Date: May 4, 2008

Amended and Restated on May 20, 2009 to reflect the correction of an error in the calculation of future income taxes related to the SIFT tax for the three month periods ended June 30, 2007, September 30, 2007 and December 31, 2007. The SIFT tax is further discussed in this MD&A under the heading "Distributable Cash And Distributable Cash Per Unit".

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

The Brick Group Income Fund assumes the reader of this document has access to, and has read The Brick Group Income Fund's 2007 Annual Management's Discussion and Analysis (the "2007 Annual MD&A"). Additional information about The Brick Group Income Fund can also be found in The Brick Group Income Fund's Annual Information Form dated March 16, 2008 (the "March 2008 AIF"). The 2007 Annual MD&A and the March 2008 AIF can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com or from www.thebrickgroup.ca. To request a printed copy, you may contact The Brick Group Income Fund at investor@thebrick.com.

The information in this Management's Discussion and Analysis ("MD&A") is supplemental to, and should be read in conjunction with the unaudited interim consolidated financial statements of The Brick Group Income Fund for the quarter ended March 31, 2008 as restated on May 20, 2009. These financial statements can be found at www.sedar.com or www.thebrickgroup.ca. The Brick Group Income Fund's interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (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.

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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This MD&A is divided into the following sections: Page

1. BUSINESS OVERVIEW

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

Our Vision

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

Core Strategy

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

Competitive Points of Leverage

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

Keys to Success

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

Bottom Line

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

Retail Operations

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

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

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

In addition, through its corporate sales division, the Brick Group services the subdivision, condominium and high-rise builder market.

As at March 31, 2008, The Brick Group operated 211 retail stores (including its 32 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 include the effects of purchase accounting.

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

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

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

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

Same Store Sales

Comparable same store sales are calculated to include merchandise sales for new stores open 14 full calendar months and sales from all relocated and rebannered stores, but exclude stores where significant cannibalization has occurred. For the 2008 first quarter results for same store sales growth, 3 stores have been excluded due to cannibalization. On this basis, same store sales for the 2008 first quarter as discussed in this MD&A reflect 94.1% of the total sales occurring at all stores that have been open 14 full calendar months.

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

In this MD&A, references to same store sales in Western Canada include corporate stores situated in Manitoba, Saskatchewan, Alberta, British Columbia, and the Yukon Territory. References to same store sales in Eastern Canada include corporate stores located in Ontario and Quebec.

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. FIRST QUARTER HIGHLIGHTS

(000's of $ except %, and store amounts)	For the three months ended March 31 2008	2007	$ Increase (Decrease)	% Increase (Decrease)
Retail Segment - Sales and operating revenue	$ 313,459	$ 315,922	(2,463)	-0.8%
Financial Services Segment - Sales and operating revenue	14,460	11,518	2,942	25.5%
Consolidated - Sales and operating revenue	327,919	327,440	479	0.1%
Franchise Sales	30,144	25,952	4,192	16.2%
Consolidated and Franchise Sales and operating revenue	$ 358,063	$ 353,392	4,671	1.3%
Same Store Sales Growth (corporate stores)	*-2.3%*	*6.6%*		
Same Store Sales Growth (corporate and franchise stores)	*-2.6%*	*6.7%*		
Retail Segment - EBITDA	$ 5,160	$ 4,542	618	13.6%
Financial Services Segment - EBITDA	7,289	6,225	1,064	17.1%
Consolidated - EBITDA	$ 12,449	$ 10,767	1,682	15.6%
EBITDA as a percentage of sales and operating revenue	*3.8%*	*3.3%*		
Retail Segment - Net income (loss)	$ (3,783)	$ (4,108)	325	-7.9%
Financial Services Segment - Net income	7,468	6,840	628	9.2%
Consolidated - Net income	$ 3,685	$ 2,732	953	34.9%
EBITDA - Adjusted	$ 14,013	$ 13,166	847	6.4%
Adjusted EBITDA as a percentage of sales and operating revenue	*4.3%*	*4.0%*		
Distributable cash per unit for the three months ended March 31	$ 0.19	$ 0.18	0.01	6.3%
Payout Ratio for the three months ended March 31	154.0%	163.7%		
Distributable cash per unit for the twelve months ended March 31	$ 1.38	$ 1.24	0.14	10.9%
Payout Ratio for the twelve months ended March 31	87.3%	96.8%		
Stores at period end	211	200		

Overview

Management is pleased to report strong results for the first quarter ended March 31, 2008.

With the first quarter, we continued our trend from the previous year of reporting record earnings results. The Brick Group's EBITDA of $12.4 million was the highest ever reported for the first quarter since the Brick Group became a public entity in 2004.

Despite total sales and operating revenues remaining relatively flat compared to the first quarter of the prior year, we were able to manage our margins and costs accordingly and drive higher first quarter EBITDA than in the previous three years. Although the first quarter is typically our seasonally lowest and least significant quarter in terms of total revenues and profitability, we were able to achieve a number of our key objectives, including the recalibration of our inventory levels to a seasonally appropriate level of approximately $200 million.

First quarter consolidated sales and operating revenue of $327.9 million, increased by 0.1% or $0.5 million, over the same quarter in 2007. This increase was primarily driven by financial services segment year-over-year sales and operating revenue growth which was offset by a decrease in the retail segment.

The decrease in the retail segment's sales and operating revenue was driven by negative same store sales growth of 2.3%. A key factor affecting our retail segment sales in the first quarter was the impact of severe weather conditions, be it extremely cold temperatures in the West or record snowfalls in the East. Same store sales growth was also negatively impacted by the change in timing of Easter from the second quarter in the prior year to the first quarter in 2008. Management was impressed to see written same store sales growth of positive 3.6% in the first quarter of 2008, underscoring the strength of our promotional calendar and marketing efforts. Management believes that another contributing factor to our tempered sales growth in the quarter was the concern over the slowing U.S. economy and its impact on Canada. Management believes it is well positioned with its promotions, mid-market offerings and improved supply chain to continue to drive same store and total sales.

Beyond driving positive EBITDA growth, year-over-year, the first quarter was also characterized by aggressive development actions timed to deliver strong total sales growth in the year and to continue to grow market share. In the first 3 months of 2008, we opened three new Brick Mattress stores, and held seven re-grand openings of stores that were either rebannered or renovated. Our development plan will be a key focus for management in 2008, as we leverage the success of our prior year key strategic initiatives.

First quarter consolidated EBITDA of $12.4 million represented an increase of 15.6% over the same quarter in 2007. EBITDA as a percentage of sales and operating revenue was 0.5 ppts higher than in the same quarter last year, reflecting an improvement in gross margins over the prior year and management's ability to effectively control costs.

