Date: May 11, 2009

Amended on May 19, 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 three month period ended March 31, 2009.

The Brick Group Income Fund assumes the reader of this document has access to, and has read The Brick Group Income Fund's 2008 Annual Management's Discussion and Analysis (the "2008 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 13, 2009 (the "March 2009 AIF"). The 2008 Annual MD&A and the March 2009 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 three month period ended March 31, 2009, as amended on May 19, 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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1. BUSINESS OVERVIEW

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

Retail Operations

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

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

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

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

Urban Brick

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

As at March 31, 2009, The Brick Group operated 232 retail stores (including its 47 franchise locations) in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick and the Yukon Territory.

Financial Services

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

Reported and Adjusted Results

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

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

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

The purchase accounting adjustments are described in detail under the heading Purchase Accounting Adjustments in the 2008 Annual MD&A.

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

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

Same Store Sales

Comparable same store sales are calculated to include merchandise sales for new stores open 14 full calendar months and sales from all relocated and rebannered stores, but exclude stores where significant cannibalization has occurred.

For the 2009 first quarter results for same store sales growth, 9 stores have been excluded due to cannibalization. On this basis, same store sales as discussed in this MD&A reflect 95.0% of the total sales occurring at all stores that have been open 14 full calendar months.

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

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

Franchise Sales

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

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2. FIRST QUARTER HIGHLIGHTS

(000's of $ except %, and store amounts)	For the three months ended March 31			
	2009	**2008**	**$ Increase (Decrease)**	**% Increase (Decrease)**
Retail Segment - Sales and operating revenue	**$ 254,156**	$ 313,459	(59,303)	-18.9%
Financial Services Segment - Sales and operating revenue	**17,443**	14,460	2,983	20.6%
Consolidated - Sales and operating revenue	**271,599**	327,919	(56,320)	-17.2%
Franchise Sales	**32,240**	30,144	2,096	7.0%
Consolidated and Franchise Sales and operating revenue	**$ 303,839**	$ 358,063	(54,224)	-15.1%
Same Store Sales Growth (corporate stores)	***-21.3%***	*-2.3%*		
Same Store Sales Growth (corporate and franchise stores)	***-20.9%***	*-2.6%*		
Retail Segment - EBITDA [(1)]	**$ (11,493)**	$ 5,190	(16,683)	-321.5%
Financial Services Segment - EBITDA	**9,063**	7,289	1,774	24.3%
Consolidated - EBITDA [(1)]	**$ (2,430)**	$ 12,479	(14,909)	-119.5%
EBITDA as a percentage of sales and operating revenue	***-0.9%***	*3.8%*		
Retail Segment - Net loss [(1)]	**$ (38,376)**	$ (3,092)	(35,284)	1141.2%
Financial Services Segment - Net income	**9,026**	7,468	1,558	20.9%
Consolidated - Net (loss) income [(1)]	**$ (29,350)**	$ 4,376	(33,726)	-770.6%
EBITDA - Adjusted	**$ (1,642)**	$ 14,043	(15,685)	-111.7%
Adjusted EBITDA as a percentage of sales and operating revenue	***-0.6%***	***4.3%***		
Distributable cash per unit for the three months ended March 31	**$ (0.08)**	$ 0.20	(0.28)	-145.0%
Payout Ratio for the three months ended March 31	**-64.2%**	153.5%		
Distributable cash per unit for the twelve months ended March 31	**$ 0.81**	$ 1.38		
Payout Ratio for the twelve months ended March 31	**104.6%**	87.2%		
Stores at period end	**232**	211		

(1) On January 1, 2009, the Brick Group adopted new accounting standards related to the capitalization of pre-opening costs. Under the new standards, store and distribution centre pre-opening costs are no longer deferred and amortized, and must be charged to income as incurred. These new standards require retroactive application and therefore, retail segment net income for 2008 has been restated. For the 2008 first quarter, previously recorded amortization of pre-opening costs of $661 and SG&A of $30 has been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet.

Overview

Recapitalization Transaction

On May 7 and May 11, 2009, the Brick Group announced a recapitalization transaction designed to enhance the Brick Group's liquidity and operating flexibility. The transaction includes:

- a $120 million financing (the "Offering") comprised of the sale of debt units (the "Debt Units"), each Debt Unit consisting of $1,000 principal amount of 12% senior secured debentures (the "Debentures") and 1,000 Class A Unit purchase warrants (the "Warrants");

- a new asset-based credit facility (the "Asset-Based Credit Facility") with available borrowings initially expected at $65 million; and

- the repayment of all of the Brick's outstanding senior indebtedness of approximately $140 million.

The Offering will comprise a public offering of up to $30 million pursuant to a short form prospectus (the "Public Offering"), and an $90 million private placement to accredited investors under an exemption from the prospectus requirements of applicable securities laws (the "Private Placement"). The Public Offering is being led by RBC Capital Markets, together with a syndicate of agents that includes CIBC World Markets Inc. and GMP Securities L.P.

The Brick Group has received commitments from Fairfax Financial Holdings Limited ("Fairfax") and William Comrie ("Comrie"), the Brick Group's two largest existing unitholders, to invest $45 million and $20 million under the Private Placement, respectively, and from two other institutional investors to acquire an additional $25 million of the Private Placement. Fairfax has also agreed to provide a stand-by commitment to purchase up to $25 million of the securities offered under the Public Offering that are not acquired by public investors for a fee of $500,000, payable upon the earlier of the closing of the recapitalization transaction ("Closing") and June 3, 2009. The commitments of Fairfax and Comrie are subject to certain conditions, including the completion of the recapitalization transaction. RBC Capital Markets is acting as the exclusive placement agent to the Brick Group in connection with $15 million of the Private Placement. No agent or underwriter has acted on the remainder of the Private Placement, including the sales to Fairfax and Comrie.

As of the date hereof, Fairfax and Comrie own 8,380,200 and 21,561,983 class A trust units ("Class A Units"), respectively, representing approximately 15% and 40% of the outstanding Class A Units, respectively, on a fully diluted basis. Following Closing, Fairfax and Comrie will own $45 million and $20 million principal amount of Debentures, respectively, representing approximately 38% and 17% of the outstanding principal amount of Debentures, respectively, and assuming the exercise of all Warrants (but not the exercise of the stand-by commitment of Fairfax), will own 53,380,200 and 41,561,983 Class A Units, respectively, representing approximately 31% and 24% of the outstanding Class A Units, respectively, on a fully diluted basis. Although it is not anticipated that the stand-by commitment of Fairfax will be required, Fairfax's ownership position could be substantially higher in the event of the exercise of all or a portion of its stand-by commitment. Assuming the exercise of the standby commitment of Fairfax in full, Fairfax will own $65 million principal amount of Debentures, representing approximately 58% of the outstanding principal amount of Debentures and Fairfax will own, assuming the exercise of all Warrants, 78,380,200 Class A Units, representing approximately 45% of the outstanding Class A Units on a fully diluted basis. Accordingly, assuming the exercise of all Warrants (particularly upon the exercise of the stand-by commitment of Fairfax in full), Fairfax may be in a

position to materially impact control of the Brick Group. Following the Closing, if insiders were to act together, including Fairfax and Comrie, or Fairfax alone, they may be in a position to either pass or block votes of holders of Debentures, Warrants and Class A Units.

The Debentures will mature on May 30, 2014 and will bear interest at a rate of 12% per annum, payable in cash semi-annually in arrears on December 31st and June 30th of each year commencing on December 31, 2009. The Debentures will not be redeemable by the Fund prior to the maturity date. However, upon a change of control of the Brick Group (which is deemed to occur upon a change in ownership of 662/3% of the Brick Group's Class A Units), the Brick Group will be required to make an offer to purchase the Debentures, in whole or in part, at a price equal to 110% of the principal amount of the Debentures plus accrued and unpaid interest. The Debentures will be secured by a first charge on all of the real estate and equipment owned indirectly by the Brick, and a security interest, ranking subordinate to the security for the Asset-Based Credit Facility, which covers all other assets, including inventory and accounts receivable.

Each Warrant will entitle the holder to purchase one Class A Unit, at any time prior to 5:00 p.m. (Eastern time) on May 27, 2014 at a price of $1.00 per Class A Unit, subject to certain anti-dilution adjustments (including, without limitation, in the event of: (i) a rights offering completed at a price that is less than 95% of the market price of the Class A Units at the time of the rights offering; (ii) if the Brick conducts an issuer bid that is not conducted pursuant to an exemption from the issuer bid requirements of applicable securities legislation and the fair market value of the consideration offered for a Class A Unit under such issuer bid exceeds the closing price of a Class A Unit on the next trading day following the last date deposits could have been made pursuant to such issuer bid; or (iii) if the Brick issues Class A Units (or securities convertible into or exchangeable for Class A Units) pursuant to a non-public offering at a price that is less than 95% of the market price of the Class A Units at the time of such offering). Closing of the Offering is subject to certain conditions, including the receipt of all necessary approvals including regulatory approvals and the approval for listing on the TSX of the Class A Units issuable on exercise of the Warrants. Although the Brick Group has agreed to use its commercially reasonable efforts to obtain approval from the TSX to list the Debentures and Warrants, closing of the Offering is not conditional on the listing of the Debentures and Warrants. There can be no assurance that a listing of the Debentures and Warrants will be obtained.

The Asset-Based Credit Facility provides for maximum borrowings of up to $130 million (of which approximately $65 million is expected by management to be available at Closing to partially fund the repayment of the Brick's outstanding indebtedness and to provide the Brick with enhanced financial flexibility), will have a term of 36 months and is subject to the satisfaction of certain conditions, including completion of GE Capital's due diligence, the negotiation, execution and delivery of definitive loan documentation, and the Brick Group raising at least $60 million under the Offering. The amount available to be drawn under the Asset-Based Credit Facility will vary from time to time based on the level of the Brick's inventory and accounts receivable.

It is anticipated that the Closing will occur on or about May 28, 2009. The closing of each of the components of the recapitalization transaction is conditional on the closing of the others. RBC Capital Markets is acting as financial advisor to the Brick Group in connection with the recapitalization transaction.

A committee of trustees of the Brick Group free from interest in the recapitalization transaction and unrelated to the parties involved in the recapitalization transaction has recommended, and the board of trustees of the Brick Group has approved entering into the recapitalization transaction and concluded that the Brick Group is in serious financial difficulty; (ii) the recapitalization transaction is designed to

improve the Brick's financial condition; and (iii) the terms of the recapitalization transaction are reasonable for the Brick in the circumstances.

