Date: May 11, 2006

Management's Discussion and Analysis of Consolidated Financial Position and Results of Operations for the three month period ended March 31, 2006.

The Brick Group Income Fund assumes the reader of this document has access to, and has read The Brick Group Income Fund's 2005 Annual Management's Discussion and Analysis (the "2005 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 21, 2006 (the "March 2006 AIF"). The 2005 Annual MD&A and the March 2006 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, 2006. These financial statements can be found at www.sedar.com or www.thebrickgroup.ca. The Brick Group Income Fund's 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.

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 Brick Group Income Fund's consolidated sales figures or corporate same store sales figures.

In MD&A reports prior to our 2005 Annual MD&A, the net contribution attributable to our consumer credit department, which arranges purchase financing primarily through third party credit providers, was allocated to the financial services segment. Management now views and manages the consumer credit department as a support function within retail operations. Consequently, net contribution attributable to this function is included in the retail segment and all comparative figures for the retail and financial services segments presented in the tables in this MD&A have been restated accordingly.

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.

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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"). United Furniture owns Trans Global Warranty Corp. ("TGW") and its subsidiaries Trans Global Insurance Company ("TGI") and Trans Global Life Insurance Company ("TGLI"). The Brick Group Income Fund and all of its subsidiaries and partnerships will collectively be referred to as the "Brick Group" in this MD&A.

Our Vision and Business Strategy

The Brick Group's goal is to provide a long-term balanced growth of distributable cash through demographic and geographic diversity.

The Brick Group's strategy as a dominant force in the furniture, mattress, home electronics, and appliance business throughout Canada is to grow same store sales, and continue to enhance profitability with the introduction of new products and initiatives. In combination with its core strategy, The Brick Group also leverages its customer base by offering warranty and insurance coverage made available through the Brick Group's financial services segment.

The Brick Group plans to increase profitability by optimizing existing synergies and controlling costs. Growth is also expected to arise from penetrating different channels and markets, and strategic acquisitions.

Retail Operations

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

The Brick Group, through its first three banners listed above, targets the following three principal markets: the middle-income consumer, the lower-income consumer, and the middle to upper middle income consumer respectively. The Brick Mattress Store banner, which was designed to compete with independent national bedding chains, features mid to high end product lines including national brands and exclusive specialty products.

In addition, through its corporate sales division, the Brick Group services the subdivision, condominium and high-rise builder market. As at March 31, 2006, The Brick Group operated 193 retail stores (including its 21 franchise locations) in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia and the Yukon Territory.

Financial Services

The Brick Group also 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, 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.

In MD&A reports prior to our 2005 Annual MD&A, the net contribution attributable to our consumer credit department, which arranges purchase financing primarily through third party credit providers, was allocated to the financial services segment. Management now views and manages the consumer credit department as a support function within retail operations. Consequently, net contribution attributable to this function is included in the retail segment and all comparative figures for the retail and financial services segments presented in the tables in this MD&A have been restated accordingly.

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.

The purchase accounting adjustments are described in detail under the heading Purchase Accounting Adjustments in the 2005 Annual MD&A.

For simplicity, beginning with the first quarter of 2006, the Analysis of Operating and Financial Results presented in the MD&A will refer 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 is the first quarter for which prior year quarterly and year-to-date comparative results include the effects of purchase accounting.

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

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

The calculation of distributable cash will not change and will continue to exclude the effects of purchase accounting.

In "The Summary of Quarterly Results", results for periods after July 20, 2004 will continue to be presented as adjusted until eight quarters of reported results have passed which will occur in the third quarter of 2006.

FIRST QUARTER HIGHLIGHTS

Distributions

- Through the end of March 2006, and for the 20th consecutive month since becoming an income fund, we have continued to meet all of our distribution commitments.
- Our distributable cash payout ratio for the last twelve months ended March 31, 2006 was 93.5%.

Consolidated Sales

- Consolidated sales & operating revenue increased by $43.5 million to $297.7 million, a 17.1% increase when compared to the same quarter a year ago. This increase was due to:
    - Retail sales increase of $40.7 million driven by:
        - Consolidated same store sales increased by 12.2%.
        - The Brick banner's same store sales increased by 8.5%.
        - The balance of the 12.2% same store sales increase was primarily driven by clearance sales related to the rebannering initiative.