Through the end of March 31, 2008, and for the 44th consecutive month since becoming an income fund, we have continued to meet all of our distribution commitments. This represents just over $250 million distributed to our unitholders. The payout ratio for the twelve months ended March 31, 2008 was 87.3%, reflecting an improvement of 9.5 ppts from the same period last year.

Under our alternative view of distributable cash, the payout ratio for the twelve months ended March 31, 2008 was 88.0%.

On April 22nd, 2008, The Brick Group announced the closing of the refinancing of its $100 million revolving credit facility for a 3 year term, with its existing syndicate of lenders. The terms of the credit agreement, including financial covenants, remain substantially unchanged, and the pricing of the credit facilities did not materially increase. The new credit agreement also provides for an additional $25 million in financing, subject to certain conditions being met. With the long term financing put into place in March 2007, combined with the renewal of the $100 million revolving credit facility, management believes it is well positioned from both a capital and cash liquidity perspective to drive its strategic initiatives.

Consolidated and Franchise Sales and Operating Revenue

First quarter consolidated and franchise sales and operating revenue was $358.1 million, including $30.1 million of franchise sales, compared to $353.4 million, including $26.0 million of franchise sales, in the same quarter last year, representing an increase of 1.3%. Same store sales growth for corporate stores together with franchise stores was negative 2.6% compared to positive 6.7% for the first quarter in 2007.

Compared to the same quarter a year ago, sales for franchise stores increased by 16.2%, to $30.1 million.

We began the quarter with 33 franchise stores and ended with 32, while in 2007, we began and ended the first quarter with 26 franchise stores. The sole United Furniture franchise store was closed in the quarter.

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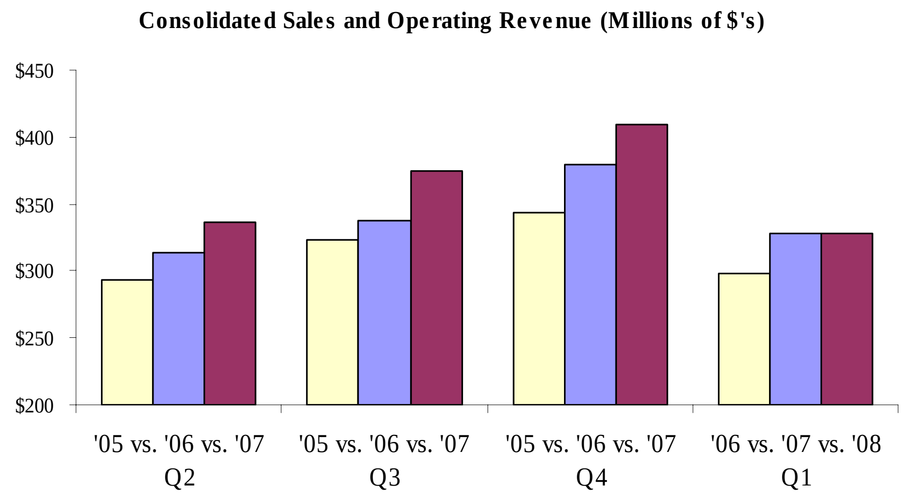
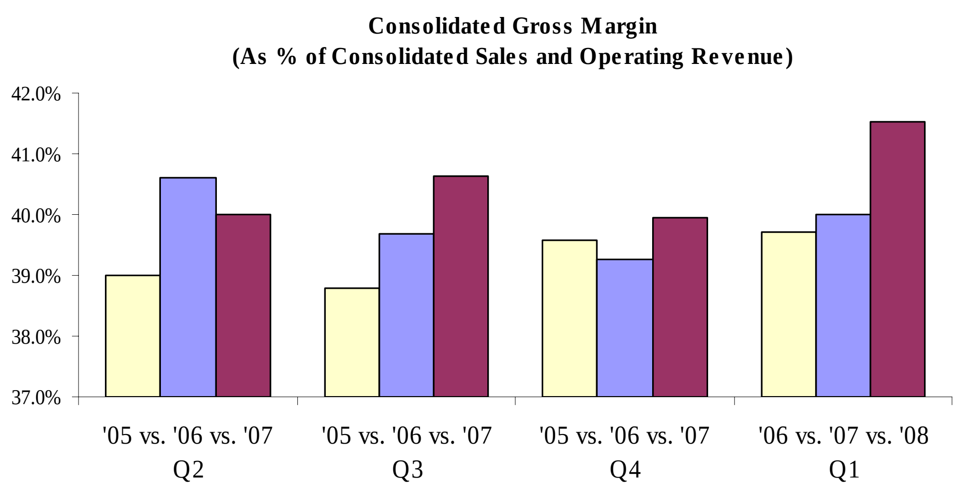
3. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

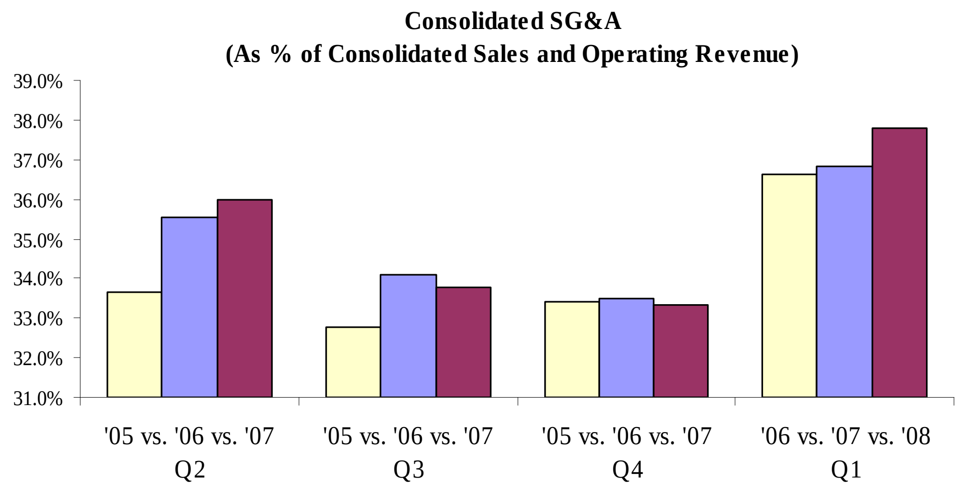
	For the three months ended March 31			
(000's of $ except %, per unit and store amounts)	2008	2007	$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	**$ 327,919**	$ 327,440	479	0.1%
Cost of sales	**(191,770)**	(196,475)	(4,705)	-2.4%
Gross margin	**136,149**	130,965	5,184	4.0%
Gross margin as a percentage of sales and operating revenue	***41.5%***	*40.0%*		
Selling, general and administrative expenses (SG&A)	**(123,948)**	(120,597)	3,351	2.8%
Investment and other income	**248**	399	(151)	-37.9%
EBITDA	**12,449**	10,767	1,682	15.6%
EBITDA as a percentage of sales and operating revenue	***3.8%***	*3.3%*		
Interest expense on long-term and other debt	**(2,258)**	(2,049)	209	10.2%
Income tax recovery	**171**	616	(445)	-72.3%
Amortization	**(6,677)**	(6,602)	75	1.1%
Net income	**$ 3,685**	$ 2,732	953	34.9%
Basic and diluted net income per unit	**$ 0.07**	$ 0.05	0.02	34.9%
Stores at period end	**211**	200		
Adjusted results (purchase accounting adjustments removed):				
Sales and operating revenue	**$ 329,424**	$ 330,027	(603)	-0.2%
EBITDA	**14,013**	$ 13,166	847	6.4%
EBITDA as a percentage of sales and operating revenue	***4.3%***	*4.0%*		
Net income	**$ 6,384**	$ 6,135	249	4.1%
Payout ratio for the three months ended March 31	**154.0%**	163.7%		
Payout ratio for the twelve months ended March 31	**87.3%**	96.8%		



