

Consolidated and Franchise Sales and Operating Revenue

Fourth quarter consolidated and franchise sales and operating revenue was \$413.3 million, including \$48.1 million of franchise sales, compared to \$447.0 million, including \$37.9 million of franchise sales, in the same quarter last year, representing an decrease of 7.5%. Same store sales growth for corporate stores together with franchise stores was negative 11.6% compared to positive 6.1% for the fourth quarter of 2007.

Compared to the same quarter a year ago, sales at our franchise stores increased by 27.0% to \$48.1 million.

We began the quarter with 38 franchise stores and ended with 47, while in 2007, we began the quarter with 31 and ended with 33 franchise stores.

For the year, consolidated and franchise sales and operating revenue was \$1.572 billion, including \$145.0 million of franchise sales, compared to \$1.568 billion, including \$120.0 million of franchise sales, in the prior year, representing a 0.3% increase. Same store sales growth for corporate stores together with franchise stores was negative 3.5% compared to positive 6.2% for the prior year.

3. OUTLOOK

We believe the impact of the global economic crisis was evident in our fourth quarter results, and with consumer confidence levels reportedly at the lowest in 26 years, 2009 is expected to present an increasingly challenged operating environment.

Management acknowledges that the current recessionary economic conditions will affect retail sector performance in 2009. The suspension of monthly distributions to unitholders announced on February 18, 2009, was in response to the economic uncertainty and will contribute to our cash management strategies.

Management has created an economically appropriate capital investment program for 2009, the majority of which had been committed to in the first six months of 2008, with an approximate total spend of \$16 million (see Capital Expenditures below). The total includes both growth and maintenance capital and represents a 50% reduction compared to the total capital spend of \$32 million in 2008. Our investment strategies will be highly selective toward achieving positive and accretive returns.

Key Initiatives of The Brick Group

Our 2009 outlook builds upon the success and benefits of our prior year key strategic initiatives aimed at overall organizational effectiveness, operational efficiencies, supply chain optimization, and improved liquidity and cash flow. Objectives for sales, margins and expenses will be pursued through the following specific activities:

1. Driving Profitable Sales
 - Grow franchises throughout Canada
 - Maximize the profitability of all business channels and retail banners
 - Build on proven marketing and promotion campaigns
 - Generate incremental sales from our internet investment
 - Enhance value proposition of financial services segment through warranty and insurance offerings
2. Maximizing Gross Margin
 - Improve vendor terms for rebates, pricing and payment
 - Aggressively manage inventory levels and control expenses
 - Maintain favourable pricing on deferred financing programs
 - Improve electronics margin
3. Reducing SG&A Expenses
 - Re-align organizational structure to drive efficiencies and effectiveness
 - Reduce labour costs in stores, distribution centres and corporate office
 - Improve efficiency in supply chain, delivery and distribution networks
 - Eliminate all discretionary and non-mission critical costs

Store Count Continuity

The following chart illustrates our store count projections to the end of the 2009 fiscal year:

Store Count Continuity 2009				
	At Dec 31, 2008	Rebanning to be Completed	Opening / Closing	At Dec 31, 2009
Corporate Stores				
Brick	104	0	8	112
Brick Clearance Centres	7	0	0	7
Superstore	3	0	0	3
Mattress Store	29	0	3	32
UFW	40	0	-3	37
Corporate Subtotal	183	0	8	191
Franchise Stores	47	0	20	67
Total Corporate & Franchise Stores	230	0	28	258

Capital Expenditures

In 2009, management plans to invest approximately \$5 million in maintenance capital expenditures and approximately \$11 million in growth capital expenditures, net of tenant inducements. Fiscal 2009 growth capital will be directed to opening 8 new Brick stores and 3 new Brick Mattress stores. The closure of 3 United Furniture Warehouse locations is expected in 2009, upon lease expiration. As in prior years, management will regularly review and manage the pace of its capital investment program prudently through the year.

Mattress Stores

Management expects to open 3 new Brick Mattress Stores in 2009, bringing our total number of mattress stores to 32 by the end of the year. We have been very pleased with the performance of our specialty bedding chain and will continue to pursue its expansion over the coming years. Our franchising initiatives also include rural market Mattress stores, geared to market share increases within this specialty channel.

Rebanning

Management has been extremely pleased with results of the past rebanning initiatives, and will continue to evaluate the further rebanning of select United Furniture stores. Although we have not committed to any rebannered stores in 2009, high-return, low-investment initiatives will be reviewed throughout the year.

Relocations and Renovations

Management plans to relocate 2 Brick stores in 2009 as we continue to secure more desirable locations for our older stores nearing expiry. We also plan to renovate 1 Brick store in Western Canada in 2009. We believe the returns on our capital investment will remain strong.

Current Income Tax Expense and SIFT Tax

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. On July 14, 2008, the Department of Finance (Canada) introduced draft legislation which contains proposed conversion rules for income funds. These draft rules are designed to permit income funds to convert into public corporations and wind up without triggering adverse tax consequences to the income fund and its unitholders. The draft legislation was subject to comments by interested parties by September 15, 2008, and will likely be revised before being enacted into law. When enacted, the proposed rules are expected to cover transactions that occur within the period after the Announcement Date (July 14, 2008), and before 2013.

The Brick Group announced on November 4, 2008, that it was actively reviewing the strategic concept of converting to a corporation from an income trust prior to the SIFT tax taking effect at the beginning of 2011. The Brick Group will provide further updates as we proceed through our strategic review.

Amendments to Credit Facilities and Senior Notes Trust Indenture

On March 13, 2009, the Credit Facilities and Senior Notes Trust Indenture were amended to increase the maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent), from 4.5 times to 5.0 times for the first three quarters of 2009, after which time the ratio will return to 4.5 times for the remainder of the term. The amendment serves to mitigate the risk of default with respect to this financial covenant and was assessed by the Brick Group to be prudent and proactive in light of the economic downturn and its impact on the retail sector. Other modifications required to secure this amendment includes a restriction in the use of the \$40 million Acquisition Credit Facility to solely finance capital expenditures made in fiscal 2009 and hereafter. Prior to this amendment, the \$40 million Acquisition Credit Facility was also fully available to refinance capital expenditures from previous years to its full capacity of \$40 million. Subsequent to the March 13, 2009 amendments, the Acquisition Facility is only available to finance capital expenditures made in 2009 and thereafter. The amendments to the Credit Facilities and Senior Notes Trust Indenture are discussed further in this MD&A under the heading Financing Resources.

Uncertainties and Risks

As mentioned previously, we announced on February 18, 2009 that we were suspending our monthly distribution payments for all trust units. Through this measure, and with the Brick Group's existing financial resources, management is working to effectively manage its operations in order to have sufficient liquidity to meet all of the Brick Group's working capital, and capital expenditure needs for the next twelve months. However, uncertainty regarding the length of the recession, and the potential for a further deterioration in the level of sales in the retail sector precludes the Brick Group from making any assurances as to the successfulness of these efforts.

The inability of the Brick Group to use the Acquisition Facility to refinance Capital Expenditures from previous years to its full capacity of \$40 million has put additional pressure on the Brick Group's liquidity position. As at March 13, 2009, the Brick Group had unused borrowing capacity of approximately \$10 million with its Operating Credit Facility, and \$2 million unused borrowing capacity with its Acquisition Facility. The Brick Group intends to fully utilize its Operating Credit Facility and actively manage its working capital to meet its liquidity requirements and support its projected business. In addition, the Brick Group is pursuing strategies to further reduce operating costs and improve operating results, cash flows, and the level of debt to ensure compliance with our financial covenants. However, during these uncertain times, we cannot guarantee that we will be successful. The Brick Group is also proactively

seeking both short and long term sources of competitive financing alternatives to ensure we have the financial flexibility we need in this tough economic environment, in addition to evaluating the advantages of an early conversion to a corporation.

The Brick Group's results for fiscal 2009 and future periods are subject to numerous uncertainties. The possibility exists that unforeseen events, such as, higher interest rates, a protracted period of recession, further weakness or deterioration in the retail sector and in consumer confidence, or a combination of these or other factors, may affect fiscal 2009 and future operating results and cash flows negatively. As well, further write-downs of assets, in particular goodwill and intangible assets, may be required as a result of the outcome of these uncertainties. Refer to the Brick Group's Annual Information Form (AIF) for the year ended December 31, 2008 for information regarding additional uncertainties and risks identified by management. The Brick Group's AIF can be found on SEDAR at www.sedar.com.

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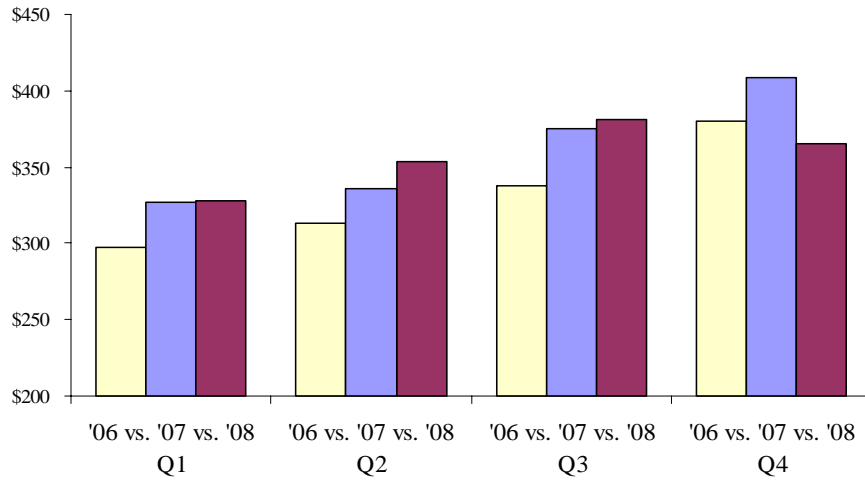
4. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