        - New stores opened since the first quarter of 2005 including our Brick store in Marche Central, Quebec, our third Brick Superstore, twelve Brick Mattress stores, and five new United Furniture stores.
    - Financial Services sales increased $2.8 million from $5.4 million to $8.2 million:
        - Organic growth provided approximately 40% of this increase; and
        - Third party insurance business, new in 2005, provided the balance of this increase.
- The Brick Superstores experienced increased sales and profitability growth over the same quarter last year.
- United Furniture same store sales increased by 51.4% and overall sales increased by 39%. Profitability was better than expected and increased over the same quarter last year.
    - Excluding the impact of the clearance sales relating to the rebannering initiative, United Furniture same store sales increased by 18%.
    - At March 31, 2006 there were 70 United Furniture stores in operation versus 81 stores at March 31, 2005.
- Franchise same store sales increased by 15.5% in the quarter compared to the same quarter last year. Total sales revenues generated at franchise stores increased by 80.6% driven by six new franchise locations opened since the end of the first quarter 2005. Sales at franchise stores are not included in the Brick Group's sales or corporate same store sales figures.

Consolidated Profitability

- Consolidated gross margins increased to 39.7% from 39.0% in the same quarter a year ago.
- Consolidated Selling, General and Administrative ("SG&A") expenses increased by $14.7 million to $109.1 million. SG&A as a percentage of sales improved to 36.6% from 37.1% in the same quarter a year ago.
- Consolidated EBITDA increased $4.4 million to $9.7 million, showing growth of 82.8% over the $5.3 million generated in the same quarter last year. When adjusted to eliminate the impact of purchase accounting, consolidated EBITDA increased $3.9 million to $12.7 million, a 44.6% increase over the adjusted amount of $8.8 million last year.
- Of the increase in consolidated EBITDA, $2.9 million is attributable to the retail segment and $1.5 million is attributable to the financial services segment.
- Consolidated EBITDA as a percentage of sales and operating revenue at 3.3% was up by 1.2 ppts from 2.1% in the first quarter of 2005. When adjusted to eliminate the impact of purchase accounting, consolidated EBITDA as a percentage of sales and operating revenue at 4.2% was up 0.8 ppts from 3.4 % in the first quarter of 2005.

Retail Operations

Rebannering Initiative

- As discussed in our 2005 Annual MD&A, for those locations impacted by the rebannering initiative, management is targeting a net incremental EBITDA of approximately $4 million in 2006. We will measure the success of this rebannering initiative against this target. Of the $4 million, we expect to generate approximately $3 million alone through the reduction of controllable costs, mainly in our advertising line. As anticipated, the majority of the $4 million incremental EBITDA from the rebannering initiative is expected to be realized in the second half of the year.

- During the first quarter of 2006, our rebannering initiative proceeded on schedule and delivered better than expected sales and EBITDA results from close out and clearance sales.
  - 13 of the 22 United Furniture stores to be rebannered have been converted to Brick stores with the balance of conversions to be completed in Q2 2006.
    - 12 United Furniture stores were converted to Brick stores.
    - 1 United Furniture store was converted into a Brick Clearance Centre.
  - All 3 HomeShow stores have been rebannered as The Brick Superstore.
  - All 11 Sleep Better stores opened in 2005 have been rebannered as The Brick Mattress Store.
  - 2 of the 4 United Furniture stores scheduled for closure have been closed.
  - 1 of the 3 United Furniture stores scheduled to be franchised has been converted to a Brick franchise.

Stores by Banner

- We opened our newest Brick Mattress store in the Greater Toronto Area.

The following chart illustrates the Brick Group's store count continuity from December 31, 2005 to March 31, 2006.

Store Count Continuity

	At December 31, 2005	Rebannered	Opened / Closed	At March 31, 2006
Corporate Stores				
Brick	65	12		77
Brick Clearance Centres	9	1		10
Superstore (previously Homeshow)	3			3
Mattress Store (previously Sleep Better)	11		1	12
UFW	86	-14	-2	70
Corporate Store Subtotal	174	-1	-1	172
Franchise Stores				
Brick Franchise	19	1		20
UFW Franchise	1			1
Franchise Subtotal	20	1	0	21
Total Corporate and Franchise Stores	**194**	**0**	**-1**	**193**

- Our new 859,000 square foot distribution centre in Mississauga commenced operations February 2006.