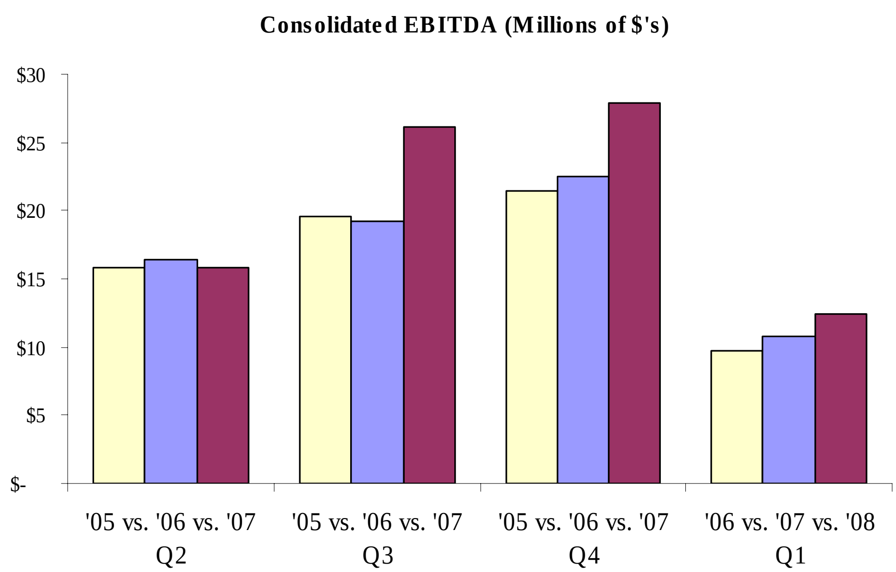
For the quarter ended March 31, 2008, consolidated sales and operating revenue of $327.9 million remained relatively flat as compared to the same quarter of 2007. A decrease in the retail segment consolidated sales and operating revenue of $2.4 million was more than offset by an increase of $2.9 million in the financial services segment. This decrease in the retail segment was due primarily to negative same store sales growth of 2.3%. In the financial services segment, revenue growth was attributable to our warranty business. As warranty contract premiums are recognized into income over the term of the warranty coverage period, current period warranty revenue growth is not impacted by the level of current period retail segment sales.



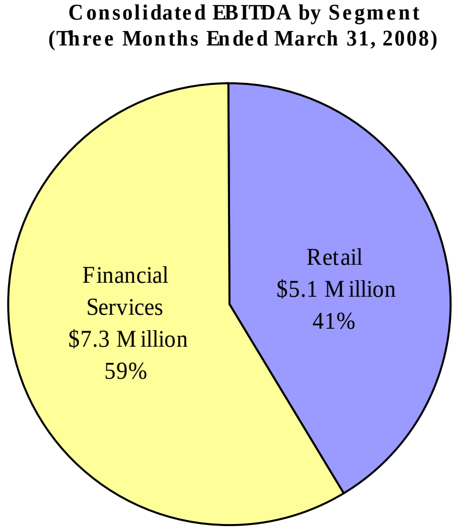
Gross margin for the quarter was 1.5 ppts higher than the first quarter of 2007. Gross margin was positively impacted by higher gross margins in furniture and appliances. These increases in gross margin more than offset a small year over year shift in mix towards lower margin electronics.

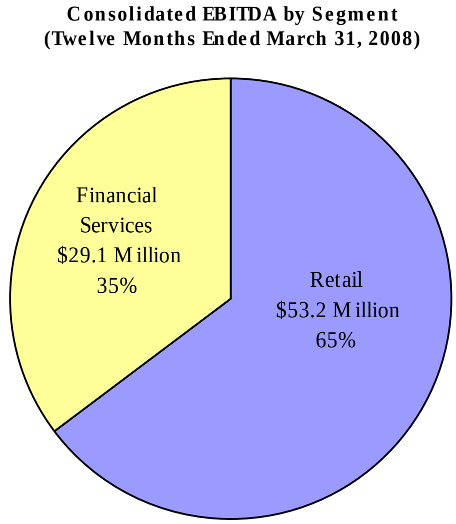


Selling, general and administrative expenses (SG&A), as a percentage of sales, were 1.0 ppts higher in the first quarter of 2008 as compared to the first quarter of 2007. This increase is primarily driven by fixed occupancy and compensation costs.



First quarter EBITDA of $12.4 million, increased $1.7 million or 15.6 % over the same quarter last year. Increased gross margins in the quarter more than covered the increase in SG&A costs, resulting in positive year-over-year growth in EBITDA.





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

Consolidated Net Income

For the quarter, consolidated net income increased $1.0 million or 34.9% to $3.7 million compared to the same quarter last year. The financial services segment's net income improved $0.7 million when compared to the first quarter of 2007. This improvement was complimented by a year-over-year improvement of $0.3 million in the results of the retail segment.

