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## **THE BRICK GROUP REPORTS THIRD QUARTER RESULTS**

### *Positive EBITDA & Net Income Underline Return To Profitable Operations*

**Edmonton, Alberta – November 4, 2009** – The Brick Group Income Fund (TSX: BRK.UN) (the "Brick Group") today announced financial results for the third quarter ended September 30, 2009. Financial statements and Management's Discussion and Analysis are available on the Brick Group's website at [www.thebrickgroup.ca](http://www.thebrickgroup.ca).

#### **Third Quarter 2009 Summary:**

- Consolidated sales and operating revenue of \$334.9 million
- EBITDA of \$12.1 million
- Net income of \$0.5 million after \$2.1 million in severance costs and \$1.2 million in warrant issuance costs, related to the Fairfax letter of credit facility, valued using the Black-Scholes option pricing model. Excluding these charges net income would have been \$3.6 million.
- Profitability fueled by four-part action plan improving sales, purchasing, marketing and liquidity
- Arranged a \$25 million new standby letter of credit facility from Fairfax Financial Holdings
- \$48 million undrawn GE credit available at September 30, 2009, and \$60 million undrawn at October 31, 2009

"I am very pleased with the Brick Group's return to profitable operations in the third quarter," said Bill Gregson, President and Chief Executive Officer. "After disappointing results during the first half of 2009, in the third quarter we generated both positive EBITDA and net income."

"These results demonstrate that the Fund has turned the corner," said Mr. Gregson. He cited two drivers, the most significant being the Brick Group's four-point action plan launched at mid-year. The initiative comprises an increased sales force, better purchasing and supply chain alignment, a more strategic marketing focus and improved liquidity. The second driver was the start of an economic recovery during the third quarter, during which there were improvements in key economic measures related to furniture retailing, such as home sales and unemployment rates.

"We achieved better liquidity during the third quarter by improving the Fund's financial position," Mr. Gregson added. In August 2009 the Brick Group negotiated a \$25 million letter of credit facility with Fairfax Financial Holdings Ltd. under the existing \$130 million asset-backed loan facility with GE Capital. At the end of the third quarter, the Company's remaining unused GE credit totaled \$48 million, and was \$60 million at October 31, 2009. "We now have greater financial flexibility and, combined with improved profitability, will ensure that we can acquire sufficient product to promptly fill our customers' orders in the fourth quarter."

### **Third Quarter Operating Results**

For the third quarter, the Brick Group is pleased to report a return to profitable operations with EBITDA of \$12.1 million and net income of \$0.5 million.

Third quarter consolidated sales and operating revenue of \$334.9 million was lower by \$45.9 million or 12.0%, compared to the same quarter of 2008. Sales and operating revenue increased by 17.9% in the financial services segment to \$18.6 million, and decreased by 13.3% in the retail segment to \$316.3 million. In the retail segment, third quarter same store sales growth was negative 19.0% compared to negative 21.9% and negative 33.0% for the first and second quarters, respectively, of 2009. The monthly trend in same store sales growth showed consistent improvement throughout the quarter with July at negative 26.1%, August at negative 18.9% and September at negative 12.5%.

Third quarter consolidated EBITDA of \$12.1 million was lower by \$8.5 million or 41.5%, compared to the same quarter of 2008. EBITDA increased by 8.7% in the financial services segment to \$8.5 million, and in the retail segment, EBITDA of \$3.5 million was lower by \$9.2 million or 72.4%. Third quarter adjusted EBITDA was \$12.5 million, representing a decrease of \$9.3 million or 42.8% compared to the same quarter in 2008.

The Fund's recapitalization transaction, completed on May 28, 2009, has provided the Brick Group with improved liquidity. Under the Asset-Based Credit Facility at September 30, 2009, the borrowing base was margined at \$79.2 million and \$48.1 million was undrawn and available to fund the Brick Group's operations and working capital requirements. During the third quarter, this improved liquidity position allowed us to improve in-stock positions over those experienced in the second quarter.