Financial Services

- Financial services sales and operating revenue of $8.2 million increased from %5.4 million, a 52.4% increase, as compared to the same quarter a year ago. When adjusted to eliminate the impact of purchase accounting, the first quarter revenue amount of $11.8 million increased from $9.3 million, a 26.3% over the adjusted amount for the same quarter last year.
- Financial services EBITDA increased by 41.2%, from $3.5 million to $5.0 million over the same quarter in 2005. When adjusted to eliminate the impact of purchase accounting, financial services EBITDA increased 20.4%, from $6.4 million to $7.7 million over the adjusted amount for the same quarter last year.

ANALYSIS OF OPERATING AND FINANCIAL RESULTS

The results of operations in the following discussion encompass the consolidated results of the Brick Group for the three months ended March 31, 2006 along with prior year comparative information.

REVIEW OF FIRST QUARTER RESULTS

The sections below outline key operating information on a consolidated basis, followed by a look at operating segment details for the retail segment and the financial services segment.

Results of Operations

First Quarter Results

(000's of $ except %, per unit and store amounts)	For the three months ending March 31	
	2006	**2005**
Sales and operating revenue	**$ 297,731**	$ 254,233
Cost of sales	**(179,433)**	(154,990)
Gross margin	**$ 118,298**	$ 99,243
Gross margin as a percentage of sales and operating revenue	***39.7%***	*39.0%*
Selling, general and administrative expenses (SG&A)	**(109,051)**	(94,357)
Investment and other income	**465**	427
EBITDA [(1)]	**$ 9,712**	5,313
EBITDA as a percentage of sales and operating revenue [(1)]	***3.3%***	***2.1%***
Interest expense on long-term and other debt	**(1,187)**	(1,402)
Income tax recovery	**322**	563
Amortization	**(6,633)**	(6,811)
Net income (loss)	**$ 2,214**	$ (2,337)
Basic and diluted net (loss) income per unit	**$ 0.04**	$ (0.04)
Stores at period end	**193**	168
Adjusted results (purchase accounting adjustments removed):		
Sales and operating revenue	**$ 301,295**	$ 258,167
EBITDA [(1)]	**12,690**	8,776
EBITDA as a percentage of sales and operating revenue [(1)]	**4.2%**	3.4%
Net Income	**6,310**	2,212

Notes:
[(1)] *See definition of EBITDA under "Non-GAAP Financial Measures"*

Financial Position

	For the three months ending March 31	
	2006	**2005**
Total assets	$ 891,711	$ 844,460
Total long-term liabilities	$ 171,140	$ 135,015

KEY PERFORMANCE HIGHLIGHTS OF FIRST QUARTER RESULTS

The sections below outline key operating information on a consolidated basis, followed by a look at the major operating segmented details for the retail operations and financial services.

The Brick Group Consolidated Review Of First Quarter Results

Sales and Operating Revenue

Total sales and operating revenue in the first quarter were $43.5 million higher than in the same quarter a year ago reflecting an increase of 17.1%.

Retail sales increased by $40.7 million and financial services revenue increased by $2.8 million.

Gross Margin

Gross margin increased by $19.1 million or 19.2% when compared to the same quarter in 2005. As a percentage of sales, gross margin improved to 39.7% from 39.0% in the same quarter a year ago.

The improvement in consolidated gross margin percentage is attributable primarily to financial services as retail gross margins were marginally stronger than in the first quarter of 2005. Retail gross margin was negatively impacted by close out and clearance sales related to the rebannering initiated during the quarter.

Selling, General and Administrative Costs

SG&A was $109.1 million, compared to $94.4 million in the first quarter of 2005. Compared to the same quarter a year ago, SG&A as a percentage of sales and operating revenue improved by 0.5 ppts from 37.1% to 36.6%.

When compared to the same quarter a year ago, the increased SG&A expense reflects the increased number of stores in operation as well as costs related to the logistics of the rebannering initiative and relocation costs associated with the opening of the new Mississauga distribution centre. As well, increased costs due to inefficiencies related to inventory storage and transfers were incurred prior to the new Mississauga distribution centre becoming fully functional.

EBITDA

First quarter EBITDA of $9.7 million was $4.4 million higher than in the same quarter a year ago, an increase of 82.8%.