The Brick Group has applied to the TSX for an exemption from the requirement to seek disinterested unitholder approval for the Public Offering and the Private Placement (which would otherwise be required due to (i) the number of Class A Units potentially issuable pursuant to the exercise of the Warrants; (ii) the exercise price of the Warrants is at a discount to the market price of the Class A Units; (iii) insiders of the Brick are acquiring Warrants exercisable for Class A Units representing greater than 10% of the issued and outstanding Class A Units; and (iv) the recapitalization transaction could materially affect control of the Brick) pursuant to Section 604(e) of the TSX Company Manual on the basis of the Brick Group's financial hardship. The Brick Group would otherwise be required to obtain disinterested unitholder approval for the recapitalization transaction, excluding the votes of subscribers under the Private Placement, in aggregate accounting for 29,942,183 Class A Units. Closing of the recapitalization transaction is conditional on receipt of an exemption from the TSX from the requirement to obtain unitholder approval. The TSX has advised the Brick that reliance on this exemption will automatically result in a TSX de-listing review to confirm that the Brick continues to meet TSX continued listing requirements. Management believes that the de-listing review is a routine procedure when using this exemption and the Brick Group currently complies with applicable TSX listing requirements and expects to continue to comply with such requirements following completion of the recapitalization transaction. After giving effect to the Public Offering and the Private Placement, 174.2 million Class A Units will be outstanding on a fully diluted basis, representing a 221% increase over the current 54.2 million Class A Units outstanding. Please refer to the Brick Group's preliminary prospectus filed on www.sedar.com for further information on the recapitalization transaction.

The Brick is also relying on the financial hardship exemption from the requirement for a formal valuation and minority approval contained in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* in connection with a related party transaction.

Operating Results

For the first quarter ended March 31, 2009, the Brick Group's operating results were impacted by the on-going recession. Compared to the same quarter of 2008, consolidated sales and operating revenue of $271.6 million was lower by $56.3 million or 17.2%, and consolidated EBITDA decreased by $14.9 million to negative $2.4 million.

First quarter sales and operating revenue increased by 20.6% in the financial services segment to $17.4 million, and decreased by 18.9% in the retail segment to $254.2 million, compared to the same quarter in 2008. In the retail segment, first quarter growth in same store sales was negative 21.3%.

First quarter EBITDA increased by 24.3% in the financial services segment to $9.1 million, and decreased by $16.7 million in the retail segment to negative $11.5 million, compared to the same quarter in 2008. In the retail segment, the EBITDA loss was driven by weak first quarter sales and higher fixed costs, as compared to the same quarter in 2008. The impact of these factors was mitigated by our continued efforts to reduce semi-fixed and variable costs, which contributed significantly to the $11.4 million, or 9.2%, quarter-over-quarter reduction in consolidated selling, general and administrative expenses ("SG&A").

Adjusted EBITDA was negative $1.6 million for the quarter, representing a decrease of $15.7 million when compared to the same quarter in 2008.

In the first quarter, our net loss was $29.3 million compared to net income of $4.4 million in the same quarter of 2008. The Brick Group's operating results for the three months ended March 31, 2009 were

significantly below expectations. As well, the Brick Group is currently working to complete a recapitalization transaction that will impact the future cash flows of the Brick Group. As a result of these events, the Brick Group has made significant revisions to its forecasts for sales, operating results, and cash flows. Taken together, these events triggered an interim review of the Brick Group's goodwill and indefinite life intangible assets to determine whether an impairment charge is necessary. The Brick Group performed the interim review as at March 31, 2009, and determined that the carrying values of its brand intangible assets exceeded their fair values. An impairment write down of $25.0 million with respect to the Brick Group's brands (the "Brick" and "United Furniture Warehouse"), and a related future income tax recovery of $4.7 million, have been recognized in the Brick Group's consolidated statement of loss for the three month period ended March 31, 2009.

The impairment charge would have caused the Brick Group to be in default of all of its financial covenants under its amended Credit Facilities agreement. In accordance with the terms of the Brick Group's amended Credit Facilities agreement, the Brick Group requested and received the consent of its lenders to exclude the non-cash brand impairment charge in the financial covenant calculations, subject to the following conditions: (a) on or before June 3, 2009, the Brick Group must successfully conclude: (i) the Public Offering and the Private Placement; and (ii) the Asset-Based Credit Facility with availability at Closing of an aggregate principal amount of not less than $65 million; (b) the net proceeds from the recapitalization transaction must be utilized to repay and satisfy in full all obligations under the Credit Facilities and Senior Notes on or before June 3, 2009; and (c) until June 3, 2009, no further borrowings are permitted under the Brick Group's Acquisition Credit Facility. Prior to this restriction, as at March 31, 2009, the Brick Group had approximately $2 million of undrawn borrowing capacity under this facility.

The covenant breach does not prohibit the entering into of the recapitalization transaction and, upon closing of the recapitalization transaction, the Brick Group will no longer be subject to these financial covenants. Should the recapitalization transaction not be completed by June 3, 2009, and further consents not obtained, the Brick Group will breach all of its financial covenants at that time under the Credit Facilities agreement. Due to the cross-default provisions contained in the agreements governing the Senior Notes, this would also result in the Brick Group being in default under the Senior Notes trust indenture at that time.

The payout ratio for the twelve months ended March 31, 2009 was 104.6%, including a 50% reduction to distributions announced in November 2008, and the suspension of distributions announced in February 2009, compared to 87.2%, reflecting full monthly distributions of $0.10 per unit, for the twelve months ended March 31, 2008. Under our alternative view of distributable cash, the payout ratio for the twelve months ended March 31, 2009 was 102.4% compared to 88.0% for the twelve months ended March 31, 2008. As a result of the continued deterioration in economic conditions and an uncertain outlook for 2009, we announced on February 18, 2009 that we were suspending our monthly distribution payments for all trust units.

Unfortunately, despite previously announced proactive measures (such as reducing, and then suspending distributions and revising the financial covenants of the Brick's senior secured credit facilities and senior secured notes), the continued deterioration of economic conditions and the resulting impact on the Brick's financial results over the first quarter of 2009 has severely constrained the Brick's liquidity. On the basis of these difficulties and the limited prospects for any near-term improvement in economic conditions, the Brick Group determined that the recapitalization transaction was necessary and advisable to provide confidence to the Brick Group's customers and suppliers and allow the Brick Group to continue operating for the foreseeable future.

Consolidated and Franchise Sales and Operating Revenue

First quarter consolidated and franchise sales and operating revenue was $303.8 million, including $32.2 million of franchise sales, compared to $358.1 million, including $30.1 million of franchise sales, in the same quarter last year, representing a decrease of 15.1%. Same store sales growth for corporate stores together with franchise stores was negative 20.9% compared to negative 2.6% for the first quarter of 2008.

Compared to the same quarter a year ago, sales at our franchise stores increased by 7.0% to $32.2 million, and same store sales growth was negative 17.6%.

We began the quarter with 47 franchise stores and ended with 47, while in 2008, we began the quarter with 33 and ended with 32 franchise stores.

3. OUTLOOK

The global economic crisis is becoming more intense and a high level of economic uncertainty persists in the market. The impact of the recession is apparent in our first quarter results.

Deteriorating credit conditions have continued to impact suppliers, financial markets, and consumer confidence levels. Although the Bank of Canada has recently dropped its key rate to its lowest point and further committed to holding the rate into 2010, measures taken to stabilize the financial market have taken longer than expected to enact. As a result, it is anticipated that the recession in Canada will be worse than initially predicted. Recovery is expected to be gradual and prolonged.

An increase in unemployment rates has led to reduced consumer spending and lower housing sales, directly impacting our retail sales volumes.

Key Initiatives of The Brick Group

Management is preparing for continued adversity in 2009 and taking appropriate measures to reduce the pressure on liquidity and pricing caused by volatile financial markets. Management remains committed to its 2009 key initiatives:

1. Driving Profitable Sales
    - Grow franchises throughout Canada
    - Maximize the profitability of all business channels and retail banners
    - Build on proven marketing and promotion campaigns
    - Generate incremental sales from our internet investment
    - Enhance value proposition of financial services segment through warranty and insurance offerings

2. Maximizing Gross Margin and Cash Flow
    - Improve vendor terms for rebates, pricing and payment
    - Aggressively manage inventory levels and control expenses
    - Maintain favourable pricing on deferred financing programs
    - Improve electronics margin

3. Reducing SG&A Expenses
    - Re-align organizational structure to drive efficiencies and effectiveness
    - Reduce labour costs in stores, distribution centres and corporate office
    - Improve efficiency in supply chain, delivery and distribution networks
    - Eliminate all discretionary and non-mission critical costs

Store Count Continuity

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

Store Count Continuity 2009				
	At Mar 31, 2009	Rebannering to be Completed	Opening / Closing	At Mar 31, 2009
Corporate Stores				
Brick	108	0	3	111
Brick Clearance Centres	7	0	0	7
Superstore	3	0	0	3
Mattress Store	29	0	1	30
UFW	38	0	-1	37
Corporate Subtotal	185	0	3	188
Franchise Stores	47	0	20	67
Total Corporate & Franchise Stores	232	0	23	255

Capital Expenditures

Management will continue to execute its economically appropriate capital investment program for 2009, the majority of which was committed to prior to September of 2008, with an approximate total spend of $9.8 million net of tenant inducements. The total includes both growth ($6.7 million) and maintenance capital ($3.1 million) and represents nearly a 70% reduction compared to the total capital spend of $32 million in 2008. Our investment strategies will remain highly selective toward achieving positive and accretive returns.

In the first quarter of 2009, $1.9 million was spent in growth capital to open four Brick stores, and minimal amounts were spent in maintenance capital. As in prior years, management will regularly review and manage the pace of its capital investment program prudently through the year.

Mattress Stores

Management expects to open one new Brick Mattress Store in 2009, bringing our total number of mattress stores to 30 by the end of the year. We have been pleased with the performance of our specialty bedding chain and will continue to pursue select market expansion over the coming years. Our franchising initiatives also include rural market mattress stores, geared to market share increases within this specialty channel.

Franchises

Management expects to open 20 franchises in 2009. We have been very pleased with the performance of our franchises and the opportunity to expand our business with minimal capital expenditures. We are excited to continue expansion through franchising over the coming years.

