

MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Following the drastic downturn in economic conditions toward the end of the previous year, 2009 proved to be challenging for many Canadian businesses. The retail industry was hit especially hard during the first half of 2009 with the expectation of a gradual and prolonged recovery period.

The Brick Group was not exempted from the economic turmoil and in fact suffered more than most. However we rethought, reshaped and recapitalized our organization. Our efforts had a profound impact on the Brick Group's business and led to positive third and fourth quarter results. As evidence of the turnaround, the fourth quarter of 2009 represented the highest quarterly EBITDA results in the history of the Brick Group Income Fund. Furthermore, in December 2009, we experienced our first same store sales increase in 17 months.

The combination of the changes we made to the business, along with the underlying resiliency of the brand and the determination of its people, returned the Brick Group to a much healthier position. We believe our multi-faceted, multi-channel approach over a wide geographic area makes us a leader in the industry.

The changes we made lead us into 2010 much more liquid than in 2009, with a lower cost structure and increasing sales and margins. Unlike a year ago, momentum is with us.

Financial Overview

Consolidated sales and operating revenue totalled \$361.4 million for the fourth quarter and \$1.2 billion for the year.

Consolidated EBITDA was \$30.8 million for the fourth quarter of 2009 and \$32.8 million for the year.

Below are some key highlights for the quarter and year, compared to the same period in 2008:

Fourth Quarter	2009	2008	Change	% Change
Total Retail Segment Corporate Store Sales Growth	- 1.9%	- 12.1%	+ 10.2 ppts	+ 84.3%
Corporate Same Store Sales Growth	- 7.3%	- 13.0%	+ 5.7 ppts	+ 43.8%
Consolidated EBITDA	\$30.8 million	\$18.5 million	+ \$12.4 million	+ 66.9%

Full Year	2009	2008	Change	% Change
Total Retail Segment Corporate Store Sales Growth	- 15.7%	- 2.6%	- 13.1 ppts	- 503.8%
Corporate Same Store Sales Growth	- 20.1%	- 4.2%	- 15.9 ppts	- 378.5%
Consolidated EBITDA	\$32.8 million	\$68.3 million	- \$35.4 million	- 51.9%

A Year in Review

Dramatic changes in the economic and financial outlook led the Brick Group to take the prudent action of suspending monthly distributions in early 2009 to maintain its balance sheet strength.

Management also undertook a recapitalization transaction that provided the flexibility required to navigate through the year and support future operations. This recapitalization included the repayment of all prior credit facilities and, most importantly, also removed all financial covenants. The transaction included a new \$130-million asset-based credit facility and a \$120-million debt offering of debentures with warrants. Subsequently, a \$25-million letter of credit sub-facility, with warrants, with Fairfax Financial Holdings Limited, one of the Brick Group's largest investors, was negotiated in order to satisfy

our suppliers and ensure a constant flow of inventory to meet consumer demand as the economy recovered.

A number of operational initiatives were implemented during the year aimed at managing and controlling costs and placing a greater focus on our retail sales force and in-store customer experience. Management also focused on strengthening our marketing and advertising campaigns. The positive impact of these initiatives was realized in the second half of the year.

In addition to stringent variable expense controls designed to maintain expenses in line with current sales, management dramatically changed inventory purchase patterns to align more closely with consumer demand. Cash and working capital efficiency continues to be closely monitored against current sales, seasonal variability and general economic conditions.

Looking Ahead

The Brick Group has entered 2010 with enthusiasm and cautious optimism based on improved sales trends, a brighter economic outlook and a healthier financial position. At December 31, 2009 our net cash position was \$19.5 million vs. \$14.4 million a year ago. We had no borrowings under our asset based credit facility at the end of 2009 and accounts payable & accrued liabilities were also \$72.3 million less than a year ago.

We will continue to focus on increasing overall organizational effectiveness and operational efficiencies, and have identified the following specific objectives for 2010:

- Building the core business – Organic growth through same store sales
- Enhanced customer service model
- Increased sales force on the retail floor
- Improved inventory and supply chain management
- Aligned initiatives between advertising and inventory management
- Efficiencies through investment in information systems
- Moderate expansion of our franchise business
- Improved liquidity

Our 2010 capital initiatives will be directed primarily toward infrastructure investments in the area of information systems and the opening of one retail store in Ontario.

The dramatic improvement in our financial results during the second half of 2009 and our renewed focus on improved customer experience is the result of determined efforts from all our 5900 Brick employees across Canada. Their combined efforts will be central to the continued progress of the Brick Group in 2010.

We thank our employees for their efforts and on-going commitment to the Brick Group. We also thank our customers, suppliers, unitholders and investors for their continued support and their confidence in the Brick Group.

Sincerely,



Ron D. Barbaro
Chairman of the Board



Bill Gregson
President and CEO