When adjusted to eliminate the impact of purchase accounting, consolidated EBITDA increased $3.9 million to $12.7 million, a 44.6% increase over the adjusted amount of $8.8 million last year.

The improvement in consolidated EBITDA from the retail segment was $2.9 million and from the financial services segment, $1.5 million.

Net Income

Consolidated net income for the first quarter of $2.2 million reflects an improvement of $4.5 million over the net loss of $2.3 million reported for the first quarter of 2005. The retail segment returned a first quarter loss that was $2.2 million less than in 2005. Financial services first quarter net income was $2.3 million higher than in 2005.

As a percentage of sales, the first quarter loss in the retail segment of $3.1 million (first quarter, 2005 - $5.3 million) improved to 1.1% of sales compared to 2.2% of sales in 2005. In the financial services segment, the first quarter net income of $5.3 million (first quarter, 2005 - $3.0 million) represented 65.0% of sales. In the same quarter a year ago, financial services net income was 56.2% of sales.

Assets

Total assets of $892 million were $48 million higher than the $844 million reported for March 31, 2005. This increase is due primarily to increases in inventory of $31 million and capital assets of $13 million, both driven by expansion of the retail business over the past year. The number of stores in operation at March 31, 2006 was 193 versus 168 at March 31, 2005. Inventory levels were also impacted by the United Furniture rebannering initiative as increases to appliance and electronics inventory were required for those United Furniture stores being rebannered as Brick stores.

Liabilities

Long term liabilities increased $36 million to $171 million from $135 million at March 31, 2005. This increase is due primarily to an increase in deferred warranty plan revenue and unearned insurance revenue of $31.8 million, and an increase in deferred lease inducements of $9.3 million off-set by a decrease in long term debt of $1.7 million and a decrease in future income taxes of $3.6 million.

<u>Retail Segment First Quarter Results</u>

The Brick, The Brick Superstore, The Brick Mattress Store and United Furniture

(000's of $)	Three months ended March 31	
	2006	2005
Sales and operating revenue	$ 289,530	$ 248,851
EBITDA [1]	4,702	1,764
<u>Adjusted results (purchase accounting adjustments removed):</u>		
Sales and operating revenue	$ 289,530	$ 248,851
EBITDA [1]	5,033	2,417

Notes:
[1] *See definition of EBITDA under "Non-GAAP Financial Measures"*

Retail sales and operating revenue

Our sales and operating revenue from the retail segment increased by $40.7 million or 16.3% compared to the same quarter a year ago.

Overall consolidated same store sales increased by 12.2%. We experienced positive same store sales growth in both the Eastern and the Western regions.

Franchise same store sales increased by 15.5% in the quarter compared to the same quarter last year. Total sales revenues at franchise stores increased by 80.6% primarily driven by six new franchise locations opened since the end of the first quarter 2005. Franchisees continue to benefit from The Brick's national advertising program, updated product selection and additional product offerings on Brick.com. Sales at franchise stores are not included in the Brick Group's sales or corporate same store sales figures.

The Brick, The Brick Superstore and The Brick Mattress Store

Collectively, The Brick, The Brick Superstore and The Brick Mattress Store had total sales growth of 13.8% over the same quarter last year driven by a same store sales growth increase of 8.5%, and sales from those new stores opened after the first quarter of 2005, including our Brick store in Marche Central, Quebec, our third Brick Superstore and 12 new Brick Mattress Stores.

As discussed in our 2005 Annual MD&A, there was a 49.9% or $20.3 million increase in customer deposits as at December 31, 2005 compared to December 31, 2004. Consequently, the first quarter 2006 retail sales increase was partly driven by the high volume of 2005 holiday season sales written but undelivered in the fourth quarter of 2005. As well, clearance sales related to the consolidation of our three pre-existing distribution centres into our new Mississauga distribution centre, and the rebannering actions, also contributed to the first quarter results.

United Furniture Warehouse

United Furniture same store sales increased by 51.4% compared to the same quarter a year ago. United Furniture same store sales benefited from close out sales for those stores being rebannered during the quarter. As a result, management does not anticipate same store sales growth to continue at this rate.

The overall sales increase of 39% was lower than the same store sales increase as a result of the conversion of United Furniture stores to Brick stores. At March 31, 2006 there were 70 United Furniture stores in operation versus 81 stores at March 31, 2005.