4. SUMMARY OF CONSOLIDATED QUARTERLY AND ANNUAL RESULTS

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

(000's of $ except per unit amounts)	January 1 to March 31, 2008 Q1	October 1 to December 31, 2007 Q4	July 1 to September 30, 2007 Q3	April 1 to June 30, 2007 Q2
Sales and operating revenue:	$ 327,919	$ 409,132	$ 375,103	$ 335,901
EBITDA:	$ 12,449	$ 27,918	$ 26,134	$ 15,859
Net income (loss): (2)	$ 3,685	$ 23,354	$ 17,145	$ (27,698)
Basic and diluted net income (loss) per unit (2)	$ 0.07	$ 0.43	$ 0.32	$ (0.51)
Distributable cash	$ 10,554	$ 25,610	$ 23,569	$ 14,707
Distributable cash per unit	$ 0.19	$ 0.47	$ 0.44	$ 0.27
Cash distributions declared	$ 16,251	$ 16,252	$ 16,251	$ 16,251

(000's of $ except per unit amounts)	January 1 to March 31, 2007 Q1	October 1 to December 31, 2006 Q4	July 1 to September 30, 2006 Q3	April 1 to June 30, 2006 Q2
Sales and operating revenue:	$ 327,440	$ 379,684	$ 337,783	$ 313,123
EBITDA:	$ 10,767	$ 22,541	$ 19,266	$ 16,441
Net income (loss): (1)	$ 2,732	$ 14,628	$ 11,708	$ 9,380
Basic and diluted net income (loss) per unit (1)	$ 0.05	$ 0.27	$ 0.22	$ 0.17
Distributable cash	$ 9,929	$ 21,834	$ 18,587	$ 16,748
Distributable cash per unit	$ 0.18	$ 0.40	$ 0.34	$ 0.31
Cash distributions declared	$ 16,251	$ 16,253	$ 16,251	$ 16,251

(000's of $ except per unit amounts)	January 1 to March 31, 2006 Q1	October 1 to December 31, 2005 Q4	July 1 to September 30, 2005 Q3	April 1 to June 30, 2005 Q2
Sales and operating revenue:	$ 297,731	$ 343,547	$ 323,356	$ 293,269
EBITDA	$ 9,712	$ 21,445	$ 19,601	$ 15,789
Net income:	$ 2,214	$ 13,453	$ 11,713	$ 9,175
Basic and diluted net income per unit	$ 0.04	$ 0.25	$ 0.22	$ 0.17
Distributable cash	$ 10,083	$ 22,740	$ 20,543	$ 16,182
Distributable cash per unit	$ 0.19	$ 0.42	$ 0.38	$ 0.30
Cash distributions declared	$ 16,251	$ 16,253	$ 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. 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 to reflect a reduction to the tax rate applicable in future years.

5. SEGMENTED INFORMATION – RETAIL OPERATIONS

(000's of $)	Three months ended March 31 2008	2007	$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	$ 313,459	$ 315,922	$ (2,463)	-0.8%
EBITDA	5,160	4,542	618	13.6%
Adjusted results (purchase accounting adjustments removed):				
Sales and operating revenue	$ 313,459	$ 315,922	$ (2,463)	-0.8%
EBITDA	5,595	5,002	593	11.9%

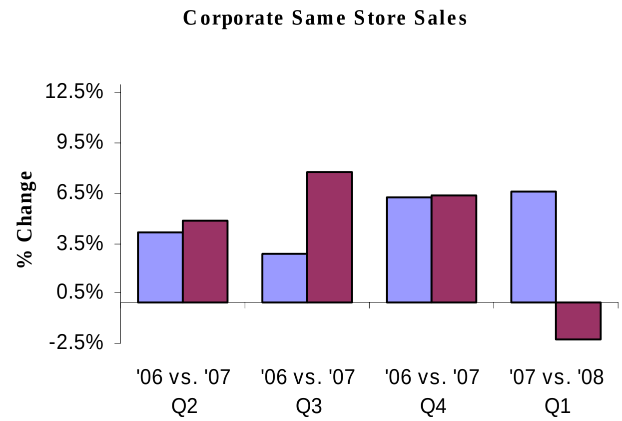
Sales and Operating Revenue

Sales and operating revenue from the retail segment decreased by $2.5 million or 0.8% compared to the same quarter a year ago. This decrease was primarily driven by same store sales growth of negative 2.3 %.

A key factor causing our negative same store sales growth in this first quarter was the impact of severe weather conditions, be it extremely cold temperatures in the West or record snowfalls in the East. The weather impacted at least three shopping weekends, affecting the number of customers coming into our stores to make purchases and our ability to deliver goods. Same store sales growth was also negatively impacted by the change in timing of Easter from the second quarter in 2007 to the first quarter in 2008.

Management was impressed to see written same store sales growth of 3.6% in the first quarter of 2008. This strength is an indication that the trend of positive sales growth in 2006 and 2007 continued into the first quarter of 2008.

First Quarter Same Store Sales Change Versus Prior Year		
	2008	**2007**
Corporate Stores		
Western Canada	-1.2%	9.0%
Eastern Canada	-3.4%	4.2%
Total Corporate Stores	-2.3%	6.6%
Franchise Stores	-5.6%	7.6%
Total Corporate Stores & Franchise Stores	-2.6%	6.7%



For the quarter ended March 31, 2008, same store sales as discussed in this MD&A reflect 94.1% of the total sales occurring at all stores that have been open 14 full calendar months.

Franchise Sales

Sales at franchise stores increased by 16.2% to $30.1 million. We began the quarter with 33 franchise stores and ended with 32, while in 2007, we began and ended the quarter with 26 franchise stores.

Gross Margin

Gross margin improved an impressive 1.4 ppts over the first quarter of 2007. Improved margin was primarily driven by the furniture and appliance product groups. The increases in gross margin more than offset a small year-over-year shift in mix towards lower margin electronics.

Selling, General and Administrative Expenses

For the quarter ended March 31, 2008, SG&A expenses were $3.1 million higher than in the same quarter a year ago. SG&A as a percentage of sales increased 1.0 ppts from 36.8% in the first quarter of 2007 to 37.8% in the first quarter of 2008.

Occupancy costs increased $0.9 million, with the remainder of the year-over-year increase for the quarter driven by compensation costs. Approximately $0.9 million of the increased compensation costs were driven by new stores open in the first quarter of 2008 that were not open in 2007.

Due to seasonality of sales in the retail segment, the impact of increased fixed costs is the greatest in the first half of the year. As we progress further into the fiscal year, the impact of the increase in the fixed cost structure is not anticipated to be as pronounced.

EBITDA

EBITDA in the retail segment of $5.2 million was 13.6% or $0.6 million higher than in the same quarter last year.

We were able to achieve higher EBITDA, despite the lower retail segment sales in the quarter due to improved gross margins which more than offset the increase in SG&A expenses.

Store Continuity

During the first quarter, we added 3 new Brick Mattress Stores with openings in the following locations:

- Richmond Hill, Ontario
- Leduc, Alberta
- Edmonton, Alberta

3 United Furniture stores became Brick stores through rebannering in the following locations:

- Fort Saskatchewan, Alberta
- Leduc, Alberta
- Pitt Meadows, British Columbia

As well, in North York, Ontario, a United Furniture store and an adjacent Brick clearance centre, were converted to a Brick store.

The sole United Furniture franchise store in Creston, B.C. was closed.