Relocations and Renovations

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

Current Income Tax Expense and SIFT Tax

For entities remaining within normal growth limits announced by the Department of Finance (Canada) on December 15, 2006, the SIFT tax will take effect on January 1, 2011. On July 14, 2008, the Department of Finance (Canada) introduced draft legislation which contains proposed conversion rules for income funds. These draft rules are designed to permit income funds to convert into public corporations and wind up without triggering adverse tax consequences to the income fund and its unitholders. The draft legislation was subject to comments by interested parties by September 15, 2008, and will likely be revised before being enacted into law. When enacted, the proposed rules are expected to cover transactions that occur within the period after the Announcement Date (July 14, 2008), and before 2013.

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

Uncertainties and Risks

On February 18, 2009, the Brick Group announced that as a result of the continued deterioration in economic conditions and the uncertain outlook for 2009, it was suspending its monthly distribution payments.

On March 13, 2009, the Brick Group announced amendments to its Credit Facilities and Senior Notes. These amendments served to mitigate the risk of default with respect to financial covenants and were assessed by the Brick Group to be prudent and proactive in light of the economic downturn and its impact on the retail sector. The amendments included an increase in the maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent), from 4.5 times to 5.0 times for the first three quarters of 2009, after which time the ratio will return to 4.5 times for the remainder of the term. The amendments also included a modification that restricts the amount available under the $40 million Acquisition Credit Facility solely to capital expenditures made in the current year and hereafter. Prior to this amendment, the $40 million Acquisition Credit Facility was fully available to refinance capital expenditures from previous years.

Unfortunately, despite taking these proactive measures, due to the continued deterioration in economic conditions impacting the Brick Group's business, and prior to the impact of a non-cash brand impairment charge discussed below, the Brick Group expects that it will breach its revised financial covenants at the end of the second quarter of 2009. A failure to meet these financial covenants would constitute a default under the Brick Group's Credit Facilities agreement and Senior Notes agreement. This could result in a

limitation on the Brick Group's ability to access funds under its Credit Facilities, and could cause the Brick Group's Credit Facilities and Senior Notes to become immediately due and payable. As well, the Brick Group expects to fully utilize its $60 million Operating Credit Facility to meet its liquidity requirements and support its projected business.

To deal with the liquidity and financial covenant risks facing the Brick Group, we are currently proceeding to complete the recapitalization transaction. Management and the board of trustees of the Brick Group believe that the recapitalization transaction will provide the Brick Group with increased financial flexibility and the capital resources necessary to manage its liquidity requirements for the foreseeable future. In particular, the replacement financing will not have the financial covenants that are present in the Brick Group's current lending arrangements and as a result, the Brick Group should have better control over its operations. However, such belief is based on certain assumptions, including, without limitation, the absence of further deterioration in the Brick's consolidated revenues and relationships with suppliers, and the ability to manage costs. Should any of those assumptions prove false, the financial position of the Brick may be materially adversely affected and the Brick may not be able to pay its debts as they become due. As well, the recapitalization transaction is subject to numerous conditions being met. There can be no assurance that such conditions will be satisfied by the closing date, which is anticipated to be May 28, 2009.

Readers are urged to refer to the preliminary prospectus dated May 6, 2009, for further discussion of risks related to the recapitalization transaction.

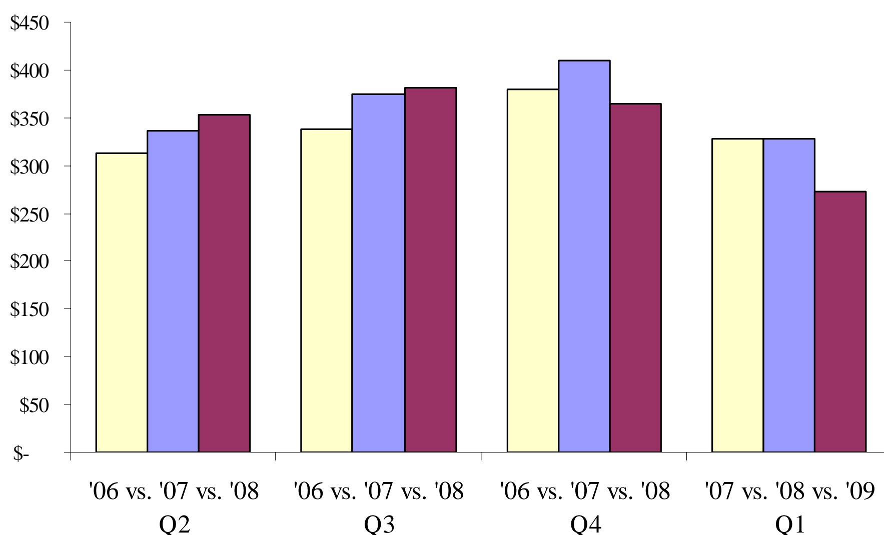
The impairment charge would have caused the Brick Group to be in default of all of its financial covenants under its amended Credit Facilities agreement. In accordance with the terms of the Brick Group's amended Credit Facilities agreement, the Brick Group requested and received the consent of its lenders to exclude the non-cash brand impairment charge in the financial covenant calculations, subject to the following conditions: (a) on or before June 3, 2009, the Brick Group must successfully conclude: (i) the Public Offering and the Private Placement; and (ii) the Asset-Based Credit Facility with availability at Closing of an aggregate principal amount of not less than $65 million; (b) the net proceeds from the recapitalization transaction must be utilized to repay and satisfy in full all obligations under the Credit Facilities and Senior Notes on or before June 3, 2009; and (c) until June 3, 2009, no further borrowings are permitted under the Brick Group's Acquisition Credit Facility. Prior to this restriction, as at March 31, 2009, the Brick Group had approximately $2 million of undrawn borrowing capacity under this facility.

The covenant breach does not prohibit the entering into of the recapitalization transaction and, upon closing of the recapitalization transaction, the Brick Group will no longer be subject to these financial covenants. Should the recapitalization transaction not be completed by June 3, 2009, and further consents not obtained, the Brick Group will breach all of its financial covenants at that time under the Credit Facilities agreement. Due to the cross-default provisions contained in the agreements governing the Senior Notes, this would also result in the Brick Group being in default under the Senior Notes trust indenture at that time. This could result in a limitation on the Brick Group's ability to access funds under its Credit Facilities, and could cause the Brick Group's Credit Facilities and Senior Notes indebtedness to become immediately due and payable.

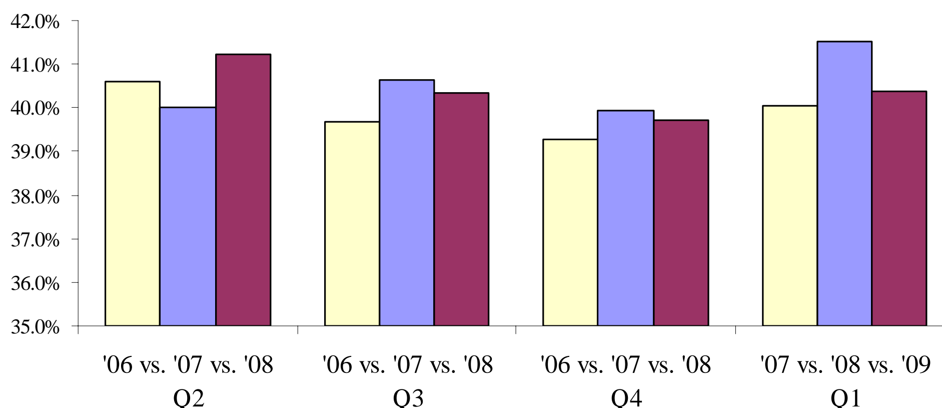
4. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

(000's of $ except %, per unit and store amounts)	For the three months ended March 31			
	2009	2008*	$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	$ **271,599**	$ 327,919	(56,320)	-17.2%
Cost of sales	**(161,587)**	(191,770)	(30,183)	-15.7%
Gross margin	**110,012**	136,149	(26,137)	-19.2%
Gross margin as a percentage of sales and operating revenue	***40.5%***	*41.5%*		
Selling, general and administrative expenses (SG&A)	**(112,485)**	(123,918)	(11,433)	-9.2%
Investment and other income	**43**	248	(205)	-82.7%
EBITDA	**(2,430)**	12,479	(14,909)	-119.5%
EBITDA as a percentage of sales and operating revenue	***-0.9%***	*3.8%*		
Interest expense on long-term and other debt	**(2,232)**	(2,225)	7	0.3%
Income tax recovery (expense)	**7,033**	171	6,862	4012.9%
Amortization	**(6,721)**	(6,049)	672	11.1%
Intangible asset impairment	**(25,000)**	-	25,000	N/A
Net (loss) income	$ **(29,350)**	$ 4,376	(33,726)	-770.7%
Basic and diluted net (loss) income per unit	$ **(0.54)**	$ 0.08	(0.62)	-775.0%
Stores at period end	**232**	211		
Adjusted results (purchase accounting adjustments removed):				
Sales and operating revenue	$ **272,087**	$ 329,424	(57,337)	-17.4%
EBITDA	**(1,642)**	$ 14,043	(15,685)	-111.7%
EBITDA as a percentage of sales and operating revenue	***-0.6%***	*4.3%*		
Net income	$ **(2,197)**	$ 7,075	(9,272)	-131.1%
Payout ratio for the three months ended March 31	**-64.2%**	153.5%		
Payout ratio for the twelve months ended March 31	**104.6%**	87.2%		

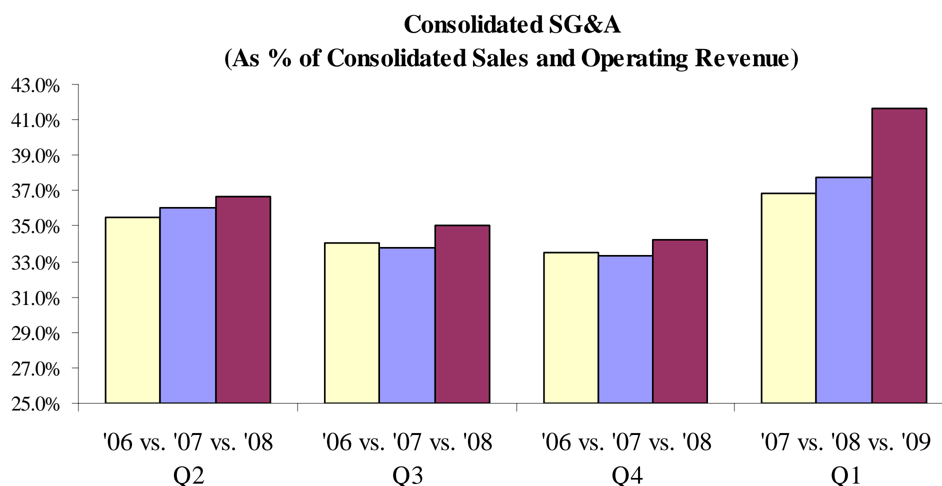
***On January 1, 2009, the Brick Group adopted new accounting standards related to the capitalization of pre-opening costs. Under the new standards, store and distribution centre pre-opening costs are no longer deferred and amortized, and must be charged to income as incurred. These new standards require retroactive application and therefore, retail segment net income for 2008 has been restated. For the 2008 first quarter, previously recorded amortization of pre-opening costs of $661 and SG&A of $30 has been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet.**