Profitability was better than expected and increased over the same quarter last year.

Rebannering Initiative

- All three HomeShow locations were rebannered to Brick Superstores effective March 1, 2006.
- All eleven Sleep Better stores were rebannered to Brick Mattress stores during the quarter and we opened a new Brick Mattress Store in the Greater Toronto Area.

- 13 of the 22 United Furniture stores have been rebannered to Brick stores. The balance of conversions have been completed as of the date of this MD&A.
- During the first quarter of 2006, our rebannering initiative proceeded on schedule and delivered better than expected sales and EBITDA results impacted in part by close out sales.

Comparable same store sales are calculated to include merchandise sales for new stores open 14 full calendar months and sales from all relocated stores, but excludes stores where significant cannibalization has occurred. As a result, as at March 31, 2006, Brick Superstore sales have been excluded, due to cannibalization from our third Superstore location opened in August 2005. Specific stores in Montreal have also been excluded due to cannibalization resulting from the opening of the Marche Central store in May 2005. On this basis, same store sales as discussed in this MD&A reflects 92% of the total sales occurring at all stores that have been open 14 full calendar months.

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

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

The following is a summary of the Brick Group's same store sales performance for the first quarter.

Same Store Sales Change versus prior year	
	First Quarter
The Brick Banner	
Western Canada	16.3%
Eastern Canada	1.5%
Eastern and Western Canada Combined	8.5%
United Furniture	51.4%
Total Corporate Stores	12.2%
Franchise Stores	15.5%
Total Corporate & Franchise Stores	12.4%

EBITDA – Retail Segment

EBITDA in the retail segment improved by $2.9 million to $4.7 million, an increase of 166.6% over the same quarter in 2005.

The improvement in retail EBITDA was driven by the $40.7 million quarter over quarter increase in sales coupled with the leveraging effects of our fixed cost base. As a percentage of sales and operating revenue, EBITDA improved to 1.6% compared to 0.7% in the first quarter of 2005.

Financial Services Segment First Quarter Results

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 Brick Group's accounting policy for revenue and expense recognition in connection with the warranty business requires that warranty contract revenues be recorded as deferred revenues when written 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 which typically is one year. Consequently, earned warranty revenues recognized in the current period relate to warranty contracts sold in previous years.

The majority of warranty contracts sold by United Furniture are underwritten by a third party with no recourse and as a result, commissions received by United Furniture are brought into income in the same period as the sale and are included as part of the retail sales and operating revenue rather than as part of the financial services segment.

The Brick Group's accounting policy for revenue and expense recognition in connection with insurance policies requires that premiums written 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. In 2005, the financial service segment also began to provide multi-year property insurance to a third party. Unearned revenues include the portion of premiums written on multi-year coverage policies that relate to the unexpired term of coverage.

Financial Services

(000's of $)	Three months ended March 31	
	2006	2005
Sales and operating revenue	$ 8,201	$ 5,382
EBITDA [1]	5,010	3,549
Adjusted results (purchase accounting adjustments removed):		
Sales and operating revenue	$ 11,765	$ 9,316
EBITDA[1]	7,657	6,359

Notes:
[1] *See definition of EBITDA under "Non-GAAP Financial Measures"*

Financial Services sales and operating revenue

The financial services segment sales and operating revenue increased by $2.8 million to $8.2 million in the first quarter of 2006 reflecting a 52.4% increase over the same quarter last year. Organic growth accounted for approximately 40% of the increase in sales and operating revenue, whereas sales to third party insurance customers contributed approximately 60% of the overall increase.

When adjusted to eliminate the impact of purchase accounting the first quarter revenue amount of $11.8 million increased 26.3% over the adjusted amount for the same quarter last year.

The volume of warranty contracts continues to benefit from strong unit growth in flat panel television product. Management expects the retail prices of these products to decline in 2006 and 2007 and this will fuel growth in unit volumes. These flat panel technologies attract higher warranty attachment rates as well as higher warranty prices.

EBITDA - Financial Services Segment

The financial services segment EBITDA was $5.0 million in the quarter compared to $3.5 million in the same quarter last year reflecting a 41.2% increase.

When adjusted to eliminate the impact of purchase accounting, financial services EBITDA increased 20.4% to $7.7 million over the adjusted amount in the same quarter last year.