On August 24, 2009, to address limitations to credit terms imposed by some inventory suppliers during the first half of 2009, the Brick Group entered into an agreement with Fairfax Financial Holdings Limited ("Fairfax") pursuant to which Fairfax issued an irrevocable letter of credit (the "Fairfax LC") to GE Capital in the aggregate principal amount of \$25.0 million. The purpose of the Fairfax LC is to backstop additional letters of credit to be issued under the GE Capital Asset-Based Credit Agreement to certain of the Brick Group's inventory suppliers (the "Supplier LCs") in exchange for additional new credit terms. The Fairfax LC matures on February 24, 2010 and may be extended, at the Brick Group's option, for a further six months to August 24, 2010. The first of the Supplier LCs were issued in September 2009 and will have a positive impact on the Brick Group's working capital and liquidity positions going forward.

In the third quarter, our net income of \$0.5 million included \$2.1 million of severance costs related to the Brick Group's former CEO, and a \$1.2 million charge for amortization of deferred issuance costs related to the Fairfax LC. The primary component of the deferred issuance costs is the fair value of warrants issued to Fairfax in conjunction with the Fairfax LC. Accordingly, \$1.1M of the \$1.2 million charge was non-cash. Normalized to exclude the severance and Fairfax LC costs, third quarter net income would have been \$3.6 million. In the same quarter of 2008, net income was \$13.1 million.

### **Consolidated and Franchise Sales and Operating Revenue**

Third quarter consolidated and franchise sales and operating revenue was \$370.8 million, including \$36.0 million of franchise sales, compared to \$416.8 million, including \$36.0 million of franchise sales in the same quarter last year, representing a decrease of 11.0%. Same store sales growth for corporate stores together with franchise stores was negative 18.7% compared to negative 0.3% for the same quarter of 2008.

Compared to the same quarter a year ago, sales at franchise stores decreased by 0.1% to \$36.0 million, and same store sales growth was negative 18.5%.

## Results Summary

The table below summarizes key financial results compared to the same period last year:

(000's of \$ except %, and store amounts)	For the three months ended September 30				For the nine months ended September 30			
	2009	2008	\$ Increase (Decrease)	% Increase (Decrease)	2009	2008	\$ Increase (Decrease)	% Increase (Decrease)
Retail Segment - Sales and operating revenue	\$ 316,307	\$ 365,008	(48,701)	-13.3%	\$ 808,021	\$ 1,016,787	(208,766)	-20.5%
Financial Services Segment - Sales and operating revenue	18,573	15,753	2,820	17.9%	54,132	45,120	9,012	20.0%
Consolidated - Sales and operating revenue	334,880	380,761	(45,881)	-12.0%	862,153	1,061,907	(199,754)	-18.8%
Franchise Sales	35,954	36,001	(47)	-0.1%	96,373	96,838	(465)	-0.5%
Consolidated and Franchise Sales and operating revenue	\$ 370,834	\$ 416,762	(45,928)	-11.0%	\$ 958,526	\$ 1,158,745	(200,219)	-17.3%
<i>Same Store Sales Growth (corporate stores)</i>	-19.0%	-1.1%			-24.5%	-0.8%		
<i>Same Store Sales Growth (corporate and franchise stores)</i>	-19.0%	-1.0%			-24.1%	-0.8%		
Retail Segment - EBITDA <sup>(1)</sup>	\$ 3,524	\$ 12,752	(9,228)	-72.4%	\$ (24,406)	\$ 26,998	(51,404)	-190.4%
Financial Services Segment - EBITDA	8,541	7,855	686	8.7%	26,385	22,770	3,615	15.9%
Consolidated - EBITDA <sup>(1)</sup>	\$ 12,065	\$ 20,607	(8,542)	-41.5%	\$ 1,979	\$ 49,768	(47,789)	-96.0%
<i>EBITDA as a percentage of sales and operating revenue</i>	3.6%	5.4%			0.2%	4.7%		
Retail Segment - Net (loss) Income <sup>(1)</sup>	\$ (7,948)	\$ 5,435	(13,383)	-246.2%	\$ (201,497)	\$ 2,164	(203,661)	-9411.3%
Financial Services Segment - Net income	8,413	7,667	746	9.7%	26,244	22,864	3,380	14.8%
Consolidated - Net income (loss) <sup>(1)</sup>	\$ 465	\$ 13,102	(12,637)	-96.5%	\$ (175,253)	\$ 25,028	(200,282)	-800.2%
<i>EBITDA - Adjusted</i>	\$ 12,492	\$ 21,822	(9,330)	-42.8%	\$ 3,804	\$ 53,935	(50,131)	-92.9%
<i>Adjusted EBITDA as a percentage of sales and operating revenue</i>	3.7%	5.7%			0.4%	5.1%		
<i>Cash provided (used) by operating activities before changes in non-cash working capital items</i>	7,534	20,668	(13,134)		(8,524)	47,245	(55,769)	
<i>Distributable cash per unit for the three months ended September 30</i>	\$ 0.06	\$ 0.31	(0.25)	-80.6%				
<i>Payout Ratio for the three months ended September 30</i>	0.0%	95.8%						
<i>Distributable cash per unit for the six months ended September 30</i>					\$ 0.15	\$ 1.24	(1.09)	-87.9%
<i>Payout Ratio for the twelve months ended September 30</i>					170.6%	97.0%		
Stores at period end	237	211			237	211		