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

Store Count Continuity Q1 2008

	At Dec 31, 2007	Rebannered	Opened / Closed	At Mar 31, 2008
Corporate Stores				
Brick	92	4	0	96
Brick Clearance Centres	11	-1	0	10
Superstore	3	0	0	3
Mattress Store	23	0	3	26
UFW	48	-4	0	44
Corporate Subtotal	177	-1	3	179
Franchise Stores	33	0	-1	32
Total Corporate & Franchise Stores	210	-1	2	211

6. SEGMENTED INFORMATION – FINANCIAL SERVICES

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

Our Warranty Business

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

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

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

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

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

Our Insurance Business

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

These credit insurance policies are underwritten by Trans Global Insurance Company (TGI) and its sister company, Trans Global Life Insurance Company (TGLI), both subsidiaries of TGW. TGI and TGLI commenced operations in November of 1999, and are licensed as insurance companies in all provinces and territories.

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

Also in the first quarter of 2005, TGI commenced providing property insurance to a third party which provides coverage against theft of property. On December 31, 2007, TGI's business agreement with this third party matured and was not renewed. This third party accounted for less than 5% of premiums written in the financial services segment in 2007.

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

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

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

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

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

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

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

Financial Services Operating Results

(000's of $)	Three months ended March 31 2008	2007	$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	$ 14,460	$ 11,518	$ 2,942	25.5%
EBITDA	7,289	6,225	1,064	17.1%
Adjusted results (purchase accounting adjustments removed):				
Sales and operating revenue	$ 15,965	$ 14,105	$ 1,860	13.2%
EBITDA	8,418	8,164	254	3.1%

Sales and Operating Revenue

Sales and operating revenue from the financial services segment increased by $2.9 million or 25.5% 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.

With respect to our insurance business, growth in sales of payment protection plans to Brick card holders also contributed to our quarter over quarter growth in sales and operating revenue, but was partially impacted by the seasonally low level of sales growth in the retail segment. The contribution from our third party insurance business to the quarter over quarter growth in sales and operating revenue was not significant.

EBITDA

The financial services segment EBITDA was $7.3 million in the quarter compared to $6.2 million in the same quarter last year, an increase of 17.1%. EBITDA as a percentage of sales and operating revenue was 50.4% compared to 54.0% for the same quarter of 2007.

In our 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 Brick Group's claims exposure and underwriting income with respect to this third party client are reduced. In our warranty business, claims expense as a percentage of revenue was higher than in the same quarter a year ago, but remained at levels consistent with those we experienced in the later half of 2007. Quarter over quarter, lower investment income also impacted EBITDA.

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 first quarter of 2008 of $16.1 million were relatively flat as compared to $16.3 million written in the first quarter of 2007. Written premiums were impacted by the termination of TGI's business agreement with a third party client which matured on December 31, 2007 and was not renewed. This third party accounted for less that 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 twelve months ended March 31, 2007, our CSP was relatively flat as compared to the twelve months ended December 31, 2007. Management continually works towards optimizing the CSP rate to maximize insurance premiums written and overall profitability.

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7. FINANCIAL POSITION

(000's of $)	March 31, 2008	December 31, 2007
Total assets	$ 908,204	$ 966,371
Total long-term liabilities	256,403	255,555

Assets

Total assets as at March 31, 2008 of $908.2 million were $58.2 million lower than the $966.4 million reported at December 31, 2007. The majority of this change related to decreases in current assets. Cash and cash equivalents decreased by $1.8 million, accounts receivable decreased by $17.0 million, and inventory decreased by $36.8 million. Offsetting changes in other current and long-term asset balances accounted for the remaining $2.6 million of the total change.

In the first quarter of 2008, management adjusted its inventory to seasonally appropriate levels. This seasonal correction occurred while management was able to grow its gross margin.

With respect to its long-term assets, an increase in deferred acquisition costs was partially offset by a reduction in the intangible assets and deferred charges balance. The increase in deferred acquisition costs is in direct proportion to the increase in warranty premiums written for the period. The costs incurred in selling warranty contracts and insurance policies are deferred and expensed when the related revenue is recognized in net income. Normal amortization decreased the value of intangible assets and deferred charges on the balance sheet at March 31, 2008.

Long-Term Liabilities

Long-term liabilities increased $0.8 million to $256.4 million at March 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 plans written of $1.5 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.

Offset by:

- Deferred lease inducements decreased by $0.2 million for amortization of prior years' leasehold improvements.
- Future income tax liability decreased by $0.5 million.

8. LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summarized statement of cash flows for the three months ended March 31, 2008 and March 31, 2007.

Source (Use) of Cash (000's of $)	Three months ended March 31 2008	2007	$ Increase (Decrease)
Operating activities			
Retail	**$ 950**	$ 1,696	(746)
Financial	**10,038**	9,664	374
Funds Flow from operations	**10,988**	11,360	(372)
Change in non-cash working capital	**(5,766)**	(20,847)	15,081
	5,222	(9,487)	14,709
Financing activities			
Distributions	**(16,251)**	(16,251)	-
Other (Note 1)	**13,736**	19,687	(5,951)
Investing activities	**(4,527)**	(5,069)	542
Increase (decrease) in cash and cash equivalents	**$ (1,820)**	$ (11,120)	9,300

1 Other includes changes in bank indebtedness and long-term debt.

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

For the quarter ended March 31, 2008, funds flow from operations decreased by $0.4 million compared to the first quarter in 2007. Consolidated gross margin in the first quarter of 2008 was higher than in 2007 on consolidated sales and operating revenue that was relatively flat. Consolidated SG&A expenses were higher than in 2007 due to increased occupancy and compensation costs for the quarter ended March 31, 2008 as compared to the quarter ended March 31, 2007.

For the quarter ended March 31, 2008, changes in non-cash working capital consumed cash of $5.8 million as compared to $20.8 million during the first quarter of 2007. The majority of this improvement relates to decreased inventory purchases in the first quarter of 2008 as compared to the first quarter of 2007.

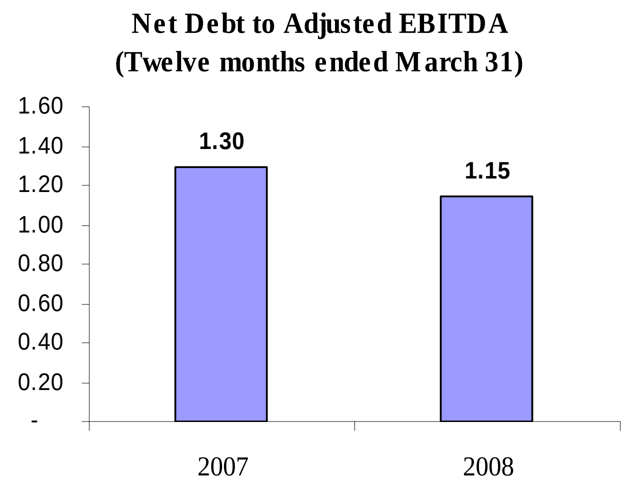
Increased collection of trade accounts receivable also improved the cash position.