As a percentage of sales and operating revenue, EBITDA for the first quarter of 2006 decreased to 61.1% compared to 65.9% in the same quarter a year ago. Higher direct costs normally associated with the third party insurance clients was the primary reason for this decrease.

While the third-party insurance business delivers a lower gross margin percentage than that earned on internal business, management is pleased with the gross margin earned and is actively seeking to grow this component of the financial services segment.

NON-GAAP FINANCIAL MEASURES

Adjusted results, 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 earnings 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.

Adjusted Results of Operations

Adjusted First Quarter Results

(000's of $ except %, per unit and store amounts)	For the three months ending March 31	
	2006 Adjusted	2005 Adjusted
Sales and operating revenue	**$ 301,295**	$ 258,167
Cost of sales	**(180,333)**	(155,977)
Gross margin	**120,962**	102,190
Gross margin as a percentage of sales and operating revenue	***40.1%***	*39.6%*
Selling, general and administrative expenses (SG&A)	**(108,720)**	(93,891)
Investment and other income	**448**	477
EBITDA	**12,690**	**8,776**
EBITDA as a percentage of sales and operating revenue	***4.2%***	***3.4%***
Interest expense on long-term and other debt	**(1,295)**	(1,425)
Income tax expense	**(700)**	(749)
Amortization	**(4,385)**	(4,390)
Net income	**$ 6,310**	$ 2,212
Basic and diluted net income per unit	**$ 0.12**	$ 0.04
Stores at period end	**193**	168

EBITDA

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

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

Distributable Cash and Distributable Cash per unit

Distributable Cash represents adjusted EBITDA, adjusted for debt service obligations, maintenance capital expenditures, and income and capital taxes.

First Quarter Distributable Cash

For the three months ended March 31, 2006, the Brick Group distributed $0.30 per unit compared with Distributable Cash per unit of $0.19 generated as calculated below. The calculation of Distributable Cash shown below is consistent with all previous quarterly and annual reports in that the impact of purchase accounting is eliminated.

(000's of $ except per unit amounts)	Three months ended March 31, 2006	
Reported EBITDA	$	9,712
Elimination of Purchase Accounting Impact		2,978
Adjusted EBITDA		12,690
Less:		
Debt service obligation		(1,458)
Maintenance capital expenditures		(361)
Corporate income taxes - current		(788)
Cash available for distributions		10,083
Cash available for distributions per unit		0.19
Cash distributions declared		16,251
Cash distributions declared per unit		0.30
Weighted average units outstanding during the period		54,171,133
Payout ratio for the three months ended March 31, 2006		161.2%
Payout ratio for the last twelve months ended March 31, 2006		93.5%

The current quarter payout ratio of 161.2% reflects an improvement of 116.5 ppts over the first quarter 2005 payout ratio of 277.7%. The seasonal nature of the retail business will cause the payout ratio to exceed 100% during slower periods of the year.

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

After the subordination in respect of Class B units has ended, cash available to make such distributions will be paid monthly to the holders of Class A units and Class B units pro rata, subject to any adjustments in the exchange ratio or the termination of the subordination arrangements. Readers of this MD&A are encouraged to refer to the March 2006 AIF which provides further information on the Distribution Policy of the Brick Group and the subordination provisions of the Class B units.

An Alternative View of Distributable Cash

Distributable cash is used by income funds as a measure of the cash generated and available for distribution to Unitholders. As this 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 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, through this alternative view, we are providing our unitholders a parallel view of our distributable cash that management believes is better aligned with the cash flows generated by the underlying business.

The impact of applying this alternative view results in a first quarter payout ratio of 151.9%, or 9.3 ppts lower than our reported payout ratio of 161.2%. For the last twelve months ended March 31, 2006, the payout ratio under this alternative view was 86.0%. Management will continue to provide this alternative view of our Distributable Cash throughout the coming year.

Alternative View		**Three months ended March 31, 2006**
Funds flow from operations	**$**	**12,251**
Cash received for leasehold inducements		(8)
Increase in claims exposure		(909)
Principal payments		(271)
Maintenance capital expenditures		(361)
Distributable Cash		**10,702**
Distributions		(16,251)
Excess		26,953
Payout ratio for the three months ended March 31, 2006		**151.9%**
Payout ratio for the last twelve months ended March 31, 2006		**86.0%**

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, principal payments are deducted in the alternative view to ensure all debt servicing is considered.