	For the three months ended December 31				For the twelve months ended December 31			
	2008	2007 (*restated)	\$ Increase (Decrease)	% Increase (Decrease)	2008	2007 (*restated)	\$ Increase (Decrease)	% Increase (Decrease)
(000's of \$ except %, per unit and store amounts)								
Sales and operating revenue	\$ 365,213	\$ 409,132	(43,919)	-10.7%	\$ 1,427,113	\$ 1,447,576	(20,463)	-1.4%
Cost of sales	(220,105)	(245,735)	(25,630)	-10.4%	(846,577)	(866,377)	(19,800)	-2.3%
Gross margin	145,108	163,397	(18,289)	-11.2%	580,536	581,199	(663)	-0.1%
<i>Gross margin as a percentage of sales and operating revenue</i>	39.7%	39.9%			40.7%	40.1%		
Selling, general and administrative expenses (SG&A)	(124,848)	(136,324)	(11,476)	-8.4%	(511,473)	(504,605)	6,868	1.4%
Investment and other income	(638)	845	(1,483)	-175.5%	175	4,084	(3,909)	-95.7%
EBITDA	19,623	27,918	(8,295)	-29.7%	69,238	80,678	(11,440)	-14.2%
<i>EBITDA as a percentage of sales and operating revenue</i>	5.4%	6.8%			4.9%	5.6%		
Interest expense on long-term and other debt	(2,425)	(2,052)	373	18.2%	(9,353)	(8,830)	523	5.9%
Income tax recovery (expense)	8,513	4,303	4,210	97.8%	9,932	(29,621)	39,553	-133.5%
Amortization	(7,888)	(6,815)	1,073	15.7%	(29,102)	(26,694)	2,408	9.0%
Goodwill and intangible asset impairment	(241,471)	-			(241,471)	-		
Net (loss) income ⁽¹⁾	\$ (223,648)	\$ 23,354	(247,002)	-1057.6%	\$ (200,756)	\$ 15,533	(216,289)	-1392.4%
Basic and diluted net (loss) income per unit	\$ (4.13)	\$ 0.43	(4.56)	-1057.6%	\$ (3.71)	\$ 0.29	(3.99)	-1392.4%
Stores at period end	230	210			230	210		
Adjusted results (purchase accounting adjustments removed):								
Sales and operating revenue	\$ 365,975	\$ 410,899	(44,924)	-10.9%	\$ 1,431,677	\$ 1,456,306	(24,629)	-1.7%
EBITDA	20,677	\$ 29,732	(9,055)	-30.5%	74,460	\$ 89,896	(15,436)	-17.2%
<i>EBITDA as a percentage of sales and operating revenue</i>	5.6%	7.2%			5.2%	6.2%		
Net income	\$ 20,196	\$ 25,628	(5,432)	-21.2%	\$ 50,896	\$ 18,755	32,141	171.4%
Payout ratio	61.4%	63.5%			101.3%	88.0%		

* Net income for 2007 has been restated to correct a calculation error which overstated future income tax expense by \$10,580 for the year, and by \$752 for the fourth quarter. The correction of this error resulted in an increase to 2007 annual net income of \$10,580, and an increase to 2007 fourth quarter net income of \$752.

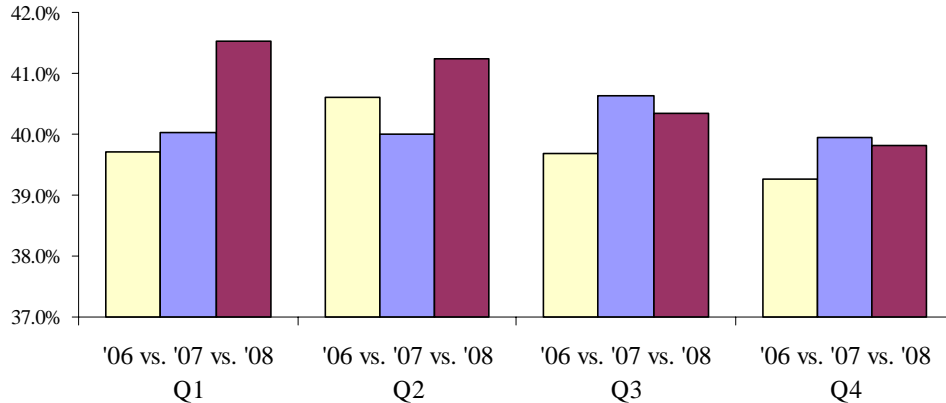
(1) Annual and fourth quarter net income for 2008 includes goodwill and brand intangible asset impairment charges of \$241,471.

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

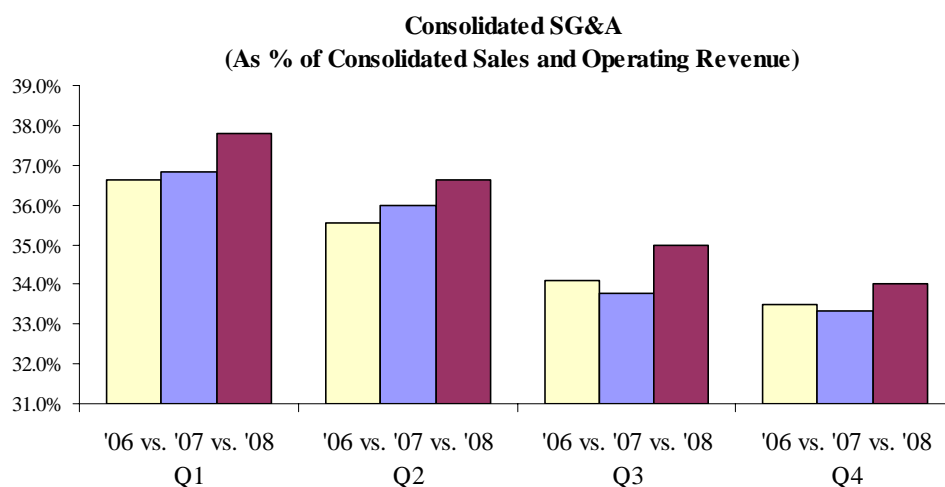


For the quarter ended December 31, 2008, consolidated sales and operating revenue of \$365.2 million decreased by \$43.9 million or 10.7% as compared to the same quarter of 2007. Sales and operating revenue decreased by \$47.3 million in the retail segment, and increased by \$3.4 million in the financial services segment. The retail segment was impacted by the weakening economy which was the main factor contributing to 12.4% negative growth in same store sales. In the financial services segment, revenue growth was attributable primarily to our warranty business.

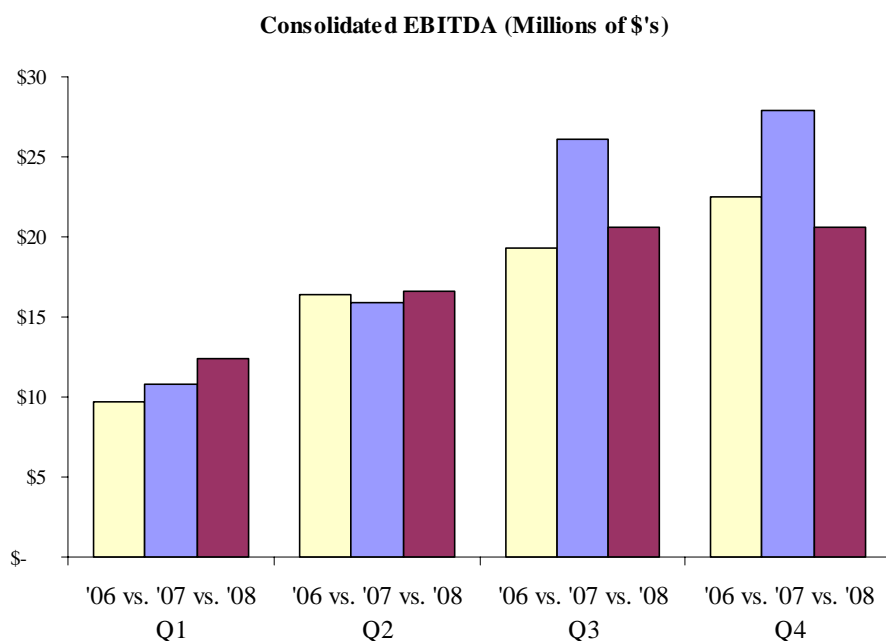
**Consolidated Gross Margin
(As % of Consolidated Sales and Operating Revenue)**



Consolidated gross margin for the quarter was relatively flat compared to the same quarter of 2007. In the fourth quarter, our sales mix continued to its market driven trend towards the higher-growth, lower-margin electronics category. However, our efforts to increase margins in this competitive category were successful, offsetting any negative impact to overall retail gross margin. Fluctuations in our consolidated gross margin are driven primarily by the retail segment.

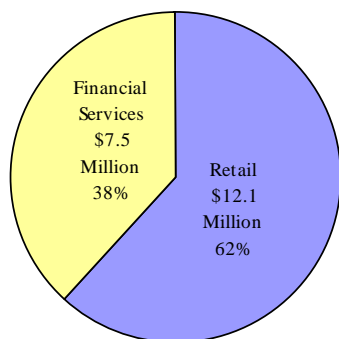


Consolidated selling, general and administrative expenses (SG&A), as a percentage of sales, were 0.8 ppts higher in the fourth quarter of 2008 as compared to the same quarter of 2007. While the combination of weak fourth quarter sales and higher fixed occupancy and compensation costs, due primarily to new Brick stores, negatively impacted this metric, our total SG&A was \$11.5 million or 8.4% less than in the same quarter of 2007. The decrease in our fourth quarter SG&A was impacted significantly by our efforts to reduce semi-fixed and variable costs in the quarter.

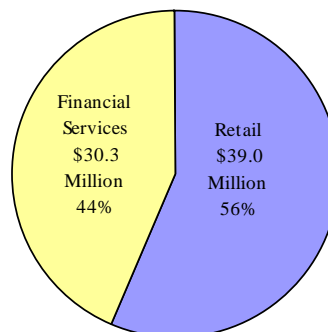


Fourth quarter consolidated EBITDA of \$19.6 million decreased \$8.3 million, or 29.7%, compared to the same quarter last year. With the slowing pace of sales growth experienced in the retail segment in the fourth quarter, and with a higher level of fixed operating costs compared to the same quarter in 2007, EBITDA performance was negatively impacted.

**Consolidated EBITDA by Segment
(Three Months Ended December 31, 2008)**



**Consolidated EBITDA by Segment
(Twelve Months Ended December 31, 2008)**



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 contributed 44% our consolidated EBITDA in 2008. The financial services segment is economically dependant on the retail segment as the majority of its revenue is derived from sales to customers of the retail segment.

Consolidated Net Income

In the fourth quarter, our net loss was \$223.6 million compared to net income of \$23.4 million in the same quarter of 2007. For the year, our net loss was \$200.8 million compared to net income of \$15.5 million in 2007. Our fourth quarter and annual net loss includes a goodwill impairment charge of \$196.9 million, and an impairment charge of \$44.6 million related to our brand intangible asset. These impairment charges are further discussed in this MD&A under the heading Critical Accounting Estimates. In 2007, we recognized a \$30.3 million charge for future income tax expense related to Bill C-52, enacted on June 22, 2007, which significantly modified the income tax rules applicable to the taxation of publicly traded trusts and partnerships that meet the definition of a Specified Investment Flow-Through Entity (the "SIFT tax"). In 2008, our SIFT tax liability was reduced as we recognized a future income tax recovery of \$9.8 million related primarily to the write down of our brand intangible assets.