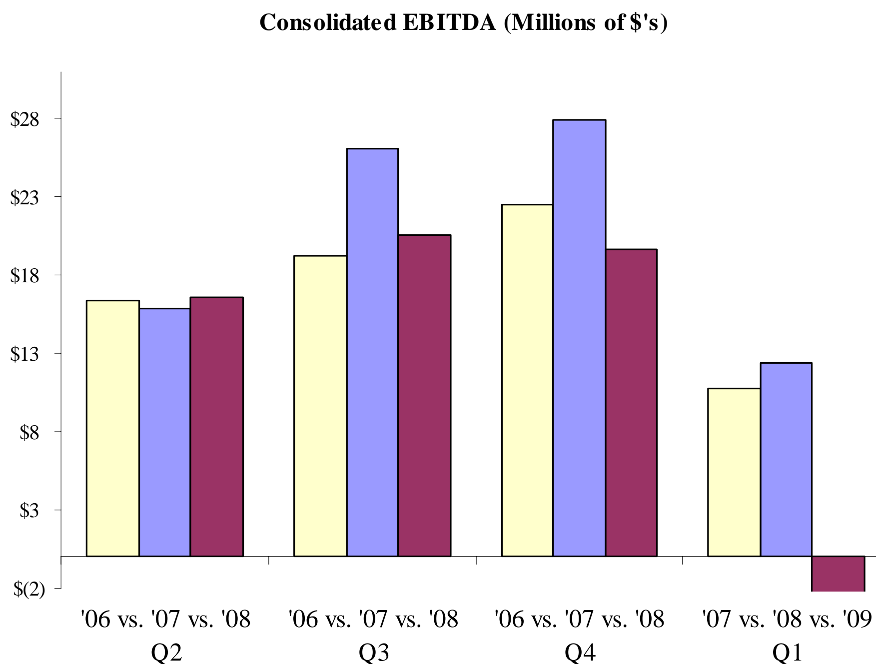
For the quarter ended March 31, 2009, consolidated sales and operating revenue of $271.6 million decreased by $56.3 million or 17.2% as compared to the same quarter of 2008. Sales and operating revenue decreased by $59.3 million in the retail segment, and increased by $3.0 million in the financial services segment. The retail segment was impacted by the weakened Canadian economy and on-going recession, which were the main factors contributing to 21.3% negative growth in same store sales. In the financial services segment, revenue growth was attributable primarily to our warranty business.



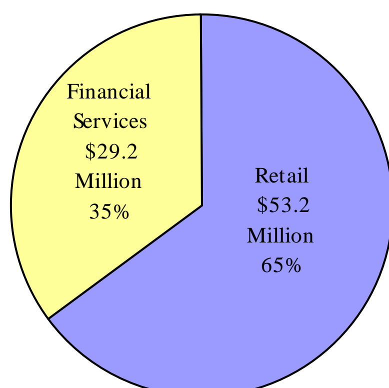
Consolidated gross margin for the quarter was lower by 1.0 ppts compared to the same quarter of 2008. Compared to the same quarter of 2008, our margins on furniture were lower, and our sales mix included a higher percentage of the lower-margin electronics category. Fluctuations in our consolidated gross margin are driven primarily by the retail segment.

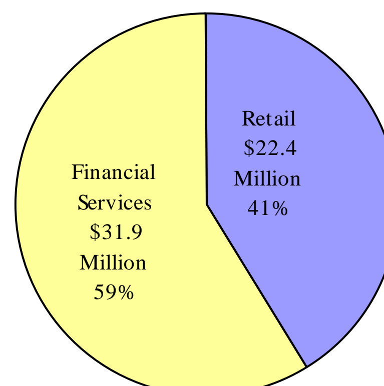


Consolidated selling, general and administrative expenses (SG&A), as a percentage of sales, were 3.6 ppts higher in the first quarter of 2009 compared to the same quarter of 2008. While the combination of weak first quarter sales and higher fixed occupancy and compensation costs negatively impacted this metric, our total SG&A was $11.4 million or 9.2% less than in the same quarter of 2008. The decrease in our first quarter SG&A was impacted significantly by our on-going efforts to reduce semi-fixed and variable costs. Our higher fixed occupancy and compensation costs are due primarily to new Brick stores added over the past year.



First quarter consolidated EBITDA was negative $2.4 compared to positive EBITDA of $12.5 million in the same quarter last year. With the decline in sales experienced in the retail segment in the first quarter, and with a higher level of fixed operating costs compared to the same quarter in 2008, EBITDA performance was negatively impacted.





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. For the twelve months ended March 31, 2009, financial services has contributed 59% our consolidated EBITDA. For the twelve months ended March 31, 2009, this ratio has been driven higher due to the EBITDA loss in the retail segment for the first quarter of 2009. The financial services segment is economically dependant on the retail segment as the majority of its revenue is derived from sales to customers of the retail segment.

Consolidated Net Income

In the first quarter, our net loss was $29.3 million compared to net income of $4.4 million in the same quarter of 2008. As discussed in the Overview section of this MD&A, our first quarter loss includes a non-cash impairment write down of $25.0 million with respect to the Brick Group's brands (the "Brick" and "United Furniture Warehouse"), and a related future income tax recovery of $4.7. Normalized to exclude these items, our net loss would have been $9.0 million. On this normalized basis, the decrease in quarter-over-quarter net income was driven primarily by the decline in sales affecting the Canadian retail sector, and also by increased fixed SG&A expenses. Compared to the same quarter of 2008, our fixed occupancy and compensation costs are higher due to new Brick stores added over the past year.

5. SUMMARY OF CONSOLIDATED QUARTERLY 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, 2009 Q1	October 1 to December 31, 2008 Q4	July 1 to September 30, 2008 Q3	April 1 to June 30, 2008 Q2
Sales and operating revenue	$ 271,599	$ 365,213	$ 380,761	$ 353,227
EBITDA	$ (2,430)	$ 18,484	$ 20,607	$ 16,683
Net (loss) income [3]				
As previously reported	$ (29,350)	$ (223,648)	$ 12,442	$ 6,765
Adoption of new accounting standards [4]	N/A	(478)	660	785
	$ (29,350)	$ (224,126)	$ 13,102	$ 7,550
Basic and diluted net income per unit	$ (0.54)	$ (4.13)	$ 0.23	$ 0.13
Adoption of new accounting standards [4]	N/A	(0.01)	0.01	0.01
	$ (0.54)	$ (4.14)	$ 0.24	$ 0.14
Distributable cash	$ (4,223)	$ 17,658	$ 16,961	$ 13,754
Distributable cash per unit	$ (0.08)	$ 0.33	$ 0.31	$ 0.25
Cash distributions declared	$ 2,710	$ 10,834	$ 16,251	$ 16,251

(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	$ 12,479	$ 27,918	$ 26,134	$ 15,859
Net income (loss) [2]				
As previously reported	$ 3,685	$ 23,354	$ 17,145	$ (27,698)
Adoption of new accounting standards [4]	691	N/A	N/A	N/A
	$ 4,376	$ 23,354	$ 17,145	$ (27,698)
Basic and diluted net (loss) income per unit [2]				
As previously reported	$ 0.07	$ 0.43	$ 0.32	$ (0.51)
Adoption of new accounting standards [4]	0.01	N/A	N/A	N/A
	$ 0.08	$ 0.43	$ 0.32	$ (0.51)
Distributable cash	$ 10,554	$ 10,584	$ 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 [1]	$ 2,732	$ 14,628	$ 11,708	$ 9,380
Basic and diluted net income 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

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

(2) For the quarter ended June 30, 2007, the Brick Group recorded future income tax expense and an increase to its long-term future income tax liability of $34.6 million (as restated). This charge relates to the "Tax Fairness Plan", announced on October 31, 2006 by the Department of Finance (Canada), which was enacted during the quarter. This charge for future income tax expense does not have any impact on our operating decisions, our credit facilities or financial covenants, the carrying values of our assets, our cash flows, our ability to generate cash flow, or our ability to make distributions to our unitholders. Management was required to record this charge in order to be in compliance with GAAP. For the quarter ended December 31, 2007, this amount was reduced to $30.3 million (as restated) to reflect a reduction to the tax rate applicable in future years.

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

(4) On January 1, 2009, the Brick Group adopted new accounting standards related to the capitalization of pre-opening costs. Under the new standards, store and distribution centre pre-opening costs are no longer deferred and amortized, and must be charged to income as incurred. These new standards require retroactive application and therefore, retail segment net income for 2008 has been restated. Previously recorded amortization of pre-opening costs has been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet.