Management continues to monitor cash and working capital efficiency given current sales and seasonal variability. The financial services segment contributes a steady cash flow and provides a balance to the seasonal nature of the retail operations.

On April 22, 2008, the Brick Group renewed its credit facilities, set to expire on July 2, 2008, with its existing syndicate of lenders for a three year term. (The renewed credit facilities are discussed further under the heading Financing Resources.)

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

Adjusted EBITDA for the twelve months ended March 31, 2008 was $90.7 million and net debt was $103.9 million. Net debt includes long-term debt of $82.0 million and bank indebtedness of $28.3 million, offset by cash and cash equivalents of $6.4 million.



Adjusted EBITDA for the twelve months ended March 31, 2007 was $80.0 million and net debt was $103.7 million. Net debt included long-term debt of $82.3 million and bank indebtedness of $26.7 million, offset by cash and cash equivalents of $5.3 million.

The improvement in net debt to adjusted EBITDA reflects our strong performance during the last twelve months.

Financing Activities

Distributions

During the first quarter, the Brick Group paid cash distributions to unitholders of $16.3 million. Distributions for the quarter ended March 31, 2008 were the same as the first quarter of 2007.

Other

For the first quarter of 2008, other sources of cash from financing activities was driven by an increase in bank indebtedness of $13.7 million.

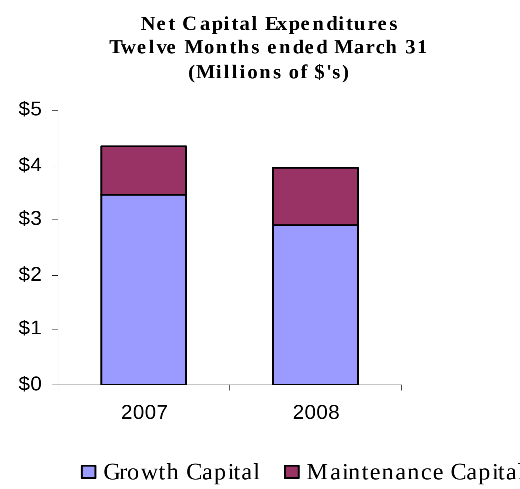
For the same period of 2007, other sources of cash from financing activities was driven by an increase in bank indebtedness of $16.9 million and an increase in our long-term debt of $2.8 million.

Investing Activities

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

Investing Activities Source (Use) of Cash (000's of $)	Three months ended March 31		
	2008	**2007**	**$ (Increase) Decrease**
Capital assets additions	**$ (4,133)**	$ (4,607)	474
Intangible asset additions	**-**	(8)	8
Changes in payables related to capital assets	**(551)**	(3,545)	2,995
Proceeds from disposal of capital assets	**26**	27	(1)
Marketable securities additions	**(565)**	(1,052)	487
Proceeds from sale of marketable securities	**696**	571	125
	$ (4,527)	$ (8,614)	4,088

Capital Expenditures



The Brick Group incurred maintenance capital expenditures for the three months ended March 31, 2008 of $1.0 million as compared to $0.9 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.

For 2008, management expects to invest approximately $7 million in maintenance capital expenditures.

Growth capital expenditures for the quarter were $3.1 million, mainly for new and relocated stores. We received tenant inducements of $0.2 million, bringing our net expenditures on growth capital to $2.9 million for the quarter. This compares to growth capital expenditures for the first quarter of 2007 of $3.7 million. In 2007, we received tenant inducements of $0.3 million bringing our net expenditures on growth capital to $3.4 million.

Management expects to invest approximately $25 million in growth capital expenditures, net of tenant inducements in 2008.

Financing Resources

At March 31, 2008, $29.2 million was drawn under the $50 million Operating Credit Facility and $0.8 million amount was drawn under the $5 million Commercial Letter of Credit Facility. No amount was drawn on the $50 million Acquisition Credit Facility.

On April 22, 2008, the credit agreement governing these 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, remain 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 for a three-year term.

The Operating Credit Facility is available to fund unit holder distributions, seasonal fluctuations in working capital requirements, debt service requirements, and to fund growth capital expenditures. The Acquisition Credit Facility is available to fund acquisitions and growth capital expenditures.

On March 14, 2007, the Brick Group issued through a private placement, senior secured notes with an aggregate principal amount of $83.0 million (the "Senior Notes"). Proceeds of $81.8 million, net of transaction costs of $1.2 million, were used to repay the $70.0 million Term Credit Facility, the two remaining outstanding mortgages, and to fund general operations.

Interest payments on the Senior Notes are required semi-annually, in March and September.

The credit agreements governing the credit facilities and the Senior Notes respectively require The Brick Group to maintain a maximum ratio of total debt to EBITDA, a minimum fixed charge coverage ratio, and a maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent). Distributable Cash must remain above certain targets. As at March 31, 2008, The Brick Group was in compliance with all covenants.

In addition to its credit facilities, the Brick Group holds a portfolio of marketable securities with a fair value at March 31, 2008 of $23.4 million. These marketable securities are held in part to satisfy regulatory requirements for minimum capital of $11.0 million applicable to the insurance companies as discussed below. The excess of marketable securities over this amount is not restricted by regulatory requirements.

Restriction on the Distribution of Capital from TGI and TGLI

Regulatory requirements stipulate that TGI and TGLI must maintain assets equal to their share capital and contributed surplus which totals $11.0 million for the two companies. TGI and TGLI have cash and marketable securities in excess of the required amount at March 31, 2008.