(1) On January 1, 2009, the Brick Group adopted new accounting standards related to the capitalization of pre-opening costs. Under the new standards, store and distribution centre pre-opening costs are no longer deferred and amortized, and must be charged to income as incurred. These new standards require retroactive application and therefore, retail segment net income for 2008 has been restated. For the 2008 third quarter, previously recorded amortization of pre-opening costs of \$660 has been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet. On a year-to-date basis, previously recorded amortization of pre-opening costs of \$1,983 and SG&A of \$153 have been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet.

### Conference Call and Webcast

The Brick will host an investor conference call at 2:00 p.m. eastern time (12:00 noon Alberta time) on Thursday, November 5, 2009. To access the call, please call 1-416-915-5762 or 1-800-590-1508. For a listen-only version of the conference, log on to: <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2851860>. A replay of the call will be available until November 12, 2009 at 11:59 PM MT. To access the replay please dial 416-640-1917 or 1-877-289-8525 and enter the passcode 4175957 followed by the pound sign.

### About the Brick Group

The Brick Group, together with its subsidiaries, is one of Canada's largest volume retailers of household furniture, mattresses, appliances and home electronics, operating under five banners: The Brick, United Furniture Warehouse, The Brick Superstore, The Brick Mattress Store, and Urban Brick. In addition, through its corporate sales division, the Brick Group services the subdivision, condominium, and high-rise builder market. The Brick Group's retail operations are located in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick and Yukon.

## **Forward-Looking Statements**

This news release contains “forward-looking statements” within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the Brick’s consolidated sales and operating revenue, consolidated EBITDA, consolidated net loss, sales and operating revenue in the financial services and retail segments, same store sales growth and goodwill and indefinite life intangible asset impairment charges for the second quarter of 2009, the financial flexibility and capital resources necessary to manage the business in the current economic environment, and similar statements concerning anticipated future events, results, circumstances, performance or expectations, that reflect management’s current expectations and are based on information currently available to management of the Brick and its subsidiaries. The words “may”, “will”, “should”, “believe”, “expect”, “plan”, “anticipate”, “intend”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms, or other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking matters. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Brick to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. The Brick 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.

## **Non-GAAP Financial Measures**

References to "adjusted EBITDA" are to earnings before interest, income taxes and amortization, adjusted to remove the impact of purchase accounting. Management of the Brick Group believes that adjusted EBITDA is a useful financial measure as it represents a starting point in the determination of cash available for distribution to unitholders. Adjusted EBITDA is not an earnings measure recognized by GAAP and does not have standardized meanings prescribed by GAAP. Therefore, adjusted EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that adjusted EBITDA should not be construed as an alternative to net income as determined in accordance with GAAP, as an indicator of performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

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