6. SEGMENTED INFORMATION – RETAIL OPERATIONS

(000's of $)	For the three months ended March 31			
	2009	2008	$ Increase	% Increase
Sales and operating revenue	$ 254,156	$ 313,459	$ (59,303)	-18.9%
EBITDA	(11,493)	5,190	(16,683)	-321.5%
Adjusted results (purchase accounting adjustments removed):				
Sales and operating revenue	$ 254,156	$ 313,459	$ (59,303)	-18.9%
EBITDA	(11,074)	5,625	(16,699)	-296.9%

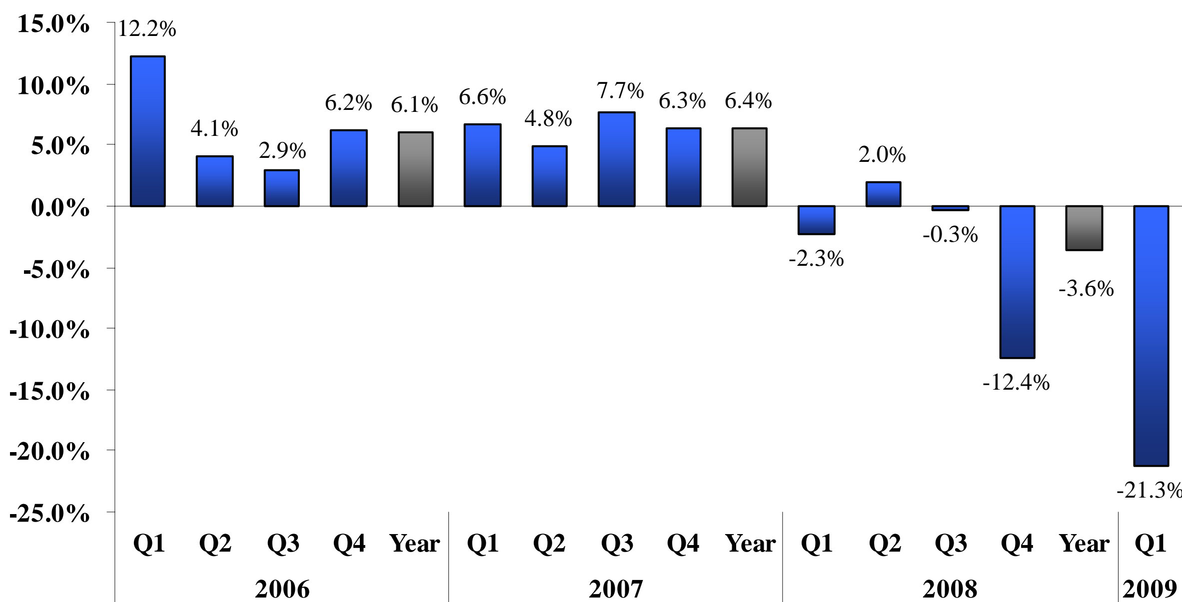
Sales and Operating Revenue

Sales and operating revenue from the retail segment of $254.2 million decreased by $59.3 million or 18.9% compared to the same quarter a year ago.

This decreased was primarily driven by the weakened Canadian economy and on-going recession. Our same store sales growth was negative 21.3%.

First Quarter Same Store Sales Change Versus Prior Year		
	2009	2008
Corporate Stores		
Western Canada	-23.2%	-1.2%
Eastern Canada	-19.8%	-3.4%
Total Corporate Stores	-21.3%	-2.3%
Franchise Stores	-17.6%	-5.6%
Total Corporate Stores & Franchise Stores	-20.9%	-2.6%

Year-to-date same store sales as discussed in this MD&A reflect 95.0% of the total sales occurring at all stores that have been open 14 full calendar months.



Franchise Sales

Sales at franchise stores increased by 7.0% to $32.2 million, and same store sales growth was negative 17.6%. We began and ended the quarter with 47 franchise stores, while in 2008, we began the quarter with 33 and ended with 32 franchise stores.

Gross Margin

Gross margin for the retail segment was lower by 1.0 ppts compared to the same quarter in 2008.

Compared to the same quarter of 2008, clearance pricing related to our efforts to reduce furniture inventories contributed to lower margins for this category. As well, our sales mix included a higher percentage of the lower-margin electronics category.

Selling, General and Administrative Expenses

For the quarter, SG&A expenses were $11.2 million lower than in the same quarter a year ago. SG&A as a percentage of sales increased by 4.7 ppts from 39.4% in the first quarter of 2008 to 44.1% in the first quarter of 2009.

The decrease in first quarter SG&A includes a decrease in semi-fixed and variable costs of approximately $13.0 million, offset by an increase of approximately $1.8 million attributable to fixed costs. Through out the first quarter, we focused on reducing semi-fixed and variable costs in the areas of hourly compensation, advertising, and product handling and distribution costs. Compared to the same quarter in

2008, the increase in our fixed occupancy and compensation costs is due primarily to new Brick stores added over the past year.

EBITDA

EBITDA in the retail segment was negative $11.5 million compared to positive $5.2 million in the same quarter of 2008. With the decline in sales experienced in the retail segment in the first quarter, and with a higher level of fixed operating costs compared to the same quarter in 2008, EBITDA performance was negatively impacted.

Store Continuity

During the first quarter, we opened Brick stores in St. Foy and Lebourgneuf in the province of Quebec, in Winnipeg, Manitoba, and in Regina, Saskatchewan. Due to the length of lead times, commitments to open these stores were in place prior to the sudden economic downturn in the latter half of 2008.

During the quarter, we closed United Furniture stores in Mississauga, Ontario and Sherwood Park, Alberta.

The following chart illustrates the Brick Group's store count continuity from December 31, 2008 to March 31, 2009.

Store Count Continuity Q1 2009

	At Dec 31, 2008	Rebannering to be Completed	Opening / Closing	At Mar 31, 2009
Corporate Stores				
Brick	104	0	4	108
Brick Clearance Centres	7	0	0	7
Superstore	3	0	0	3
Mattress Store	29	0	0	29
UFW	40	0	-2	38
Corporate Subtotal	183	0	2	185
Franchise Stores	47	0	0	47
Total Corporate & Franchise Stores	230	0	2	232

7. SEGMENTED INFORMATION – FINANCIAL SERVICES

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

Our Warranty Business

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

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

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

- Diversity and number of products, manufacturers, and models being underwritten;
- No single product model in any one year makes up more than 3.0% of products covered by warranty; and
- Database that allows us to understand and address problem areas with any specific model or manufacturer.

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

Our Insurance Business

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

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

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

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

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

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

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

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

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

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

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

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

Financial Services Operating Results

(000's of $)	Three months ended March 31			
	2009	2008	$ Increase	% Increase
Sales and operating revenue	$ 17,443	$ 14,460	$ 2,983	20.6%
EBITDA	9,063	7,289	1,774	24.3%
Adjusted results (purchase accounting adjustments removed):				
Sales and operating revenue	$ 17,931	$ 15,965	$ 1,966	12.3%
EBITDA	9,432	8,418	1,014	12.0%

Sales and Operating Revenue

For the quarter, sales and operating revenue from the financial services segment of $17.4 million increased by $2.9 million or 20.6% 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.

EBITDA

The financial services segment EBITDA was $9.1 million in the quarter compared to $7.3 million in the same quarter last year, an increase of 24.3%. EBITDA as a percentage of sales and operating revenue was 52.0% compared to 50.4% for the same quarter of 2008. Our quarter over quarter EBITDA improvement was driven by our warranty business where claims expense as a percentage of revenue was lower compared to the same quarter of 2008.

With respect to our Brick Card insurance business and any potential impact on claims rates from the current uncertainty in the economic environment, claims rates have increased inline with our expectations, but have not significantly impacted our first quarter 2009 EBITDA. Our Brick Card insurance business provides credit insurance to Brick Card holders with coverage that includes life, dismemberment, disability, critical illness, involuntary unemployment, property, and family leave of absence. Accordingly, the economic environment may potentially impact claims under certain types of coverage, but not others.

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 2009 of $16.6 million increased by $0.5 million or 3.3% as compared to the same quarter of 2008. Warranty sales in the first quarter benefited from the launch, in September of 2008, of the Full Circle program. Under the Full Circle program, customers who do not use their warranty are eligible to

receive a store credit at the end of the warranty coverage period, equal to the purchase price of the warranty.

For the twelve months March 31, 2009, our CSP was down 1.8 ppts as compared to the twelve months ended March 31, 2008. Credit approval rates for the Brick Card are discussed further in section 15, RISK FACTORS, under the heading Credit Markets and Liquidity in our 2008 Annual MD&A. Management continually works towards optimizing the CSP rate to maximize insurance premiums written and overall profitability.

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8. FINANCIAL POSITION

(000's of $)	March 31, 2009	December 31, 2008
Total assets	$ 602,109	$ 700,110
Total long-term liabilities	170,665	258,051

Assets

Total assets as at March 31, 2009 of $602.1 million were $98.0 million lower than the $700.1 million reported at December 31, 2008.

Decreases in inventory of $48.6 million, in accounts receivable of $14.8 million, and in cash and cash equivalents of $11.1 million, were partially offset by an increase in marketable securities of $1.4 million.

Inventory was managed conservatively to current written sales trends. Management continued the strategy implemented in the fourth quarter of 2008, to strategically manage inventory to lower levels by running clearance sales promotions targeted at in-stock inventory and replenishing inventory to declining sales trends. This strategy allowed the Brick Group to deliver written sales in the first quarter, while limiting overall funding for inventory investment.

Incentives offered to franchisees for early payment of accounts receivable together with lower written sales during the period contributed to the lower accounts receivable balance.

As well, an impairment write down of $25.0 million reduced the carrying value of brand intangible assets.

Long-Term Liabilities

Long-term liabilities decreased $87.4 million to $170.7 million at March 31, 2008 compared to $258.1 million at December 31, 2008.

The main components of this decrease were as follows:

- A decrease in deferred warranty and insurance plan revenue of $0.9 million as the rate at which warranty premiums are written and received was slightly below the rate at which these premiums are recognized as earned revenue. Warranty premiums are recognized initially as deferred revenue, and recognized as earned revenue over the life of the warranty period.
- A decrease in future income taxes of $7.2 million due to a decrease in the SIFT tax rate that will be applicable in 2011 and thereafter, and to a future income tax recovery related to a brand intangible asset impairment charge.
- A decrease of $82.1 million due to the reclassification of the Senior Notes to current liabilities.

Offset by:

- An increase in deferred lease inducements of $2.8 million related to current year leasehold improvements for the 4 new stores opened in the first quarter of 2009.

9. LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summarized statement of cash flows for the three month periods ended March 31, 2009 and March 31, 2008.

	Three months ended March 31		
Source (Use) of Cash (000's of $)	**2009**	**2008**	**$ Increase (Decrease)**
Operating activities			
Retail	**$ (13,296)**	$ 980	$ (14,276)
Financial	**10,718**	10,038	680
Funds Flow from operations	**(2,578)**	11,018	(13,596)
Change in non-cash working capital	**(31,629)**	(5,796)	(25,833)
	(34,207)	5,222	(39,429)
Financing activities			
Distributions	**(5,419)**	(16,251)	10,832
Other (Note 1)	**38,345**	13,736	24,609
Investing activities	**(9,801)**	(4,527)	(5,274)
Increase (decrease) in cash and cash equivalents	**$ (11,082)**	$ (1,820)	(9,262)

Note 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, 2009, funds flow from operations decreased by $13.6 million compared to the same quarter in 2008. This decrease resulted from weaker than expected first quarter retail sales, and a higher level of fixed costs compared to the same quarter of 2008.

During the quarter ended March 31, 2009, changes in non-cash working capital balances resulted in a $31.6 million use of cash compared to a $5.8 million use of cash during the same quarter of 2008.