9. NON-GAAP FINANCIAL MEASURES

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

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

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

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

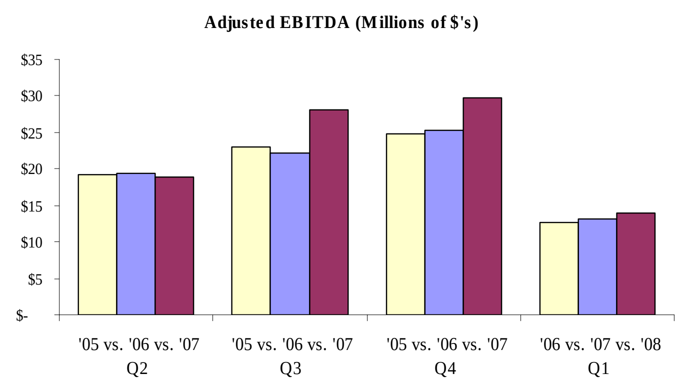
EBITDA

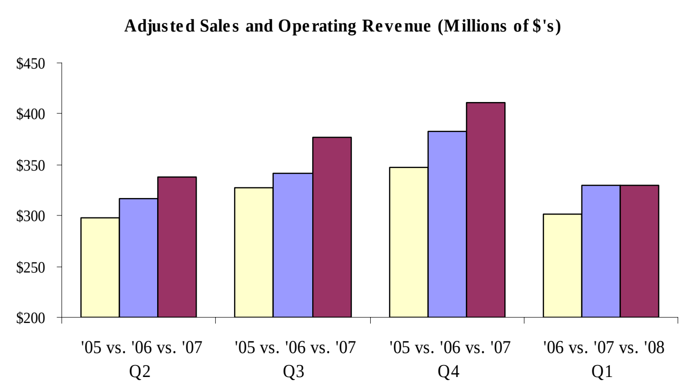
References to "EBITDA" or "reported EBITDA" are to earnings before interest, income taxes and amortization. References to "adjusted EBITDA" are to earnings before interest, income taxes and amortization, adjusted to remove the impact of purchase accounting.

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

Adjusted Results of Operations

Adjusted Results: (000's of $ except %, per unit and store amounts)	For the three months ended March 31			
	2008 Adjusted	**2007 Adjusted**	**$ Increase (Decrease)**	**% Increase (Decrease)**
Sales and operating revenue	**$ 329,424**	$ 330,027	(603)	-0.2%
Cost of sales	**(192,146)**	(197,122)	(4,976)	-2.5%
Gross margin	**137,278**	132,905	4,373	3.3%
Gross margin as a percentage of sales and operating revenue	***41.7%***	*40.3%*		
Selling, general and administrative expenses (SG&A)	**(123,513)**	(120,138)	3,375	2.8%
Investment and other income	**248**	399	(151)	-37.9%
EBITDA	**14,013**	13,166	847	6.4%
EBITDA as a percentage of sales and operating revenue	***4.3%***	*4.0%*		
Interest expense on long-term and other debt	**(2,258)**	(2,213)	45	2.0%
Income tax expense	**(305)**	(51)	254	498.4%
Amortization	**(5,066)**	(4,767)	299	6.3%
Net income	**$ 6,383**	$ 6,135	248	4.0%
Basic and diluted net income per unit	**$ 0.12**	$ 0.11	0.01	9.1%
Stores at period end	**211**	200		





10. DISTRIBUTABLE CASH AND DISTRIBUTABLE CASH PER UNIT

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

Pursuant to the Declaration of Trust for The Brick Group Income Fund and various partnership agreements, the Brick Group is required to distribute its distributable cash as calculated pursuant to its EBITDA based calculation of distributable cash (less reasonable reserves determined by the Trustees of the Brick Group to be prudent and in the best interests of The Brick Group Income Fund). 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.

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

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

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

Distributions for the twelve months ended March 31, 2008 resulted in a payout ratio of 87.3% (twelve months ended March 31, 2007: 96.8%). Management is pleased with the improvement in the payout ratio.

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, the Brick Group earned adjusted EBITDA of $89.9 million, and paid average monthly distributions of at least $0.10 per Class A Trust Unit and Class B Trust Unit.

Accordingly, effective upon the Board of Trustees' approval of the Brick Group's 2007 annual audited financial statements, the subordination in respect of the Class B Trust Units was terminated. As a result, beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units have become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder.

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

Readers of this MD&A are encouraged to refer to the March 2008 AIF which provides further information on the Distribution Policy of the Brick Group.

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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 March 31 2008	Three months ended March 31 2007	Twelve months ended March 31 2008	Twelve months ended March 31 2007
Cash flow from operating activities	1	$ 5,222	$ (9,487)	$ 85,156	$ 72,104
Changes in non-cash operating working capital items	1, 2	5,766	20,847	4,278	12,803
Items not affecting cash	3	1,120	(186)	(26,653)	(4,400)
Cash items	4	(8,423)	(8,442)	(46,295)	(42,421)
Income before extraordinary item		3,685	2,732	16,486	38,086
Interest		2,258	2,049	9,039	6,529
Income tax (recovery) expense		(171)	(616)	30,066	(3,164)
Amortization		6,677	6,602	26,769	27,564
Reported EBITDA		12,450	10,767	82,361	69,015
Elimination of Purchase Accounting Impact	5	1,564	2,399	8,383	10,999
Adjusted EBITDA		14,013	13,166	90,744	80,014
Debt service obligation	6	(2,225)	(2,288)	(8,873)	(7,324)
Maintenance capital expenditures	7	(1,058)	(892)	(6,369)	(5,035)
Corporate income taxes - current	8	(176)	(57)	(1,012)	(501)
Cash available for distribution		$ 10,554	$ 9,929	$ 74,490	$ 67,154
Cash available for distribution per unit		$ 0.19	$ 0.18	$ 1.38	$ 1.24
Cash distributions declared		$ 16,251	$ 16,251	$ 65,006	$ 65,006
Cash distributions declared per unit		$ 0.30	$ 0.30	$ 1.20	$ 1.20
Weighted average units outstanding during the period		54,171,133	54,171,133	54,171,133	54,171,133
Payout ratio for the periods ended March 31		154.0%	163.7%	87.3%	96.8%

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.

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 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 Trustees of the Brick Group consider 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 first quarter payout ratio of 168.0% compared to our reported first quarter payout ratio of 154.0%. For the twelve months ended March 31, 2008, the payout ratio under this alternative view was 88.0%, as compared to our reported payout ratio of 87.3% for the same period.

Alternative View (000's of $)	Three months ended March 31		Twelve months ended March 31	
	2008	**2007**	**2008**	**2007**
Cash flow from operating activities	**$ 4,671**	**$ (9,487)**	**$ 84,605**	**$ 72,104**
Changes in non-cash working capital	6,317	20,847	4,829	12,803
Funds flow from operations	**10,988**	**11,360**	**89,434**	**84,907**
Cash received for leasehold inducements	(168)	(249)	(6,424)	(4,942)
Increase in claims exposure	(91)	(971)	(2,798)	(4,707)
Scheduled principal repayments	-	(239)	-	(795)
Maintenance capital expenditures	(1,058)	(892)	(6,369)	(5,035)
Distributable Cash	**9,672**	**9,009**	**73,844**	**69,428**
Distributions	(16,251)	(16,253)	(65,005)	(65,006)
Excess	$ (6,579)	$ (7,244)	$ 8,839	$ 4,422
Payout ratio	**168.0%**	**180.4%**	**88.0%**	**93.6%**