On a normalized basis, excluding the impact of the future income tax charge in 2007 and the future income tax recovery in 2008, and the goodwill and brand intangible asset impairment charges in 2008, a comparison of our 2008 annual net income against our 2007 annual net income would appear as follows:

000's of \$'s	2008	2007 (*restated)	\$ Increase (Decrease)	% Increase (Decrease)
Net (loss) income	\$ (200,756)	\$ 15,533		
Goodwill and brand impairment charges	241,471			
SIFT future income tax (recovery) charge	(9,820)	30,250		
Normalized net income	\$ 30,895	\$ 45,783	(14,888)	-32.5%

* Net income for 2007 has been restated to correct an error in the calculation of future income taxes.

The correction of this error resulted in an increase to 2007 net income of \$10,580.

On this normalized basis, our 2008 net income of \$30.9 million decreased by \$14.9 million, or 32.5%, compared to 2007.

The decrease in normalized year-to-date net income has been driven primarily by the slowing pace of sales growth in the Canadian retail sector, and also by increased fixed SG&A expenses. Compared to the 2007 fiscal year, our fixed occupancy and compensation costs are higher, due primarily to new Brick stores. The current economic environment, and specifically the decrease in the equity markets, has also impacted our net income. On a year-to-date basis we have recorded \$0.2 million in investment and other income. For the same period in 2007, excluding a \$1.8 million gain realized from the sale of a redundant real estate asset, we recognized \$2.3 million in investment and other income.

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5. 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, 2008 Q4	July 1 to September 30, 2008 Q3	April 1 to June 30, 2008 Q2	January 1 to March 31, 2008 Q1
Sales and operating revenue	\$ 365,213	\$ 380,761	\$ 353,227	\$ 327,919
EBITDA	\$ 19,623	\$ 20,608	\$ 16,559	\$ 12,449
Net (loss) in come ⁽⁴⁾	\$ (223,648)	\$ 12,442	\$ 6,765	\$ 3,685
Basic and diluted net income per unit	\$ (4.13)	\$ 0.23	\$ 0.12	\$ 0.07
Distributable cash	\$ 17,658	\$ 16,961	\$ 13,754	\$ 10,554
Distributable cash per unit	\$ 0.33	\$ 0.31	\$ 0.25	\$ 0.19
Cash distributions declared	\$ 10,834	\$ 16,251	\$ 16,251	\$ 16,251

(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⁾				
As previously reported	\$ 22,602	\$ 17,161	\$ (37,542)	\$ 2,732
Correction to future income tax expense ⁽³⁾	752	(16)	9,844	N/A
	\$ 23,354	\$ 17,145	\$ (27,698)	\$ 2,732
Basic and diluted net (loss) income per unit ⁽²⁾				
As previously reported	\$ 0.42	\$ 0.32	\$ (0.69)	\$ 0.05
Correction to future income tax expense ⁽³⁾	0.01	-	0.18	N/A
	\$ 0.43	\$ 0.32	\$ (0.51)	\$ 0.05
Distributable cash	\$ 25,611	\$ 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

(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 \$34.6 million (as restated). 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 \$30.3 million (as restated) to reflect a reduction to the tax rate applicable in future years.

(3) For the quarters ended December 31, 2007, September 30, 2007, and June 30, 2007, net income has been restated to correct an error in the calculation of future income tax expense.

(4) Fourth quarter net income for 2008 includes goodwill and brand intangible asset impairment charges of \$241,471.

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

(000's of \$, except per unit and store amounts)	For years ended December 31			
	2008	2007 (*Restated)	2006	2005
Consolidated sales and operating revenue	\$ 1,427,113	\$ 1,447,576	\$ 1,328,321	\$ 1,214,405
Consolidated net income ^{(1), (2), (3)}	\$ (200,756)	\$ 15,533	\$ 37,930	\$ 32,004
Basic and diluted net income per unit ^{(1), (2), (3)}	\$ (3.71)	\$ 0.29	\$ 0.69	\$ 0.59
Consolidated EBITDA	\$ 69,238	\$ 80,678	\$ 67,960	\$ 62,148
Total assets	\$ 704,539	\$ 966,449	\$ 948,767	\$ 923,900
Total long-term liabilities	\$ 258,051	\$ 255,555	\$ 118,343	\$ 167,298
Distributable cash	\$ 58,807	\$ 73,864	\$ 67,251	\$ 65,317
Distributable cash per unit	\$ 1.09	\$ 1.36	\$ 1.24	\$ 1.21
Cash distributions declared ⁽⁴⁾	\$ 59,587	\$ 65,005	\$ 65,006	\$ 65,006
Cash distributions declared per unit	\$ 1.10	\$ 1.20	\$ 1.20	\$ 1.20
Payout ratio	101.3%	88.0%	96.7%	99.5%
Stores at period end	230	210	201	194

(1) For the year ended December 31, 2008, consolidated net income includes a goodwill impairment charge of \$196,890 and an impairment charge related to brand intangible assets of \$44,581.

(2) For the year ended December 31, 2007, net income includes a one-time charge related to the Tax Fairness Plan of \$30,250 (as restated).

(3) 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.

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

* For the year ended December 31, 2007, net income has been restated to correct a calculation error which resulted in an overstatement of future income tax expense. The correction of this error resulted in an increase to net income of \$10,580.

6. SEGMENTED INFORMATION – RETAIL OPERATIONS

(000's of \$)	For the three months ended December 31				Twelve months ended December 31			
	2008	2007	\$ Increase	% Increase	2008	2007	\$ Increase	% Increase
Sales and operating revenue	\$ 348,424	\$ 395,731	\$ (47,307)	-12.0%	\$ 1,365,203	\$ 1,398,543	\$ (33,340)	-2.4%
EBITDA	12,120	19,806	(7,686)	-38.8%	38,963	52,617	(13,654)	-25.9%
<u>Adjusted results (purchase accounting adjustments removed):</u>								
Sales and operating revenue	\$ 348,424	\$ 395,731	\$ (47,307)	-12.0%	\$ 1,365,203	\$ 1,398,544	\$ (33,341)	-2.4%
EBITDA	12,549	20,248	(7,699)	-38.0%	40,699	55,204	(14,505)	-26.3%

Sales and Operating Revenue

For the Quarter:

Sales and operating revenue from the retail segment of \$348.4 million decreased by \$47.3 million or 12.0% compared to the same quarter a year ago.

We believe this decreased was primarily driven by the weakening economy. Our same store sales growth was negative 12.4%. Same store sales growth was weakest in western Canada at negative 17.7%.

Year to Date:

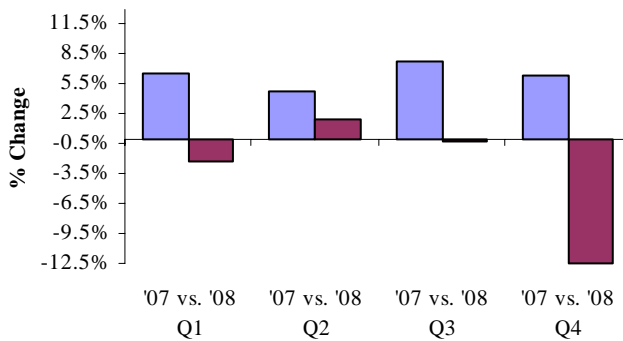
On a year-to-date basis, sales and operating revenue from the retail segment of \$1.37 billion decreased by \$33.3 million or 2.4%.

In addition to the decline in fourth quarter sales, our year-to-date sales and operating revenue was also impacted significantly by weak sales growth in the first quarter. First quarter results were impacted by severe weather conditions which affected the number of customers coming into our stores to make purchases, and our ability to deliver goods. Positive sales growth in the second quarter more than offset the negative growth we experienced in the first quarter, and sales growth in the third quarter was relatively flat when compared to the same quarter in 2007.

Fourth Quarter Same Store Sales Change Versus Prior Year		
	2008	2007
Corporate Stores		
Western Canada	-17.7%	7.9%
Eastern Canada	-8.1%	4.7%
Total Corporate Stores	-12.4%	6.3%
Franchise Stores	-3.9%	3.0%
Total Corporate Stores & Franchise Stores	-11.6%	6.1%

Year to Date Same Store Sales Change Versus Prior Year		
	2008	2007
Corporate Stores		
Western Canada	-6.4%	9.0%
Eastern Canada	-1.2%	3.9%
Total Corporate Stores	-3.6%	6.4%
Franchise Stores	-2.1%	3.4%
Total Corporate Stores & Franchise Stores	-3.5%	6.2%

Corporate Same Store Sales



Year-to-date same store sales as discussed in this MD&A reflect 97.1% of the total sales occurring at all stores that have been open 14 full calendar months.

Franchise Sales

For the Quarter:

Sales at franchise stores increased by 27.0% to \$48.1 million. We began the quarter with 38 franchise stores and ended with 47, while in 2007, we began the quarter with 31 and ended with 33 franchise stores.

Year to Date:

Sales at franchise stores increased by 20.8% to \$145.0 million. We began this period with 33 franchise stores and ended with 47, while in the same period of 2007, we began with 26 and ended with 33 franchise stores.

Gross Margin

For the Quarter:

Gross margin for the retail segment was relatively flat compared to the same quarter in 2007.

In the fourth quarter, our sales mix continued to its market driven shift trend towards the higher-growth, lower-margin electronics category. However, margin improvement in the electronics category was sufficient to offset any negative impact to overall retail gross margin. Growth in current consumer demand for electronics continues to out pace growth in consumer demand for furniture and appliances.

Our furniture margins were improved from those experienced in the previous quarter due to pricing adjustments made to address increased costs for these products which are sourced off-shore and paid for in U.S. dollars.

Year to Date:

On a year-to-date basis, gross margin has increased by 0.7 pts over 2007. Margin improvement on a year-to-date basis has been positively impacted by increased margins for electronics, which have more than offset an overall market driven shift in sales mix towards this higher-growth, lower-margin category.

Selling, General and Administrative Expenses

For the Quarter:

For the quarter, SG&A expenses were \$12.7 million lower than in the same quarter a year ago. SG&A as a percentage of sales increased 1.2 pts from 34.4% in the fourth quarter of 2007 to 35.6% in the fourth quarter of 2008.