Compared to the first quarter of 2008, we used $25.8 million more cash due to changes in non-cash working capital balances. This change is attributable primarily to a greater quarter-over-quarter decrease in accounts payable and accrued liabilities. In the later half of 2008, we negotiated extended seasonal payment terms with both our domestic and offshore vendors and therefore, had less paid up inventory at December 31, 2008 compared to December 31, 2007. As payments under these seasonal terms came due in the first quarter of 2009, our payments related to prior year inventory purchases were higher than in the first quarter of 2008.

During the quarter ended March 31, 2009, customer deposits for goods on order decreased by $9.5 million, representing a use of cash. In the same quarter of 2008, customer deposits decreased of $11.3

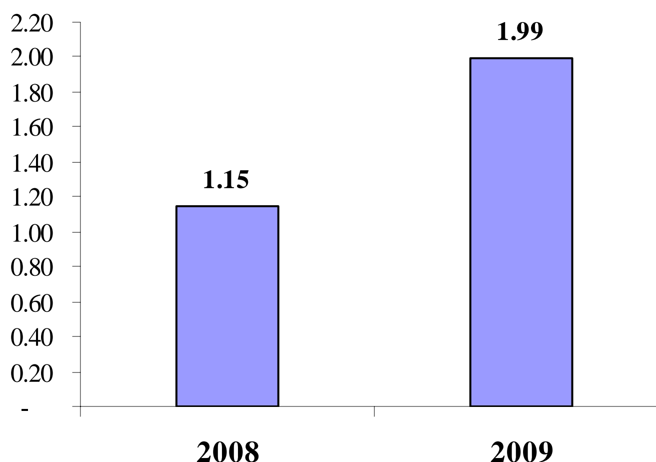
million. The larger decrease in the customer deposits during the quarter ended March 31, 2009 was driven by lower sales compared to the same quarter of 2008. The use of cash resulting from the reduction in customer deposits was offset by reductions in accounts receivable which are a source of cash.

Historically, our working capital has been subject to seasonal fluctuations, largely driven by changes in inventory, accounts payable and customer deposits. For the quarter ended March 31, 2009, the Brick Group was negatively affected by the weakened economy and recession as some suppliers began to tighten their credit terms. In February 2009 the Brick Group suspended distributions to unitholders in order to preserve cash for operations. In the first quarter, the Brick Group reacted to the decrease in supplier and consumer confidence, driven by the weakened economy, by offering early payment discounts to its franchisees, and by limiting inventory purchases to optimize inventory turn over and working capital management. Also during the first quarter, management continued to maintain stringent controls over variable SG&A, including a freeze on hiring and compensation increases, to manage expenses in line with current sales trends. In addition to funds flow from operations, the Brick Group will use its $60.0 million Operating Credit Facility to fund business needs including working capital requirements and debt service requirements. At March 31, 2009, the Brick Group's current liabilities exceeded its current assets by $26.7 million. The $60.0 million Operating Credit Facility is available to fund this working capital deficiency.

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

On May 7, 2009, the Brick Group announced that it intends to complete a recapitalization transaction. This recapitalization transaction is discussed further in this MD&A under the heading Financing Resources.

Adjusted EBITDA for the twelve months ended March 31, 2009 was $58.8 million and net debt was $117.2 million. Net debt included the current portion of long-term debt of $81.5 million and bank indebtedness of $39.0 million offset by cash and cash equivalents of $3.3 million. Adjusted EBITDA for the twelve months ended March 31, 2008 was $90.7 million and net debt was $103.9 million. As at March 31, 2008, net debt included long-term debt of $82.0 million and bank indebtedness of $28.3 million, offset by cash and cash equivalents of $6.4 million.



Financing Activities

Distributions

During the first quarter, the Brick Group declared cash distributions to unitholders of $2.7 million and paid cash distributions of $5.4 million to unitholders. Distributions declared and paid during the first quarter of 2008 were $16.3 million.

Beginning with the month of November 2008, monthly distributions were reduced from $0.10 per unit to $0.05 per unit. On February 18, 2009, the Brick group announced that as a result of continued deterioration in economic conditions, and the uncertain outlook for 2009, it was suspending its monthly distribution payments.

Other

For the first quarter, other sources of cash for financing activities relate to an increase in bank indebtedness of $39.0 million, and financing fees of $0.7 million that were incurred to arrange the March 13, 2009 amendments to the Senior Notes. These amendments are discussed further in this MD&A under the heading Financing Resources.

For the same quarter of 2008, other sources of cash for financing activities relate to an increase in bank indebtedness of $13.8 million.

Investing Activities

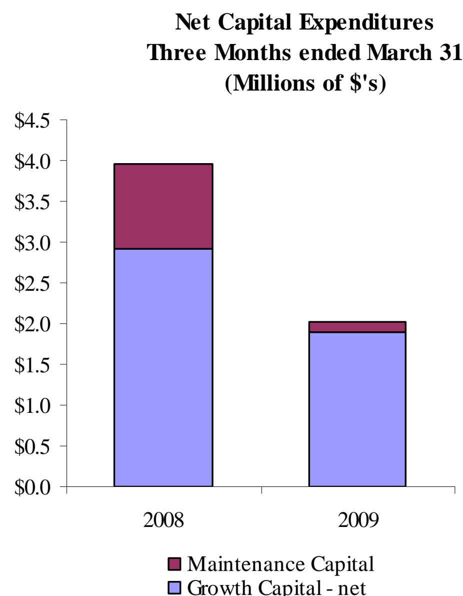
The following table summarizes the Brick Group's investing activities for the three month periods ended March 31, 2009 and March 31, 2008.

Investing Activities	**Three months ended March 31**		
Source (Use) of Cash (000's of $)	**2009**	**2008**	**$ (Increase) Decrease**
Capital assets additions	**$ (5,302)**	**$ (4,133)**	(1,169)
Intangible asset additions	**(580)**	**-**	(580)
Changes in payables related to capital assets	**(2,504)**	**(551)**	(1,953)
Proceeds from disposal of capital assets	**64**	**26**	38
Marketable securities additions	**(1,912)**	**(565)**	(1,347)
Proceeds from sale of marketable securities	**433**	**696**	(263)
	$ (9,801)	**$ (4,527)**	(5,274)

Capital asset additions in the first quarter of 2009, related primarily to new stores, were $1.1 million higher than in the same quarter of 2008. Due to the length of lead times, commitments to open these stores were in place prior to the sudden economic downturn in the third quarter of 2008. Intangible asset additions of $0.6 million relate to the March 13, 2009 amendments to the Credit Facilities. These amendments are discussed further in this MD&A under the heading Financing Resources.

Capital Expenditures

The Brick Group incurred maintenance capital expenditures for the three months ended March 31, 2009 of $0.1 million compared to $1.1 million for the same period in 2008.



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 the three months ended March 31, 2009, growth capital expenditures were approximately $5.2 million, mainly for new Brick stores. We received tenant inducements of $3.3 million, bringing our net expenditures for growth capital to $1.9 million for the quarter. For the same period in 2008, growth capital expenditures were $3.1 million and we received tenant inducements of $0.2 million making our net expenditure on growth capital $2.9 million.

For 2009, management expects to invest approximately $7 million in growth capital expenditures, net of tenant inducements, and approximately $3 million in maintenance capital expenditures.

Financing Resources

At March 31, 2009, $39.8 million (December 31, 2008: $NIL) was drawn under the $60 million Operating Credit Facility. The Operating Credit Facility includes a Commercial Letter of Credit Facility of $5 million of which $NIL was drawn at March 31, 2009 (December 31, 2008: $NIL). At March 31, 2009, the Brick Group's $60 million Operating Credit Facility, including the $5 million Commercial Letter of Credit Facility, was fully margined and available. The Brick Group expects to fully utilize its $60,000 Operating Credit Facility to meet its liquidity requirements and support its projected business.

At March 31, 2009, no amount (December 31, 2008: $NIL) was drawn under the $40 million Acquisition Credit Facility. At March 31, 2009, the Brick Group had approximately $2 million of borrowing capacity available under its $40 million Acquisition Credit Facility due to margining requirements. However, the Brick Group requested and received the consent of its lenders to exclude a non-cash brand impairment charge from the calculation of EBITDA. In conjunction with the receipt of this consent, the amount available under the Acquisition Credit Facility has been reduced to $NIL.

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

Acquisition Credit Facility was reduced to $40 million (previously $50 million). The new credit agreement also provides for an additional $25 million in financing, subject to certain conditions being met.

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

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

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

On March 14, 2007, the Brick Group issued through a private placement, senior secured notes with an aggregate principal amount of $83.0 million and a seven year term (the "Senior Notes"). Proceeds of $81.8 million, net of transaction costs of $1.2 million, were used to repay the $70.0 million Term Credit Facility, the two remaining outstanding mortgages, and to Brick Group general operations. The Senior Notes, issued to six institutional investors, have a term of seven years, and bear interest payable semi-annually at a rate of 6.431%. The Trust Indenture providing for the issuance of Senior Note can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com. Interest payments on the Senior Notes are required semi-annually, in March and September.

On March 13, 2009, in conjunction with the amendment to the Credit Facilities discussed above, the Trust Indenture providing for the issuance of the Senior Notes was amended to maintain alignment on the financial covenants and other amendments with those contained in the First Amendment. The amendment also included an increase in pricing with the coupon increased from 6.431% per annum to 8.000% per annum until December 14, 2009, and decreased thereafter to 7.250% per annum for the remainder of the term. This Second Supplemental Indenture to the Trust Indenture can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

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

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

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).

On February 18, 2009, the Brick Group announced that as a result of the continued deterioration in economic conditions and the uncertain outlook for 2009, it was suspending its monthly distribution payments.

Through the amendments to our Credit Facilities and Senior Notes agreements, the suspension of distributions, and strategies to further reduce operating costs, and improve operating results and cash flows, management has worked to manage its operations in order to have sufficient liquidity to meet all of the Brick Group's working capital, and capital expenditure needs, and to ensure compliance with its financial covenants.

Unfortunately, despite taking these proactive measures, due to the continued deterioration in economic conditions impacting the Brick Group's business, and prior to the impact of a non-cash brand impairment charge discussed previously, the Brick Group expects that it will breach its revised financial covenants at the end of the second quarter of 2009. A failure to meet these financial covenants would constitute a default under the Brick Group's Credit Facilities agreement and Senior Notes agreement. This could result in a limitation on the Brick Group's ability to access funds under its Credit Facilities, and could cause the Brick Group's Credit Facilities and Senior Notes indebtedness to become immediately due and payable. As well, the Brick Group expects to fully utilize its $60 million Operating Credit Facility to meet its liquidity requirements and support its projected business.