Changes in Non-Cash Working Capital

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

Funds Flow from Operations

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

Cash Received for Leasehold Inducements

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

Increase in Claims Exposure

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

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

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

Principal Payments

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

Maintenance Capital Expenditures

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

Distributions for the Period

Distributions remained unchanged in the first quarter of 2008. For the quarter ended March 31, 2008, the Brick Group met all distribution targets of $0.10 per unit per month for Class A Trust Units and Class B Trust Units. Total cash distributions were $16.3 million for the quarter as detailed in the table below:

Period	Record Date	Payment Date	Per Unit	Amount
Class A units				
January 2008	January 31, 2008	February 15, 2008	$ 0.1000	$ 4,292
February 2008	February 29, 2008	March 17, 2008	0.1000	4,292
March 2008	March 31, 2008	April 15, 2008	0.1000	4,292
				12,876
Class B units				
January 1 - March 31, 2008	March 31, 2008	April 15, 2008	0.3000	3,375
				3,375
				$ 16,251

Upon the Board of Trustees' approval of the Brick Group's 2007 annual audited financial statements, the subordination in respect of the Class B Trust Units was terminated. As a result, beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units have become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder.

11. OUTSTANDING UNIT DATA

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

12. OUTLOOK

Our 2008 outlook builds upon the success and benefits of our prior year key strategic initiatives, rebannering and the distribution centre infrastructure build out. Specifically, management will focus its efforts on driving a more aggressive capital investment program, with an approximate total spend of $32 million, made up of both growth and maintenance capital, as compared to a total capital spend of $15.6 million in 2007. We remain confident that we will continue to see strong returns from our investments, both in the near term and long term. More discussion on our capital spend is captured below.

Strategic Levers of The Brick Group

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

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

Within our financial services segment, these include:

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

Store Count Continuity

The following chart illustrates our 2008 store count projections:

Store Count Continuity 2008				
	At Mar 31, 2008	**Rebannering to be Completed**	**Opening / Closing**	**At Dec 31, 2008**
Corporate Stores				
Brick	96	5	4	105
Brick Clearance Centres	10	0	0	10
Superstore	3	0	0	3
Mattress Store	26	0	2	28
UFW	44	-6	0	38
Corporate Subtotal	179	-1	6	184
Franchise Stores	32	1	10	43
Total Corporate & Franchise Stores	211	0	16	227

Capital Expenditures

In 2008, management expects to invest approximately $7 million in maintenance capital expenditures and approximately $25 million in growth capital expenditures, net of tenant inducements. Fiscal 2008 growth capital will be directed to opening 4 new Brick stores, 5 new Brick Mattress stores, 10 new rebannering projects, plus approximately 15 relocation and renovation projects. As it has in prior years, management will continue to manage the pace of its capital investment program prudently through the year.

Mattress Stores

Management expects to open 5 new Brick Mattress Stores in 2008, bringing our total number of mattress stores to 28 by the end of 2008. We have been very pleased with the performance of our specialty bedding chain and will continue to pursue its expansion over the coming years. In the first quarter of 2008, we opened 3 new Brick Mattress stores.

Rebannering

Management has been very pleased with results of the rebannering initiative. As a result, we will continue to evaluate the option of further rebannering of United Furniture stores, where opportunities present themselves. For all of 2008, we have identified 10 potential locations for rebannering, of which 4 locations were rebannered in the first quarter of the year.

Relocations and Renovations

Approximately 15 projects have been identified across our banners for either relocation or renovation during 2008. Management is excited to build upon prior years' successful renovation projects with a more aggressive schedule set for this year. We have secured more desirable locations for a number of our older stores where lease terms are nearing expiry. For other older stores with preferred locations, we will invest in renovations to freshen up the look and feel of these stores. We believe the returns on our capital investment will remain strong.

Retail Installment Financing

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

Management will closely monitor the related receivable balances, as well as any reserves for potential bad debts. At the end of March 31, 2008, the receivable balance associated with this program was $0.3 million. The Brick Group has set the current limit to no more than $10 million, as the maximum allowable receivable balance it will allow for this program, in order to manage risk appropriately. Management does not at this time anticipate reaching this level in 2008.

Current Income Tax Expense and SIFT Tax

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

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

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

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

13. CRITICAL ASSUMPTIONS

Off-Balance Sheet Arrangements

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

Related Party Transactions

Included in selling, general and administrative expenses is rent expense of $0.2 million for the three month period ended March 31, 2008, paid to a joint venture partially owned by an officer of the Brick Group (three months ended March 31, 2007: $0.2 million). These transactions are in the normal course of operations, and are measured based on commercial rates established and agreed to by the related parties.

Included in accounts receivable at March 31, 2008 is $400 (December 31, 2007: $400) 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.

The critical accounting estimates are substantially the same as those disclosed in the 2007 Annual MD&A.

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 March 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 and had no impact on its financial position or results of operations.

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.

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.

Pending Changes to Accounting Policy

Section 3064 – Goodwill and Intangible Assets

In February 2008, the CICA issued new Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Section 3062, Goodwill and Other Intangible Assets. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Brick Group will adopt the new standards for its fiscal year beginning January 1, 2009. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062. The new section provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Accordingly, for its fiscal year beginning January 1, 2009, the Brick Group will adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented, as if the pre-opening costs had not been deferred. As at March 31, 2008, the Brick Group had deferred pre-opening costs of $5.1 million (December 31, 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. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Brick Group is currently assessing the impact IFRS will have on its financial statements.

15. RISK FACTORS

The Brick Group's risk factors are substantially the same as those disclosed in the 2007 Annual MD&A and the March 2008 AIF, other than as follows:

PayDay Loan Industry

In early April, 2008 the Public Utilities Board of Manitoba ("PUB") released its decision after a lengthy hearing, with respect to establishing the maximum charges payday lenders in Manitoba may charge their customers. The implications of the order, which sets a sliding scale of charges based on the size of the loan, significantly reduces the maximum charges payday lenders can charge their customers in Manitoba. The PUB also is making a recommendation to the provincial government in Manitoba to amend the existing legislation for payday loans to include the cost of credit insurance premiums in the cost of credit calculations for payday loans.

If the Manitoba government implements the PUB's recommendation regarding the inclusion of credit insurance premiums in cost of credit calculations for payday loans, or if all or some other provinces follow this recommendation, this could negatively impact the ability of TGI and TGLI to maintain or grow its third party business with payday lenders. There is no certainty that either Manitoba or any other province will follow the PUB's recommendation. Management will continue to monitor the legislation regulating the payday loan industry, in order to assess the impact on the Brick Group.

16. CONTROLS AND PROCEDURES

There were no changes in the Brick Group's disclosure controls and procedures, or internal controls over financial reporting, that occurred during the three month period ended March 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 rebannering 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.