The decrease in fourth quarter SG&A includes a decrease in semi-fixed and variable costs of approximately \$14.8 million, offset by an increase of approximately \$2.0 million attributable to fixed costs.

In the fourth quarter, we focused on reducing semi-fixed and variable costs in the areas of hourly compensation, advertising, and product handling and distribution costs. The actions accounted for approximately half of the \$12.7 million quarter-over-quarter decrease in SG&A. The balance of the decrease in SG&A was attributable to costs that are driven by sales volume, such as commissions and bonus compensation.

Fixed occupancy and compensation costs each increased approximately \$1.0 million. Compared to the same quarter in 2007, the increase in our fixed occupancy and compensation costs is due primarily to new Brick stores.

Year to Date:

On a year-to-date basis, SG&A expenses were \$4.1 million higher than in the same period a year ago. SG&A as a percentage of sales increased 1.3 pts from 36.0% in 2007 to 37.3% for 2008.

The increase in SG&A for the year includes an increase of approximately \$11.3 million attributable to fixed costs, offset by a decrease in semi-fixed and variable costs of approximately \$7.2 million.

The decrease in year-to-date semi-fixed and variable costs was impacted significantly by management's actions during the fourth quarter to reduce costs in the areas of hourly compensation, advertising, and product handling and distribution costs.

Fixed occupancy and compensation costs each increased approximately \$5.0 million, with other general fixed cost increases contributing the balance of the increase in fixed costs of approximately \$1.3 million. Compared to the same period in 2007, the increase in our fixed occupancy and compensation costs is due primarily to new Brick stores.

EBITDA

For the Quarter:

EBITDA in the retail segment of \$12.1 million decreased by \$7.7 million or 38.8% quarter over quarter. With negative sales growth in the quarter and a higher level of fixed operating costs compared to the same quarter in 2007, EBITDA performance was negatively impacted.

Year to Date:

On a year-to-date basis, EBITDA in the retail segment of \$39.0 million was \$13.7 million or 25.9% lower than in the same period of 2007, attributable primarily to our fourth quarter results. As for the quarter, EBITDA performance on a year-to-date basis has been negatively impacted by the negative sales growth and a higher level of operating costs compared to the same period in 2007.

Comparability of retail segment EBITDA on a year-to-date basis is impacted by a gain of \$1.8 million related to the disposal of a redundant real estate asset in the second quarter of 2007.

Store Continuity

During the fourth quarter, we opened Brick stores in Niagara Falls, Ontario, Drummondville, Quebec, and in Vancouver, British Columbia. As well, a clearance centre in Victoria, British Columbia was rebannered as a Brick store, and a United Furniture store in Etobicoke, Ontario was rebannered as a Brick store. As well, we opened mattress stores in Brampton, Etobicoke, and Toronto in the province of Ontario.

During the fourth quarter, we opened nine Brick franchise stores. We opened six Brick franchise stores in the province of Alberta at Barrhead, Westlock, Whitecourt, St. Paul, Athabasca, and Vegreville. As well, we opened a Brick franchise in Bathurst, New Brunswick, in Amherst Nova Scotia, and in Gibsons, British Columbia.

Due to the length of lead times, commitments to open these stores were in place prior to the sudden economic downturn in the third quarter of 2008.

The following chart illustrates the Brick Group's store count continuity from September 30, 2008 to December 31, 2008.

Store Count Continuity Q4 2008				
	At Sep 30, 2008	Rebannered	Opening / Closing	At Dec 31, 2008
Corporate Stores				
Brick	99	2	3	104
Brick Clearance Centres	8	-1	0	7
Superstore	3	0	0	3
Mattress Store	26	0	3	29
UFW	41	-1	0	40
Corporate Subtotal	177	0	6	183
Franchise Stores	38	0	9	47
Total Corporate & Franchise Stores	215	0	15	230

The following chart illustrates the Brick Group's store count continuity from December 31, 2007 to December 31, 2008.

Store Count Continuity 2008				
	At Dec 31, 2007	Rebanning to be Completed	Opening / Closing	At Dec 31, 2008
Corporate Stores				
Brick	92	7	5	104
Brick Clearance Centres	11	-2	-2	7
Superstore	3	0	0	3
Mattress Store	23	0	6	29
UFW	48	-7	-1	40
Corporate Subtotal	177	-2	8	183
Franchise Stores	33	1	13	47
Total Corporate & Franchise Stores	210	-1	21	230

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7. 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.

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 3.0% 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% 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; and
- A history of stable and predictable claims expense.

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			
	2008	2007	\$ Increase	% Increase	2008	2007	\$ Increase	% Increase
Sales and operating revenue	\$ 16,789	\$ 13,401	\$ 3,388	25.3%	61,910	49,033	12,877	26.3%
EBITDA	7,502	8,112	(610)	-7.5%	30,275	28,061	2,214	7.9%
<u>Adjusted results (purchase accounting adjustments removed):</u>								
Sales and operating revenue	\$ 17,551	\$ 15,168	\$ 2,383	15.7%	66,474	57,762	8,712	15.1%
EBITDA	8,128	9,484	(1,356)	-14.3%	33,761	34,692	(931)	-2.7%

Sales and Operating Revenue

For the Quarter:

For the quarter, sales and operating revenue from the financial services segment of \$16.8 million increased by \$3.4 million or 25.3% compared to the same quarter a year ago.

The majority of this increase is attributable to the warranty business. The stability of revenues in our financial services segment is supported by the warranty business, as warranty contract premiums are recorded as deferred revenue and recognized into income over the term of the warranty coverage period.

Year to Date:

On a year-to-date basis, sales and operating revenue from the financial services segment of \$61.9 million increased by \$12.9 million or 26.3% compared to the same period a year ago. This growth in sales and operating revenue is due primarily to the warranty business, and is also supported by growth in sales of payment protection plans to Brick card holders in our insurance business.

EBITDA

For the Quarter:

The financial services segment EBITDA was \$7.5 million in the quarter compared to \$8.1 million in the same quarter last year, a decrease of 7.5%. EBITDA as a percentage of sales and operating revenue was 44.7% compared to 60.5% for the same quarter of 2007.

In our credit insurance business, EBITDA as a percentage of sales and operating revenue was impacted primarily by the amendment of a third party business agreement which occurred in the fourth quarter of 2007. Under the amended terms of this agreement, the amount and variability of the Brick Group's underwriting income with respect to this third party client is reduced.

With respect to our Brick Card insurance business and any potential impact on claims rates from the current uncertainty in the economic environment, claims rates have increased inline with our expectations, but have not significantly impacted our 2008 EBITDA. Our Brick Card insurance business provides credit insurance to Brick Card holders with coverage that includes life, dismemberment, disability, critical illness, involuntary unemployment, property, and family leave of absence. Accordingly, the economic environment may potentially impact claims under certain types of coverage, but not others.

In our warranty business, claims expense as a percentage of revenue was relatively flat compared to the same quarter a year ago.

EBITDA in the financial services segment was impacted by the current uncertainty in the economic environment, and specifically, the decrease in the equity markets. During the quarter, we recognized a loss from our investment portfolio of \$0.7 million, while in the same quarter of 2007 we recognized investment income of \$0.9.

Year to Date:

On a year-to-date basis, the financial services segment EBITDA was \$30.3 million compared to \$28.1 million in the same period last year, an increase of 7.9%. EBITDA as a percentage of sales and operating revenue was 48.9% compared to 57.2% for the same period of 2007.

As for the quarter, EBITDA as a percentage of sales and operating revenue was impacted on a year-to-date basis primarily by the amendment of a third party business agreement, which has impacted our credit insurance business. This amendment occurred in the fourth quarter of 2007.

EBITDA in the financial services segment has also been significantly impacted by the current uncertainty in the economic environment, and specifically, the decrease in the equity markets. On a year-to-date basis we have recognized a loss from our investment portfolio of \$0.1 million. In 2007, we earned investment income of \$2.7.

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.

Consolidated warranty and insurance premiums written by the financial services segment in the fourth quarter of 2008 of \$21.6 million increased by \$1.1 million or 5.2% as compared to the same quarter of 2007. Warranty sales in the fourth quarter benefited from the launch of the Full Circle program. Under the Full Circle program, customers who do not use their warranty are eligible to receive a store credit at the end of the warranty coverage period, equal to the purchase price of the warranty. On a year to date basis, consolidated warranty and insurance premiums written have increased by \$1.3 million, or 1.8%, to \$72.8 million.

For the year ended December 31, 2008, written premiums have been impacted by the termination of TGI’s business agreement to provide property insurance to a third party client. This agreement matured on December 31, 2007 and was not renewed. This third party accounted for less than 5% 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.

For the year ended December 31, 2008, our CSP was down 1.5 ppts as compared to the twelve months ended December 31, 2007. Credit approval rates for the Brick Card are discussed further in section 15, RISK FACTORS, under the heading Credit Markets and Liquidity. Management continually works towards optimizing the CSP rate to maximize insurance premiums written and overall profitability.

8. FINANCIAL POSITION

(000's of \$)	December 31, 2008	December 31, 2007
Total assets	\$ 704,539	\$ 966,449
Total long-term liabilities	258,051	255,555

Assets

Total assets as at December 31, 2008 of \$704.5 million were \$261.9 million lower than the \$966.4 million reported at December 31, 2007. Of this decrease, \$241.5 million is attributable to impairment charges for our goodwill and brand intangible asset that were recognized in the fourth quarter.

The balance of the decrease of \$20.4 million included a decrease in inventory of \$29.0 million, a decrease in accounts receivable of \$3.6 million and a decrease in marketable securities of \$5.2 million which were partially offset by an increase in cash and cash equivalents of \$6.2 million and an increase in capital assets of \$13.5 million. Offsetting changes in other asset balances accounted for the remaining \$2.3 million of the total change. The reduction in the marketable securities balance is the result of declining securities market values.

In the fourth quarter of 2008, management strategically managed its inventory by applying more frequent replenishment for key products, and running sales promotions targeted at in-stock inventory. This strategy allowed the Brick Group to maintain sales in the fourth quarter, while keeping overall inventory investment below typical seasonal inventory levels.

Long-Term Liabilities

Long-term liabilities increased \$2.5 million to \$258.1 million at December 31, 2008 compared to \$255.6 million at December 31, 2007.

The main components of this increase were as follows:

- The increase in deferred warranty and insurance plan revenue of \$10.9 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 \$2.6 million related to current year leasehold improvements.
- Future income taxes decreased by \$11.0 million due primarily to the tax effect of an impairment charge of \$44 million related to our brand intangible assets.

9. LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summarized statement of cash flows for the three and twelve month periods ended December 31, 2008 and December 31, 2007.

Source (Use) of Cash (000's of \$)	Three months ended December 31			Twelve months ended December 31		
	2008	2007	\$ Increase (Decrease)	2008	2007	\$ Increase (Decrease)
Operating activities						
Retail	\$ 10,169	\$ 21,298	(11,129)	\$ 24,890	\$ 46,996	(22,106)
Financial	14,161	12,592	1,569	46,532	42,810	3,722
Funds Flow from operations	24,330	33,890	(9,560)	71,422	89,806	(18,384)
Change in non-cash working capital	13,251	(38,320)	51,571	44,148	(19,359)	63,507
	37,581	(4,430)	42,011	115,570	70,447	45,123
Financing activities						
Distributions	(13,543)	(16,252)	2,710	(64,546)	(65,005)	460
Other (Note 1)	(4,621)	14,525	(19,146)	(14,637)	6,862	(21,499)
Investing activities	(8,889)	(6,913)	(1,976)	(30,142)	(20,580)	(9,562)
Increase (decrease) in cash and cash equivalents	\$ 10,528	\$ (13,070)	23,598	\$ 6,245	\$ (8,276)	14,521

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

For the quarter ended December 31, 2008, funds flow from operations decreased by \$9.6 million compared to the fourth quarter in 2007. Attributable to the retail segment, this decrease resulted from weaker than expected fourth quarter sales, and a higher level of fixed costs compared to the same quarter of 2007.

For the year ended December 31, 2008, funds flow from operations decreased by \$18.4 million compared to 2007. As for the quarter, this decrease occurred in the retail segment as a result of weaker than expected sales, and a higher level of fixed costs compared to 2007.

During the quarter ended December 31, 2008, changes in non-cash working capital balances resulted in a \$13.3 million source of cash compared to a \$38.3 million use of cash during the same quarter of 2007. Compared to the fourth quarter of 2007, this represents an improvement of \$51.6 million in cash from changes in non-cash working capital balances. Compared to the fourth quarter of 2007, we managed our inventory to achieve a higher turn over rate, and a lower end-of-year level, without negatively impacting our sales. As well, we worked with our North American and off-shore inventory suppliers to obtain extended payment terms and thereby reduced the amount of paid up inventory on hand at December 31, 2008. This is reflected in higher end of year accounts payable balances. These actions account for essentially all of the improvement in cash from changes in non-cash working capital balances.

During the quarter, customer deposits for goods on order decreased by \$8.4 million representing a use of cash while in the same quarter of 2007, customer deposits increased by \$4.9 million, representing a source of cash. The decrease in the customer deposits during the quarter ended December 31, 2008 was impacted by lower sales in the quarter, and also by a better alignment of sales promotions with inventory on hand allowing for a shorter period to delivery as compared to the fourth quarter of 2007. Essentially all of the net use of cash of \$13.3 million from changes in the balance of customer deposits was offset by changes in other non-cash working capital balances that resulted in a source of cash, primarily in accounts receivable.

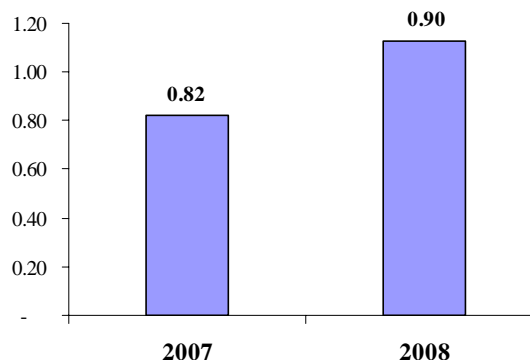
For the year ended December 31, 2008, changes in non-cash working capital balances resulted in a \$44.1 source of cash compared to a \$19.4 million use of cash in 2007. This represents an improvement of \$63.5 million in cash from changes in non-cash working capital balances. This improvement is attributable mainly to inventory as in 2008 we drove an inventory decrease resulting in a source of cash \$29.1 million compared to an inventory increase resulting in a use of cash of \$25.5 million in 2007. This change accounts for \$54.6 million of the year over year improvement in cash from changes in non-cash working capital balances. The remainder of the increase in cash is attributable primarily to increases in accounts receivable and accounts payable balances.

Working capital fluctuates seasonally, largely driven by changes in inventory, accounts payable and customer deposits. In the fourth quarter, the Brick Group reacted to the change in consumer confidence driven by the slowing economy, by changing inventory purchase patterns to optimize inventory turn over and working capital management. Also during the fourth quarter, management implemented stringent controls over variable SG&A, including a freeze on hiring and compensation increases, to manage expenses in line with current sales levels. In addition to funds flow from operations, the Brick Group will use its \$60.0 million Operating Credit Facility to fund business needs including working capital requirements and debt service requirements. At December 31, 2008, the Brick Group's current liabilities exceeded its current assets by \$11.5 million. The \$60.0 million Operating Credit Facility is available to fund this working capital deficiency.

On March 13, 2009, the Brick Group amended its Credit Facilities as discussed in this MD&A under the heading Financing Resources.

Adjusted EBITDA for the year ended December 31, 2008 was \$74.5 million and net debt was \$67.7 million. Net debt included long-term debt of \$82.1 million offset by cash and cash equivalents of \$14.4 million. Adjusted EBITDA for the year ended December 31, 2007 was \$89.9 million and net debt was \$88.4 million. As at December 31, 2007, net debt included 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 to Adjusted EBITDA
(Twelve months ended December 31)**



Financing Activities

Distributions

Due to the termination of the subordination arrangements relating to the Class B Trust Units which occurred in March 2008, and beginning with the month of April 2008, cash available to make distributions has been paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. Prior to April 2008, cash distributions to the holders of Class B Trust Units were paid quarterly. Beginning with the month of November, monthly distributions for Class A and Class B Trust Units were reduced from \$0.10 per unit to \$0.05 per unit. On December 8, 2008, the Class B Trust Units were exchanged for Class A Trust Units. Subsequent to year end, on February 18, 2009, the Brick Group announced that as a result of the continued deterioration in economic conditions and the uncertain outlook for 2009, it was suspending its monthly distribution payments.

During the fourth quarter, the Brick Group declared cash distributions to unitholders of \$10.8 million and paid cash distributions of \$13.5 million to unitholders, bringing the total cash distributions declared to \$59.6 million (\$1.10 per unit), and the total cash distributions paid to \$64.5 million, for the year ended December 31, 2008. Distributions declared and paid for the year ended December 31, 2007 were \$65.0 million (\$1.20 per unit).

Other

For the fourth quarter, other uses of cash for financing activities relate to a decrease in bank indebtedness of \$4.6 million.

For the same quarter of 2007, borrowing against the credit facility increased by \$14.5 million, providing a source of cash.

For the year, \$14.6 million was repaid against our credit facility. In 2007, borrowing against the credit facility provided a source of cash of \$4.5 million, and the refinancing of our long-term debt, net of financing fees and payments to extinguish two remaining mortgages, provided a source of cash of \$2.3 million.

Investing Activities

The following table summarizes the Brick Group's investing activities for the three and twelve month periods ended December 31, 2008 and December 31, 2007.

Investing Activities Source (Use) of Cash (000's of \$)	Three months ended December 31			Twelve months ended December 31		
	2008	2007	\$ (Increase) Decrease	2008	2007	\$ (Increase) Decrease
Capital assets additions	\$ (13,784)	\$ (6,360)	(7,424)	\$ (35,709)	\$ (22,162)	(13,547)
Intangible asset additions	(249)	38	(287)	(556)	(1,470)	914
Changes in payables related to capital assets	4,066	(2,379)	6,445	4,517	(2,379)	6,896
Proceeds from disposal of capital assets	17	4	13	126	2,928	(2,802)
Marketable securities additions	(121)	(1,531)	1,410	(1,707)	(6,312)	4,605
Proceeds from sale of marketable securities	1,182	3,315	(2,133)	3,187	8,815	(5,628)
	\$ (8,889)	\$ (6,913)	(1,976)	\$ (30,142)	\$ (20,580)	(9,562)

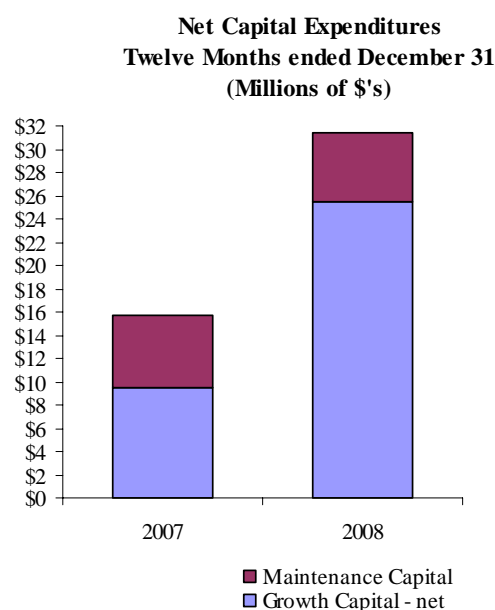
Capital asset additions for fiscal 2008 are \$13.5 million higher than in 2007. Approximately half of the increase is due to the higher number of corporate stores added in 2008 as compared to 2007. In 2008, we added six corporate stores while in 2007, only 2 corporate stores were added. The balance of the increase related to capital expenditures for information systems and equipment.

In 2007, the Brick Group received proceeds from the disposal of capital assets of \$2.9 million relating to the disposal of a redundant real estate asset in Edmonton, Alberta.

Capital Expenditures

The Brick Group incurred maintenance capital expenditures for the three months ended December 31, 2008 of \$0.8 million compared to \$2.3 million for 2007. On an annual basis, maintenance capital expenditures of \$6.0 million have been incurred for 2008 compared to \$6.2 million for 2007.

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 \$29.7 million, mainly for new and relocated stores and upgrades to information systems and equipment. We received tenant inducements of \$4.3 million, bringing our net expenditures for growth capital to \$25.4 million for the year. In 2007, growth capital expenditures were \$15.9 million and we received tenant inducements of \$6.5 million making our net expenditure on growth capital \$9.4 million.