To deal with the liquidity and financial covenant risks facing the Brick Group, we are currently proceeding to complete a recapitalization transaction. Management and the board of trustees of the Brick Group believe that the recapitalization transaction will provide the Brick Group with increased financial flexibility and the capital resources necessary to manage its liquidity requirements for the foreseeable future. In particular, the replacement financing will not have the financial covenants that are present in the Brick Group's current lending arrangements and as a result, the Brick Group should have better control over its operations. However, such belief is based on certain assumptions, including, without limitation, the absence of further deterioration in the Brick's consolidated revenues and relationships with suppliers, and the ability to manage costs. Should any of those assumptions prove false, the financial position of the Brick may be materially adversely affected and the Brick may not be able to pay its debts as they become due. As well, the recapitalization transaction is subject to numerous conditions being met. Accordingly, the Brick Group can provide no assurances as to the successful completion of the recapitalization transaction.

Readers are urged to refer to the preliminary prospectus dated May 6, 2009, for further discussion of risks related to the recapitalization transaction.

More information on the recapitalization transaction is provided in the Overview and Risk sections of this MD&A.

The impairment charge would have caused the Brick Group to be in default of all of its financial covenants under its amended Credit Facilities agreement. In accordance with the terms of the Brick Group's amended Credit Facilities agreement, the Brick Group requested and received the consent of its lenders to exclude the non-cash brand impairment charge in the financial covenant calculations, subject to the following conditions: (a) on or before June 3, 2009, the Brick Group must successfully conclude: (i) the Public Offering and the Private Placement; and (ii) the Asset-Based Credit Facility with availability at Closing of an aggregate principal amount of not less than $65 million; (b) the net proceeds from the recapitalization transaction must be utilized to repay and satisfy in full all obligations under the Credit Facilities and Senior Notes on or before June 3, 2009; and (c) until June 3, 2009, no further borrowings are permitted under the Brick Group's Acquisition Credit Facility. Prior to this restriction, as at March 31, 2009, the Brick Group had approximately $2 million of undrawn borrowing capacity under this facility.

The covenant breach does not prohibit the entering into of the recapitalization transaction and, upon closing of the recapitalization transaction, the Brick Group will no longer be subject to these financial covenants. Should the recapitalization transaction not be completed by June 3, 2009, and further consents not obtained, the Brick Group will breach all of its financial covenants at that time under the Credit Facilities agreement. Due to the cross-default provisions contained in the agreements governing the Senior Notes, this would also result in the Brick Group being in default under the Senior Notes trust indenture at that time. This could result in a limitation on the Brick Group's ability to access funds under its Credit Facilities, and could cause the Brick Group's Credit Facilities and Senior Notes indebtedness to become immediately due and payable.

In addition to its credit facilities, the Brick Group holds a portfolio of marketable securities with a fair value at March 31, 2009 of $20.4 million. These marketable securities are held in part to satisfy regulatory requirements for minimum capital of $8.0 million applicable to the insurance companies as discussed below. The excess of marketable securities over this amount is not restricted by regulatory requirements.

Restriction on the Distribution of Capital from TGI and TGLI

Regulatory requirements stipulate that the TGI must maintain base capital of at least $3.0 million, and TGLI must maintain base capital of at least $5.0 million. TGI and TGLI had base capital in excess of their regulatory requirements at March 31, 2009 and December 31, 2008.

10. NON-GAAP FINANCIAL MEASURES

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

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

The objective of the guidance is to standardize the reporting of distributable cash within the income trust industry. The CICA guidance defines standardized distributable cash as cash provided by operating

activities less the purchase of property, plant and equipment and any cash that cannot be distributed as a result of not meeting certain debt covenants. Income trusts may show distributable cash adjustments that are not included in the calculation of standardized distributable cash if they feel those adjustments are pertinent to investors' understanding of their business.

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

EBITDA

References to "EBITDA" or "reported EBITDA" are to earnings before interest, income taxes, amortization and non-cash asset impairment charges. References to "adjusted EBITDA" are to earnings before interest, income taxes, amortization, and non-cash asset impairment charges, adjusted to remove the impact of purchase accounting.

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

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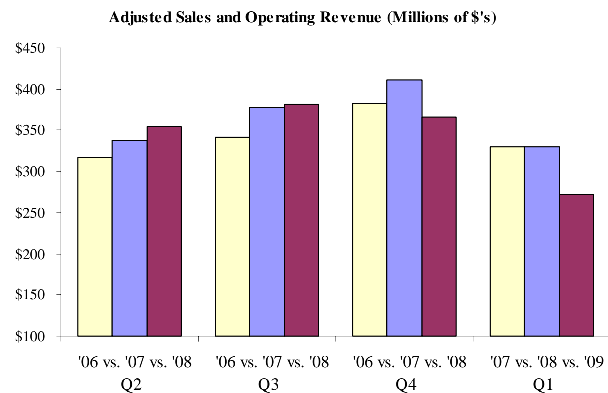
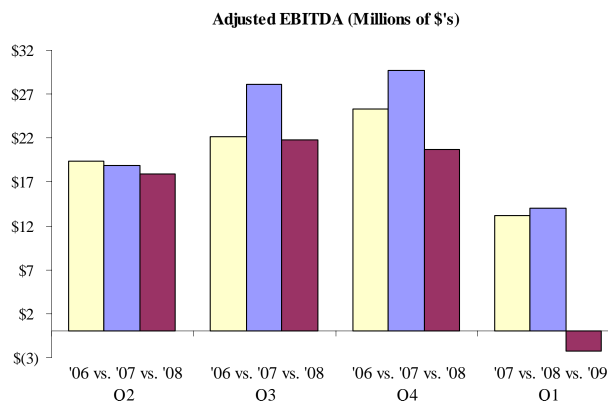
Adjusted Results of Operations

Adjusted Results: (000's of $ except %, per unit and store amounts)	For the three months ended March 31			
	2009 Adjusted	**2008 Adjusted***	**$ Increase (Decrease)**	**% Increase (Decrease)**
Sales and operating revenue	**$ 272,087**	$ 329,424	(57,337)	-17.4%
Cost of sales	**(161,709)**	(192,146)	(30,437)	-15.8%
Gross margin	**110,378**	137,278	(26,900)	-19.6%
Gross margin as a percentage of sales and operating revenue	***40.6%***	*41.7%*		
Selling, general and administrative expenses (SG&A)	**(112,065)**	(123,483)	(11,418)	-9.2%
Investment and other income	**45**	248	(203)	-81.8%
EBITDA	**(1,642)**	14,043	(15,685)	-111.7%
EBITDA as a percentage of sales and operating revenue	***-0.6%***	*4.3%*		
Interest expense on long-term and other debt	**(2,232)**	(2,225)	7	0.3%
Income tax (expense) recovery	**6,924**	(305)	(7,229)	-2370.2%
Amortization	**(5,247)**	(4,438)	809	18.2%
Net (loss) income	**$ (2,197)**	$ 7,075	(9,272)	-131.1%
Basic and diluted net (loss) income per unit	**$ (0.04)**	$ 0.13	(0.17)	-130.8%
Stores at period end	**232**	211		

***On January 1, 2009, the Brick Group adopted new accounting standards related to the capitalization of pre-opening costs. Under the new standards, store and distribution centre pre-opening costs are no longer deferred and amortized, and must be charged to income as incurred. These new standards require retroactive application and therefore, retail segment net income for 2008 has been restated. For the 2008 first quarter, previously recorded amortization of pre-opening costs of $661 and SG&A of $30 has been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet.**





11. DISTRIBUTABLE CASH AND DISTRIBUTABLE CASH PER UNIT

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

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

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

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

Distributions for the twelve months ended March 31, 2009 resulted in a payout ratio of 104.6% (twelve months ended March 31, 2008: 87.2%).

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

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		Twelve months ended March 31	
		2009	2008*	2009	2008*
Cash flow from operating activities	1	$ (34,207)	$ 5,222	$ 76,142	$ 85,156
Changes in non-cash operating working capital items	1, 2	31,629	5,796	(18,316)	4,308
Items not affecting cash	3	(14,938)	1,781	(245,011)	(25,992)
Cash items	4	(11,834)	(8,423)	(47,296)	(46,295)
Income before extraordinary item		(29,350)	4,376	(234,480)	17,177
Interest		2,232	2,225	9,360	9,039
Income tax (recovery) expense		(7,033)	(171)	(16,794)	30,066
Amortization		6,721	6,049	29,774	26,108
Intangible asset impairment		25,000	-	266,471	-
Reported EBITDA		(2,430)	12,479	54,331	82,390
Elimination of Purchase Accounting Impact	5	788	1,564	4,475	8,383
Adjusted EBITDA		(1,642)	14,043	58,806	90,773
Debt service obligation	6	(2,232)	(2,225)	(9,360)	(8,873)
Maintenance capital expenditures	7	(128)	(1,058)	(5,045)	(6,369)
Corporate income taxes - current	8	(221)	(176)	(370)	(1,012)
Cash available for distribution		$ (4,223)	$ 10,584	$ 44,031	$ 74,519
Cash available for distribution per unit		$ (0.08)	$ 0.20	$ 0.81	$ 1.38
Cash distributions declared		$ 2,710	$ 16,251	$ 46,046	$ 65,005
Cash distributions declared per unit		$ 0.05	$ 0.30	$ 0.85	$ 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		-64.2%	153.5%	104.6%	87.2%

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.

* On January 1, 2009, the Brick Group adopted new accounting standards related to the capitalization of pre-opening costs. Under the new standards, store and distribution centre pre-opening costs are no longer deferred and amortized, and must be charged to income as incurred. These new standards require retroactive application and therefore, net income for 2008 has been restated. For the 2008 first quarter, previously recorded amortization of pre-opening costs of $661 and SG&A of $30 has been reclassified from net income to the opening deficit on the 2008 consolidated balance sheet. Accordingly, distributable cash for the three and twelve months ended March 31, 2009 is $30 higher than previously reported

An Alternative View of Distributable Cash

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

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

Management has not changed its calculation of reported distributable cash and associated payout ratio. However, since our 2005 Annual MD&A, through this alternative view, we have provided our unitholders a parallel view of our distributable cash that management believes is better aligned with the cash flows generated by the underlying business. As discussed above, our reported EBITDA based calculation of distributable cash is a primary measure the Board of Trustees must consider with respect to the declaration of distributions. However, the Brick Group is entitled to distribute an amount greater than the Brick Group's current reported distributable cash, utilizing the cash flows generated by our financial services segment as discussed above, if the Board of Trustees of the Brick Group considers such distribution to be prudent and in the best interests of The Brick Group Income Fund.

In conjunction with the termination of the subordination of the Class B Trust Units on March 18, 2008, the Brick Group considered adopting this alternative view of distributable cash as our sole reported distributable cash measure. However, for the sake of consistency and comparability with prior periods, the Brick Group has chosen in 2009 to continue to provide the alternative measure of distributable cash, in addition to its EBITDA based reported distributable cash measure.

For the twelve months ended March 31, 2009, the payout ratio under this alternative view was 102.4%, as compared to our reported payout ratio of 104.6% for the same period.

Alternative View (000's of $)	**Three months ended March 31**		**Twelve months ended March 31**	
	2009	**2008**	**2009**	**2008**
Cash flow from operating activities	**$ (34,207)**	**$ 5,222**	**$ 76,142**	**$ 85,156**
Changes in non-cash working capital	31,629	5,796	(18,316)	4,308
Funds flow from operations	**(2,578)**	**11,018**	**57,826**	**89,464**
Cash received for leasehold inducements	(3,283)	(168)	(7,434)	(6,424)
Increase in claims exposure	619	(91)	(368)	(2,798)
Scheduled principal repayments	-	-	-	-
Maintenance capital expenditures	(128)	(1,058)	(5,045)	(6,369)
Distributable Cash	**(5,370)**	**9,701**	**44,979**	**73,873**
Distributions	(2,710)	(16,251)	(46,046)	(65,005)
(Shortfall) excess	$ (8,080)	$ (6,550)	$ (1,067)	$ 8,868
Payout ratio	**-50.5%**	**167.5%**	**102.4%**	**88.0%**

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

For the three months ended March 31, 2009, cash distributions declared and paid are detailed in the table below, in 000's of $ except for per unit amounts:

Period	Record Date	Payment Date	Per Unit	Declared Amount	Paid Amount
Class A units					
December 2008	December 31, 2008	January 15, 2009	$ 0.0500	$ -	$ 2,709
January 2009	January 31, 2009	February 15, 2009	0.0500	2,710	2,710
				$ 2,710	$ 5,419

12. OUTSTANDING UNIT DATA

At March 31, 2009 and May 8, 2009, the Brick Group had 54,171,133 Class A Trust Units and NIL Class B Trust Units outstanding. William H. Comrie, a resident of the United States, holds a 39.80% interest in the Brick Group through 21,561,983 Class A Trust Units. As at May 8, 2009, Fairfax Financial Holdings Limited holds 15.47% of all units outstanding, or 8,380,200 Class A Trust Units. The recapitalization transaction will result in significant dilution to the holdings of minority unitholders if the Warrants issued under the recapitalization transaction are exercised. The potential dilutive effects of the recapitalization transaction are discussed in the Risk section of this MD&A.

13. CRITICAL ASSUMPTIONS

Off-Balance Sheet Arrangements

For information on off-balance sheet arrangements, see notes 20 and 21 of the audited consolidated financial statements of The Brick Group Income Fund for the year ended December 31, 2008.

Related Party Transactions

Included in selling, general and administrative expenses is rent expense of $0.3 million for the three month period ended March 31, 2009 (Three month period ended March 31, 2008: $0.2 million), paid to a joint venture partially owned by an officer of the Brick Group.

In May 2008, certain employees of the Brick Group became owners of a Brick franchise. During the three month period ended March 31, 2009, the Brick Group sold inventory of $0.4 million (Three month period ended March 31, 2008: $NIL) to this franchise.

During 2008, the Brick Group entered into franchise agreements for six Brick stores with a director serving on the boards of Trans Global Insurance Company, and Trans Global Life Insurance Company. During the three month period ended March 31, 2009, the Brick Group sold inventory of $1,277 (Three month period ended March 31, 2008: $NIL) to these franchises.

The above transactions are in the normal course of operations, and are measured based on commercial rates established and agreed to by the related parties.

Included in accounts receivable at March 31, 2009 is $0.4 million (December 31, 2008: $0.4 million) for loans made to employees. These loans relate to employee relocation.

Critical Accounting Estimates

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

The critical accounting estimates are substantially the same as those disclosed in the 2008 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 may enter 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, 2008.

Accounting Standards Adopted in the Current Year

Commencing January 1, 2009, the Brick Group adopted the following new Canadian Institute of Chartered Accountants ("CICA") accounting standard:

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. This new standard was adopted by the Brick Group for its fiscal year starting on January 1, 2009. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062. The new section provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Accordingly, no amortization in respect of pre-opening costs will be recorded during the year ending December 31, 2009, or thereafter. The change in policy has been applied retroactively. As a result, the Brick Group has charged certain amounts to deficit as at January 1, 2008, as

if the pre-opening costs had not been deferred. These adjustments as at January 1, 2008 resulted in a decrease in intangible assets and deferred charges of $5.7 million, a decrease in prepaid expenses and deposits of $0.4 million, and an increase in opening deficit as at January 1, 2008 of $6.1 million. In addition, the Brick Group has restated its 2008 results of operations in order to reflect this change in policy. These adjustments resulted in a decrease in amortization expense of $0.7 million, a decrease in selling, general and administrative expenses of $30 thousand, and a corresponding increase in the net income for the three month period ended March 31, 2008 of $0.7 million. There was no impact to the consolidated statement of cash flow. The impact on basic and diluted net income per unit for the three month period ended March 31, 2008 was an increase of $0.01 per unit. These pre-opening costs related 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.

Pending Changes to Accounting Policy

Section 1582 – Business Combinations

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

Section 1601 – Consolidated Financial Statements,

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

Section 1602 – Non-controlling interests

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

or results of operations. The Brick Group plans to adopt this new Section for its fiscal year beginning January 1, 2011.

International Financial Reporting Standards

In March 2007, the CICA announced that Canadian publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

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

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

14. RISK FACTORS

The Brick Group's risk factors are substantially the same as those disclosed in the 2008 Annual MD&A, the March 2009 AIF, and the preliminary short form prospectus dated May 6, 2009. Some of the key risks are outlined below. The inclusion of these risks in the MD&A does not in any way reduce the significance of the other risk factors described in the documents listed above.

Risk of Failure to Maintain Financial Covenants

As the Brick Group's first quarter results have been significantly below management's expectations, management expects that the adjusted total debt to EBITDAR financial covenant, under credit facilities in place as at March 31, 2009, will not be met for the quarter ending June 30, 2009. A failure to meet this financial covenant would constitute a default under the Brick Group's Credit Facilities agreement and Senior Notes agreement.

As discussed in our 2008 Annual MD&A, the Brick Group is pursuing strategies to further reduce operating costs and improve operating results, cash flows, and the level of debt to ensure compliance with its financial covenants. However, uncertainty regarding the length of the recession, and the potential for a further deterioration in the level of sales in the retail sector precludes the Brick Group from making any assurances as to the successfulness of these efforts.

Further, the Brick Group is also currently proceeding to complete a recapitalization transaction as discussed in the Overview and Outlook and sections of this MD&A. In contrast to the Brick's existing credit facilities, the Debentures and Asset-Based Credit Facility arising from the recapitalization transaction will not contain any financial covenants.

Risks Related to the Recapitalization Transaction

As discussed in the Overview and Outlook sections of this MD&A, the Brick Group is currently proceeding to complete a recapitalization transaction. Readers are urged to refer to the preliminary prospectus dated May 6, 2009, for further discussion of risks related to the recapitalization transaction.

Conditionality of Closing of the Recapitalization Transaction

The closing of each of the components of the Recapitalization Transaction is subject to certain conditions, including the closing of each of the other components of the Recapitalization Transaction. In particular, the investments by Fairfax and Comrie (including Fairfax's stand-by commitment) are subject to certain conditions, including that there not occur any material adverse change to the Brick after the date of the subscription agreements and prior to Closing. There can be no assurance that such conditions will be satisfied by the Closing Date, if at all. In the event that the Recapitalization Transaction is not successfully completed as contemplated herein, the Brick expects it will breach its existing financial covenants.

The Recapitalization Transaction May Not Improve the Brick's Financial Condition

Management believes that the Recapitalization Transaction will enhance the Brick's liquidity and operating flexibility. However, such belief is based on certain assumptions, including, without limitation, the normalization of the Brick's consolidated revenues and relationships with suppliers and the ability to manage costs. Should any of those assumptions prove false, the financial position of the Brick may be materially adversely affected and the Brick may not be able to pay its debts as they become due. In addition, the Recapitalization Transaction will significantly increase the Brick's overall cost of capital and the Brick does not have the right to redeem the Debentures should its business improve.

Dilutive Effects on Holders of Class A Units

The Brick may issue Class A Units in connection with the exercise of Warrants acquired pursuant to the Recapitalization Transaction. Furthermore, the Brick Declaration of Trust authorizes the Brick to issue an unlimited number of Class A Units for that consideration and on those terms and conditions as shall be established by the trustees of the Brick without the approval of any holders of Class A Units. The holders of Class A Units will have no pre-emptive rights in connection with such further issues. Investors in this Offering may therefore incur significant dilution in respect of Class A Units acquired on the exercise of Warrants.

Risks Related to Suppliers, Vendors and Customers

The Brick relies on a stable and consistent supply of household furniture, mattresses, appliances and home electronics on favourable terms to carry out its operations. The Brick sources its products from its suppliers on an ongoing basis at negotiated prices and payment terms. There can be no assurance that the Brick will be able to continue to purchase products from its current suppliers or any other supplier on terms similar to current terms, on standard market terms, or at all, especially in light of the current global economic crisis. Significant increases in the prices of the products sold by the Brick, the unavailability of such products, the unavailability of favourable extended payment terms or the deterioration in the Brick's

relationships with any of its major suppliers could have a material adverse effect on the Brick's business, financial condition, liquidity and results of operations.

In recent months, several of the Brick's suppliers have limited, or have expressed an intention to limit, the extended payment terms available to the Brick for its purchases of inventory. Management's belief that the Recapitalization Transaction will improve the operational and financial condition of the Brick is based on the assumption that current payment terms with the Brick's suppliers, vendors and customers do not change materially and adversely to the Brick. If these assumptions are incorrect and arrangements with the Brick's suppliers, vendors and customers do not stabilize and deteriorate further, the Brick's business, financial condition, liquidity and results of operations would be materially adversely affected and there can be no assurance that the Brick would be able to continue to operate as a going concern.

15. 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, 2009 that have materially affected, or are reasonably likely to materially affect the Brick Group's internal controls over financial reporting.

16. 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.