Financing Resources

On April 22, 2008, the credit agreement governing the Brick Group's credit facilities was renewed with the existing syndicate of lenders for a three-year term. This Amended and Restated Credit Agreement can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com. The terms of the credit agreement, including financial covenants, were substantially unchanged, and the pricing of the credit facilities did not materially increase. To better align the credit facilities with the needs of the Brick Group, the Operating Credit Facility was increased to \$60 million (previously \$50 million), and the Acquisition Credit Facility was reduced to \$40 million (previously \$50 million). The new credit agreement also provides for an additional \$25 million in financing, subject to certain conditions being met.

The \$5 million Commercial Letter of Credit Facility was also renewed on April 22, 2008 for a three-year term.

At December 31, 2008 the amount drawn under the \$60.0 million Operating Credit Facility was \$NIL (2007: \$15.5 million), the amount drawn under the \$5.0 million Commercial Letter of Credit Facility was \$NIL (2007: \$NIL), and the amount drawn on the \$40.0 million Acquisition Credit Facility was \$NIL (2007: \$NIL). 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, 2008.

On March 13, 2009, the Credit Facilities were further amended to increase the maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent), from 4.5 times to 5.0 times for the first three quarters of 2009, after which time the ratio will return to 4.5 times for the remainder of the term. The amendment serves to mitigate the risk of default with respect to this financial covenant and was assessed by the Brick Group to be prudent and proactive in light of the economic downturn and its impact on the retail sector.

Other modifications required to secure this amendment include an increase, ranging from 175 bps to 200 bps, in the pricing of the credit facilities, and a modification that restricts the amount available under the \$40 million Acquisition Credit Facility solely to capital expenditures made in the current year and hereafter. Prior to this amendment, the \$40 million Acquisition Credit Facility was fully available to refinance capital expenditures from previous years, and could also be used to finance investments in capital expenditures and businesses complimentary to the Brick Group. Further, the Operating Credit Facility is no longer available to finance investments or capital expenditures. As well the Brick Group is precluded from making any cash distributions until after December 31, 2009. Subsequent to December 31, 2009, the Brick Group is not allowed to make cash distributions at any time that the amount drawn on the Operating Credit Facility exceeds \$30 million. The maturity date of the credit agreement was not modified and remains April 2011. This First Amendment to the Amended and Restated Credit Agreement (the "First Amendment") can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

On March 14, 2007, the Brick Group issued through a private placement, senior secured notes with an aggregate principal amount of \$83.0 million and a seven year term (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, and to Brick Group general operations. The Senior Notes, issued to six institutional investors, have a term of seven years, and bear interest payable semi-annually at a rate of 6.431%. The Trust Indenture providing for the issuance of Senior Note can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com. Interest payments on the Senior Notes are required semi-annually, in March and September.

On March 13, 2009, in conjunction with the amendment to the Credit Facilities discussed above, the Trust Indenture providing for the issuance of the Senior Notes was amended to maintain alignment on the financial covenants and other amendments with those contained in the First Amendment. This amendment also included an increase in pricing with the coupon increased from 6.431% per annum to 8.000% per annum until December 14, 2009, and thereafter decreased to 7.500% per annum for the remainder of the term. This Second Supplemental Indenture to the Trust Indenture can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

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). As at December 31, 2008, the Brick Group was in compliance with all covenants.

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

Security for the Brick Group's Credit Facilities has been granted over all of the Brick Group's assets, including the assets of the Brick LP, the Brick GP, UFW LP, and UFW GP. The Brick GP, UFW LP and UFW GP, and TGW have also provided guarantees in support of the credit facilities. Each subsidiary of the Brick Group also provides a pledge of securities. The Senior Notes share this security *pari passu* with the Brick Group's Credit Facilities.

In addition to its credit facilities, the Brick Group holds a portfolio of marketable securities with a fair value at December 31, 2008 of \$18.9 million (2007: \$24.1 million). These marketable securities are held in part to satisfy regulatory requirements for minimum capital of \$8.0 million applicable to the insurance companies as discussed below. The excess of marketable securities over this amount is not restricted by regulatory requirements.

As discussed in the Brick Group's MD&A for the three months ended September 30, 2008, in light of sudden and dramatic changes in the economic and financial outlook, both domestically and internationally, management believed that a reduction in distributions would be prudent at that time, and anticipated that, beginning with the November 2008 distribution, its monthly distribution would be reduced from \$0.10 per unit to \$0.05 per unit. On November 19, 2008, the Brick Group confirmed this view with the announcement of the November 2008 cash distribution set at \$0.05 per unit.

Subsequent to year end, on February 18, 2009, the Brick group announced that as a result of the continued deterioration in economic conditions and the uncertain outlook for 2009, it was suspending its monthly distribution payments.

Through this measure, and with the Brick Group's existing financial resources, management is working to effectively manage its operations in order to have sufficient liquidity to meet all of the Brick Group's working capital, and capital expenditure needs for the next twelve months. However, uncertainty regarding the length of the recession, and the potential for a further deterioration in the level of sales in the retail sector precludes the Brick Group from making any assurances as to the successfulness of these efforts.

Management believes that progress is being made in implementing the Brick Group's plans and strategies to manage through the recession. While there is no assurance as to their outcome or success, the Brick Group continues to aggressively pursue strategies to further reduce operating costs and improve operating results, cash flows, and the level of debt to ensure compliance with covenants.

The Fund's results for fiscal 2009 and future periods are subject to numerous uncertainties. The possibility exists that unforeseen events, such as, higher interest rates, a protracted period of recession, further weakness or deterioration in the retail sector and in consumer confidence, or a combination of these or other factors, may affect fiscal 2009 and future operating results and cash flows negatively.

Contractual Commitments

The following table provides an overview of the Brick Group's contractual commitments as at December 31, 2008.

As as December 31, 2008				
(000's of \$)	Total	1 - 3 years	4 - 5 years	After 5 years
Long-term debt	\$ 83,000	\$ -	\$ -	83,000
Outstanding purchase orders	89,705	89,705	-	-
Operating leases	777,498	231,293	137,962	408,244
Total contractual obligations	\$ 950,203	\$ 320,998	\$ 137,962	\$ 491,244

Restriction on the Distribution of Capital from TGI and TGLI

Regulatory requirements stipulate that TGI and TGLI must maintain assets at least equal to their share capital and contributed surplus which totals \$8.0 million for the two companies. TGI and TGLI have cash and marketable securities in excess of the required amount at December 31, 2008.

10. 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, amortization and non-cash asset impairment charges. References to "adjusted EBITDA" are to earnings before interest, income taxes, amortization, and non-cash asset impairment charges, 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.

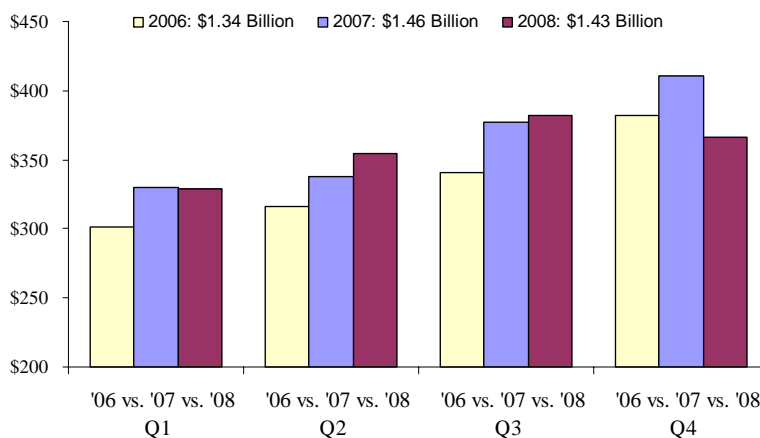
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Adjusted Results of Operations

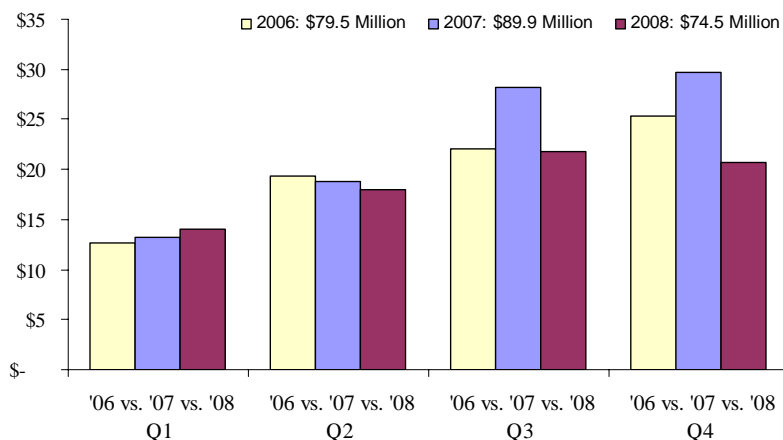
Adjusted Results: (000's of \$ except %, per unit and store amounts)	For the three months ended December 31				For the twelve months ended December 31			
	2008 Adjusted	2007 Adjusted (*restated)	\$ Increase (Decrease)	% Increase (Decrease)	2008 Adjusted	2007 Adjusted (*restated)	\$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	\$ 365,975	\$ 410,899	(44,924)	-10.9%	\$ 1,431,677	\$ 1,456,306	(24,629)	-1.7%
Cost of sales	(220,295)	(246,176)	(25,881)	-10.5%	(847,716)	(868,560)	(20,844)	-2.4%
Gross margin	145,680	164,723	(19,043)	-11.6%	583,961	587,746	(3,785)	-0.6%
<i>Gross margin as a percentage of sales and operating revenue</i>	39.8%	40.1%			40.8%	40.4%		
Selling, general and administrative expenses (SG&A)	(124,418)	(135,881)	(11,463)	-8.4%	(509,737)	(502,784)	6,953	1.4%
Investment and other income	(585)	890	(1,475)	-165.8%	236	4,934	(4,698)	-95.2%
EBITDA	20,677	29,732	(9,055)	-30.5%	74,460	89,896	(15,436)	-17.2%
<i>EBITDA as a percentage of sales and operating revenue</i>	5.6%	7.2%			5.2%	6.2%		
Interest expense on long-term and other debt	(2,425)	(2,052)	373	18.2%	(9,353)	(8,994)	359	4.0%
Income tax (expense) recovery	8,336	3,854	(4,482)	116.3%	8,749	(31,857)	(40,606)	-127.5%
Amortization	(6,392)	(5,154)	1,238	24.0%	(22,960)	(19,710)	3,250	16.5%
Net income	\$ 20,196	\$ 26,380	(6,184)	-23.4%	\$ 50,896	\$ 29,335	21,561	73.5%
Basic and diluted net income per unit	\$ 0.37	\$ 0.49	(0.12)	-24.5%	\$ 0.94	\$ 0.54	0.40	74.1%
Stores at period end	230	210			230	210		

* Net income for 2007 has been restated to correct a calculation error which overstated future income tax expense by \$10,580 for the year, and by \$752 for the fourth quarter. The correction of this error resulted in an increase to 2007 annual net income of \$10,580, and an increase to 2007 fourth quarter net income of \$752.

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



Adjusted EBITDA (Millions of \$'s)



11. 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). The Distribution Committee of the Board of Trustees reviews and approves cash distributions on a monthly basis taking into account its reported distributable cash measure calculated as discussed above, the Brick Group's current and prospective performance, seasonality, and other factors it considers prudent.

As an income trust, 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.

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.

Distributions for the twelve months ended December 31, 2008 resulted in a payout ratio of 101.3% (twelve months ended December 31, 2007: 88.0%).

The subordination arrangements relating to the Class B Trust Units were entitled to be terminated effective December 31, 2007 if the Brick Group earned adjusted EBITDA for fiscal 2007 of at least \$82.848 million, and 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, these conditions were met.

Accordingly, effective upon the Board of Trustees' approval of the Brick Group's 2007 annual audited consolidated financial statements on March 18, 2008, the subordination in respect of the Class B Trust

Units was terminated. As a result, beginning with the month of April 2008, cash available to make distributions has been paid monthly to the holders of Class A and Class B Trust Units pro rata. Prior to April 2008, cash distributions to the holders of Class B Trust Units were paid quarterly. As well, upon the termination of the subordination of the Class B units in March, 2008, the Class B units became exchangeable at the option of the holder (William H. Comrie) to Class A units on a one-for-one basis. Effective December 8, 2008, all of the Class B units (11,247,117 units) were exchanged on a one-for-one basis to Class A units. After the conversion, there are now 54,171,133 Class A units outstanding.

Readers of this MD&A are encouraged to refer to the March 2009 AIF which provides further information on the Distribution Policy of the Brick Group.

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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	
		2008	2007 (*restated)	2008	2007 (*restated)
Cash flow from operating activities	1	\$ 37,581	\$ (4,430)	\$ 115,570	\$ 70,447
Changes in non-cash operating working capital items	1, 2	(13,251)	38,320	(44,148)	19,359
Items not affecting cash	3	(232,737)	5,115	(228,293)	(27,959)
Cash items	4	(15,241)	(15,651)	(43,885)	(46,314)
Income before extraordinary item		(223,648)	23,354	(200,756)	15,533
Interest		2,425	2,052	9,353	8,830
Income tax (recovery) expense		(8,513)	(4,303)	(9,932)	29,621
Amortization		7,888	6,815	29,102	26,694
Goodwill and intangible asset impairment		241,471	-	241,471	-
Reported EBITDA		19,623	27,918	69,237	80,678
Elimination of Purchase Accounting Impact	5	1,054	1,814	5,222	9,218
Adjusted EBITDA		20,677	29,732	74,460	89,896
Debt service obligation	6	(2,305)	(1,961)	(9,353)	(8,936)
Maintenance capital expenditures	7	(830)	(2,272)	(5,975)	(6,203)
Corporate income taxes - current	8	116	112	(325)	(893)
Cash available for distribution		\$ 17,658	\$ 25,611	\$ 58,807	\$ 73,864
Cash available for distribution per unit		January 0, 1900	\$ 0.47	\$ 1.09	\$ 1.36
Cash distributions declared		\$ 10,834	\$ 16,252	\$ 59,587	\$ 65,005
Cash distributions declared per unit		\$ 0.20	\$ 0.30	\$ 1.10	\$ 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		61.4%	63.5%	101.3%	88.0%

1 Cash flow from operating activities and changes in non-cash working capital items are as per the Brick Group's consolidated financial statements.

2 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.

3 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.

4 Cash items includes cash received for leasehold inducements and from warranty and insurance sales and cash paid for deferred acquisition costs.

5 As discussed in this 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.

6 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, and advances of funds under a borrowing agreement, are not considered components of distributable cash.

7 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.

8 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.

* Annual and fourth quarter net income for 2007 has been restated to correct an error in the calculation of future income taxes. As a result of this correction, net income increased by \$9,500. This error had no impact on distributable cash.

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, since our 2005 Annual MD&A, through this alternative view, we have provided 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 Board of Trustees must consider with respect to the declaration of distributions. 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 Board of Trustees of the Brick Group considers such distribution to be prudent and in the best interests of The Brick Group Income Fund.

In conjunction with the termination of the subordination of the Class B Trust Units, the Brick Group considered adopting this alternative view of distributable cash as our sole reported distributable cash measure. For the sake of consistency and comparability with prior periods, the Brick Group has chosen in 2008 to continue to provide the alternative measure of distributable cash, in addition to its EBITDA based reported distributable cash measure.

The impact of applying this alternative view results in a fourth quarter payout ratio of 54.6% compared to our reported fourth quarter payout ratio of 61.4%. For the twelve months ended December 31, 2008, the payout ratio under this alternative view was 99.2%, as compared to our reported payout ratio of 101.3% for the same period.

Alternative View (000's of \$)	Three months ended December 31		Twelve months ended December 31	
	2008	2007	2008	2007
Cash flow from operating activities	\$ 37,581	\$ (4,430)	\$ 115,570	\$ 70,447
Changes in non-cash working capital	(13,251)	38,320	(44,148)	19,359
Funds flow from operations	24,330	33,890	71,422	89,806
Cash received for leasehold inducements	(2,915)	(3,570)	(4,319)	(6,505)
Increase in claims exposure	(729)	(1,168)	(1,079)	(3,678)
Scheduled principal repayments	-	-	-	(239)
Maintenance capital expenditures	(830)	(2,272)	(5,975)	(6,203)
Distributable Cash	19,856	26,880	60,050	73,181
Distributions	(10,834)	(16,252)	(59,587)	(65,005)
(Shortfall) excess	\$ 9,022	\$ 10,628	\$ 463	\$ 8,176
Payout ratio	54.6%	60.5%	99.2%	88.8%

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

During the quarter ended December 31, 2008, the Brick Group reduced distributions declared for the months of November and December by 50% for both Class A Trust Units and Class B Trust Units. For the year ended December 31, 2008, cash distributions declared and paid are detailed in the table below, in 000's of \$ except for per unit amounts:

Period	Record Date	Payment Date	Per Unit	Declared Amount	Paid Amount
Class A units					
December 2007	December 31, 2007	January 15, 2008	\$ 0.1000	\$ -	\$ 4,293
January 2008	January 31, 2008	February 15, 2008	0.1000	4,292	4,292
February 2008	February 29, 2008	March 17, 2008	0.1000	4,292	4,292
March 2008	March 31, 2008	April 15, 2008	0.1000	4,292	4,292
April 2008	April 30, 2008	May 15, 2008	0.1000	4,292	4,292
May 2008	May 30, 2008	June 16, 2008	0.1000	4,292	4,292
June 2008	June 30, 2008	July 15, 2008	0.1000	4,292	4,292
July 2008	July 31, 2008	August 15, 2008	0.1000	4,292	4,292
August 2008	August 29, 2008	September 15, 2008	0.1000	4,292	4,292
September 2008	September 30, 2008	October 15, 2008	0.1000	4,292	4,292
October 2008	October 31, 2008	November 17, 2008	0.1000	4,292	4,292
November 2008	November 28, 2008	December 15, 2008	0.0500	2,146	2,146
December 2008	December 31, 2008	January 15, 2009	0.0500	2,709	-
				47,775	49,359
Class B units					
Oct. 1 - Dec. 31, 2007	December 31, 2007	January 15, 2008	0.3000	-	3,375
Jan. 1 - Mar. 31, 2008	March 31, 2008	April 15, 2008	0.3000	3,374	3,374
April 2008	April 30, 2008	May 15, 2008	0.1000	1,125	1,125
May 2008	May 30, 2008	June 16, 2008	0.1000	1,125	1,125
June 2008	June 30, 2008	July 15, 2008	0.1000	1,125	1,125
July 2008	July 31, 2008	August 15, 2008	0.1000	1,125	1,125
August 2008	August 29, 2008	September 15, 2008	0.1000	1,125	1,125
September 2008	September 30, 2008	October 15, 2008	0.1000	1,125	1,125
October 2008	October 31, 2008	November 17, 2008	0.1000	1,125	1,125
November 2008	November 28, 2008	December 15, 2008	0.0500	563	563
December 2008	December 31, 2008	January 15, 2009	-	-	-
				11,812	15,187
				\$ 59,587	\$ 64,546

Upon the Board of Trustees' approval of the Brick Group's 2007 annual audited consolidated financial statements, the subordination in respect of the Class B Trust Units was terminated and the Class B units became exchangeable, at the option of the holder (William H. Comrie), to Class A Trust Units on a one-for-one basis. As well, beginning with the month of April 2008, cash available to make distributions became payable on a monthly basis to the holders of Class B Trust Units. Prior to the termination of the subordination provisions, distributions were paid on a quarterly basis to the holders of Class B Trust Units.

Effective December 8, 2008, all of the Class B units (11,247,117 units) were exchanged on a one-for-one basis to Class A units. After the conversion, there are now 54,171,133 Class A units outstanding.

12. OUTSTANDING UNIT DATA

At December 31, 2008 and March 13, 2009, the Brick Group had 54,171,133 Class A Trust Units and NIL Class B Trust Units outstanding. William H. Comrie, a resident of the United States, holds a 39.80% interest in the Brick Group through 21,561,983 Class A Trust Units. As at March 13, 2009, Fairfax Financial Holdings Limited holds 15.47% of all units outstanding, or 8,380,200 Class A Trust Units.

13. CRITICAL ASSUMPTIONS

Off-Balance Sheet Arrangements

For information on off-balance sheet arrangements, see notes 19 and 20 of the audited consolidated financial statements of The Brick Group Income Fund for the year ended December 31, 2008.

Related Party Transactions

Included in selling, general and administrative expenses is rent expense of \$1.0 million for the year ended December 31, 2008 (2007: \$0.9 million), paid to a joint venture partially owned by an officer of the Brick Group.

In May 2008, certain employees of the Brick Group became owners of a Brick franchise. During the year ended December 31, 2008, the Brick Group sold inventory of \$2.1 million to this franchise.

During the year, the Brick Group entered into franchise agreements for six Brick stores with a director serving on the boards of Trans Global Insurance Company, and Trans Global Life Insurance Company. During the year ended December 31, 2008, the Brick Group sold inventory of \$2.5 million to these franchises.

The above 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, 2008 is \$0.4 million (2007: \$0.4 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.

In the fourth quarter of 2008, the Brick Group performed its annual goodwill impairment test and determined that the carrying value of goodwill was impaired. Goodwill is tested for impairment at the level of the reporting unit to which goodwill has been allocated. A reporting unit may be either a reportable segment as disclosed in accordance with the requirements for disclosure of segmented information, or a component of a reportable segment. Reportable segments may not be combined for purposes of the goodwill impairment test. For the Brick Group, the reporting unit to which all goodwill has been allocated is equivalent to the retail reportable segment.

The goodwill impairment test is a two-step test which requires, as a first step, that the fair value of a reporting unit be compared to the carrying value of its net assets. If the fair value of the reporting unit exceeds the carrying value of its net assets, it is assumed that goodwill is not impaired and the test is complete. For the Brick Group, the fair value of the retail reporting unit did not exceed the carrying value of its net assets and consequently, the Brick Group was required to perform the second step of the test.

The second step of the test requires that fair values be determined for the assets and liabilities of the reporting unit, including any recognized and unrecognized intangible assets. Then, the fair value determined in step one of the test is allocated to all the assets and liabilities of the reporting unit, including any recognized and unrecognized intangible assets, based on their fair values, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire it. Any excess is considered to represent the implied fair value of the reporting unit's goodwill.

As a result of the second step of the test, it was determined that the carrying value of the Brick Group's brand intangible assets exceeded fair value and consequently the Brick Group recognized an impairment write down of \$44.6 million with respect to its brands (the "Brick" and "United Furniture Warehouse"). As well, the implied fair value of goodwill in the retail reporting unit was determined to be less than its

carrying value by \$196.9 million. Accordingly, a total impairment charge of \$241.5 million was recognized in the Brick Group's consolidated statement of loss for the year ended December 31, 2008.

The Brick Group uses the discounted cash flow method as well as a market comparable approach to assess fair values for its goodwill and brand intangible assets. The assessment of fair value is required to be made as at a point in time and must consider factors, regardless of the degree of volatility affecting those factors, existing at that same point in time, and therefore, does not necessarily reflect the long-term intrinsic value of the Brick Group. Factors impacting the results of the 2008 test include the recent economic downturn and a recessionary economic outlook with a high degree of uncertainty for the retail sector. As well, the Brick Group's market capitalization declined significantly in the fourth quarter of 2008 and has remained significantly below the carrying value of the net assets of the Brick Group. Although market capitalization is only one of the factors considered in determining fair value, the decline in market capitalization reflects the market's assessment of increased risk for the Brick Group. These factors, together with general concern over credit, liquidity and capital markets issues, are reflected in the risk adjusted discount rates applied in our discounted cash flow models, which are at historical high levels and significantly higher than those used in prior years' tests.

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 distributions 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, 2008, and December 31, 2007.

Accounting Standards Adopted in the Current Year

Commencing January 1, 2008, the Brick Group adopted the following new Canadian Institute of Chartered Accountants (“CICA”) accounting standards:

Section 3031 – Inventories

In June 2007, the CICA issued Section 3031 - Inventories, which replaced existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, and also provides guidance on the issues of cost determination and inventory related disclosures. This new standard was adopted by the Brick Group for its fiscal year starting on January 1, 2008. The adoption of this new standard had no impact on the Brick Group’s financial position or results of operations other than the following. Costs associated with the movement of inventory from distribution centres to stores, which had previously been included in selling, general and administrative expenses, is now included within cost of sales. For the year ended December 31, 2008, the amount of these costs was \$2.4 million.

Section 1535 – Capital Disclosures

In December 2006, the Canadian Accounting Standards Board (“AcSB”) 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 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. This new standard was adopted by the Brick Group for its fiscal year beginning on January 1, 2008 and had no impact on its financial position or results of operations. The new disclosures pursuant to this section are included in Note 24 to the 2008 annual consolidated financial statements of the Brick Group.

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, 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.

These new standards were adopted by the Brick Group for its fiscal year beginning on January 1, 2008 and had no impact on its financial position or results of operations.

The new disclosures pursuant to these sections are included in Notes 7, 12 and 22 to the 2008 annual consolidated financial statements of the Brick Group.

Pending Changes to Accounting Policy

Section 1582 – Business Combinations

In January 2009, the CICA issued new Handbook Section 1582, Business Combination, replacing the former Handbook Section 1581, Business Combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3, “Business Combinations” (January 2008). The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. If an entity applies this Section before January 1, 2011, it shall disclose that fact and apply Consolidated Financial Statements, Section 1601, and Non-Controlling Interests, Section 1602, at the same time. The Brick Group does not expect the new section to have any impact on its financial position or results of operations. The Brick Group plans to adopt this new Section for its fiscal year beginning January 1, 2011.

Section 1601 - Consolidated Financial Statements

In January 2009, the CICA issued new Handbook Section 1601, Consolidated Financial Statements. This Section, which, together with new Section 1602, replaces the former Consolidated Financial Statements, Section 1600, establishes standards for the preparation of consolidated financial statements. The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts Business Combinations, Section 1582, and Non-Controlling Interests, Section 1602. The Brick Group does not expect the new section to have any impact on its financial position or results of operations. The Brick Group plans to adopt this new Section for its fiscal year beginning January 1, 2011.

Section 1602 - Non-controlling interests

In January 2009, the CICA issued new Handbook Section 1602, Non-Controlling Interests. This new Section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008). This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts Business Combinations, Section 1582, and Consolidated Financial Statements, Section 1601. The Brick Group does not expect the new section to have any impact on its financial position or results of operations. The Brick Group plans to adopt this new Section for its fiscal year beginning January 1, 2011.

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, no amortization in respect of pre-opening costs will be recorded during the year ending December 31, 2009, or thereafter. As well, 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, 2008, the Brick Group had deferred pre-opening costs of \$3.1 million (2007: \$5.7 million). 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.

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. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

During the year ended December 31, 2008, the Brick Group commenced its IFRS implementation project to assess the potential impacts of the transition to IFRS and developed a detailed project plan to ensure compliance with the new standards. The Brick Group has completed the initial phase of the implementation project including a detailed diagnostic analysis which includes a high-level impact assessment to identify key areas that may be impacted by the adoption of IFRS. Areas identified which may have the most significant impact on the Brick Group include, development of opening balances in the consolidated balance sheet, measurement of property, plant and equipment, asset impairment measurements, and leases. The initial phase of the analysis resulted in the prioritization of areas to be evaluated in the next phase of the project plan, component evaluation. This phase, which is currently in progress, includes the analysis of accounting policy alternatives available under IFRS as well as the determination of changes required to existing information systems and business processes. In this phase the Brick Group will continue to assess the impact of the adoption of IFRS on our results of operations, financial position and financial statement disclosures.

As well, the Brick Group continues to assess the impact of the conversion on internal controls over financial reporting and disclosure controls and procedures, investor relations, human resources, and other areas that could potentially be impacted.

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 distribution on the Brick Group 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.

Sensitivity to General Economic Conditions

The household furniture, mattress, appliance and home electronics retailing industry in Canada has historically been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. The Brick Group's sales are impacted by the health of the economy in Canada as a whole, and in the regional markets in which the Brick Group operates. As such, the Brick Group's financial results are sensitive to interest rates, gross domestic product growth, consumer confidence, housing starts, the availability of consumer credit and the level of unemployment, among other factors.

The Brick Group's sales and financial results for fiscal 2009 and future periods are subject to numerous uncertainties, due to the current global economic crisis. At present, the outlook for the retailing industry remains uncertain, and the current weakness in sales could continue resulting in an increasing challenging operating environment. Additionally, further unforeseen events, such as higher interest rates, a protracted period of recession, further weakness or deterioration in the retail sector and in consumer confidence, or a combination of these or other factors, may further effect fiscal 2009 and future operating results and cash flows negatively.

Additionally, the Brick Group's credit insurance business is impacted by the health of the economy in Canada as a whole. The current decline in the economic conditions in Canada has resulted in decreased employment rates. At this time, the Brick Group has only experienced a marginal increase in insurance claims. A further decline in Canada's economic conditions could result in further increases in claims. The Brick Group mitigates this risk by insuring minimum monthly payments only for unemployment and disability claims to a maximum of 12 months.

As well, an increase in interest rates could force the Brick Group to reduce the term of its finance promotions, which would result in decreased premium revenues due to cardholders being indebted for shorter periods of time. Accordingly, a decline in the economic conditions in Canada or in any of the regions in which it operates could result in a decrease in the Brick Group's sales and earnings.

Credit Facilities with Numerous Restrictive Covenants

The Brick Group's business requires substantial liquidity in order to finance inventory purchases and operating and capital expenses. Covenants in the Brick Group's Credit Facilities and Senior Notes include financial covenants that are based on operating results and the amount of the Brick Group's debt obligations. As at December 31, 2008, the Brick Group was in compliance with its financial covenants. The Brick Group's ability to maintain compliance with the financial covenants in the future is dependent upon various factors, some of which are outside its control. Given the uncertain outlook of the economy, and if sales continue to deteriorate, the Brick Group may not be able to comply with certain of its existing financial covenants in the Credit Facilities and Senior Notes.

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

Third-Party Credit Providers

The success of the Brick Group depends, in part, on its relationships 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, especially in light of the current global economic crisis. 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.

16. CONTROLS AND PROCEDURES

As a public entity, we must take every step to ensure that material information regarding our reports filed or submitted under securities legislation fairly represents the financial information of the Brick Group. Responsibility for this resides with management, including the President and Chief Executive Officer and the Chief Financial Officer. Management is responsible for establishing, maintaining, and evaluating disclosure controls and procedures, as well as an internal control over financial reporting.

The evaluation and effectiveness of disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They conclude that these DC&P were adequate and effective, as at December 31, 2008. The Brick Group's management can therefore provide reasonable assurance that it receives material information relating to the Brick Group in a timely manner so that it can provide investors with complete and reliable information.

Management has designed internal controls over financial reporting (“ICFR”) to provide reasonable assurance that our financial reporting is reliable and that our consolidated financial statements were prepared in accordance with GAAP. The design and effectiveness of ICFR were evaluated as defined in National Instrument 52-109 under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on the evaluations, they conclude that the ICFR is adequate and effective to provide such assurance as at December 31, 2008.

There were no changes in the Brick Group’s internal controls over financial reporting that occurred during the year ended December 31, 2008 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 rebanner 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.