Maintenance Capital Expenditures

This amount is the same as that which is currently deducted in the reported calculation of Distributable Cash.

DISTRIBUTIONS FOR THE PERIOD

Distributions remained unchanged in the first quarter of 2006. The Brick Group utilizes cash flow from operations in addition to its Operating Credit Facility to fund unit holder distributions.

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

First Quarter Distributions

The Brick Group's goal is to provide a long term and stable base of distributable cash growth. For the quarter ended March 31, 2006, the Brick Group met all distribution targets of $0.10 per unit per month for Class A and Class B units. Total cash distributions for the quarter were $16.3 million as detailed in the table below:

Period	Record date	Payment date	Distributions Per Unit $	Distributions Amount (000's) $
Class A units				
January 2006	January 31, 2006	February 15, 2006	0.1000	4,292
February 2006	February 28, 2006	March 15, 2006	0.1000	4,292
March 2006	March 31, 2006	April 17, 2006	0.1000	4,292
Class B units				
January to March 2006	March 31, 2006	April 17, 2006	0.3000	3,375
Total cash distributions				**$16,251**

Distributions are declared monthly to the Class A unitholders of record on the last business day of each month, and quarterly to the Class B unitholders of record on the last business day of each fiscal quarter. The seasonal nature of the retail business will cause distributions to exceed distributable cash during slower periods of the year.

The Distribution Committee of the Board of Trustees reviews and approves cash distributions on a monthly basis, taking into account the Brick Group's current and prospective performance. The factors considered in making decisions relating to distributions include cash amounts to service debt obligations, maintenance and growth capital expenditures, seasonality, and other items considered to be prudent.

Together with our Distribution Committee of the Board of Trustees, management has targeted a distributable cash payout ratio in the mid-80s on an annualized basis before the Brick Group would consider an increase in monthly distributions.

Based on the Brick Group's financial performance for the three month period ended March 31, 2006, the distributable cash payout ratio for the first quarter of 2006 was 161.2% (first quarter, 2005: 277.7%). As previously disclosed, the Brick Group may from time to time finance its cash distributions from drawings upon its existing cash flow or its Operating Facility in order to permit the payment of equal monthly distributions on units of the Brick Group.

OUTSTANDING UNIT DATA

At March 31, 2006 and May 12, 2006, the Brick Group had 42,924,016 Class A and 11,247,117 Class B units outstanding. William H. Comrie holds a 39.80% interest in the Brick Group through 10,314,866 Class A trust units (19.04%) and 11,247,117 Class B units (20.76%).

LIQUIDITY AND CAPITAL RESOURCES

The following table shows the statement of cash flows for three month periods ended March 31, 2006, December 31, 2005 and March 31, 2005:

Liquidity

Source (Use) of Cash (000's of $)	Three months ended March 31, 2006	Three months ended December 31, 2005	Three months ended March 31, 2005
Operating activities			
Retail	**$ 3,276**	$ 22,971	$ 1,092
Financial	**8,975**	11,716	7,732
Funds Flow from Operations	**12,251**	34,687	8,824
Change in non-cash working capital	**(13,288)**	4,810	(6,317)
	(1,037)	39,497	2,507
Financing			
Distributions	**(16,251)**	(16,251)	(21,234)
Other	**(776)**	(248)	(2,347)
Investing	**(10,076)**	(8,563)	(2,714)
Increase (decrease) in cash	**$ (28,140)**	$ 14,435	$ (23,788)

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

Cash from operating activities in the first quarter of 2006 was $12.3 million compared to $8.8 million in the same quarter a year ago.

Changes in non-cash working capital consumed $13.3 million during the first quarter compared to $6.3 million in the same quarter a year ago. The most significant component of this change was due to customer deposits received during holiday season sales promotions in the last week of December 2005 and applied to sales delivered during the first quarter of 2006, resulting in a decrease in customer deposits during the quarter.

Working capital fluctuates seasonally, largely driven by changes in inventory and accounts payable. Working capital needs are the highest in the first quarter of the year, with the position typically strengthening throughout the year.

The Brick Group will utilize cash flow from operating activities in addition to its $50 million Operating Facility to fund unit holder distributions, seasonal fluctuations, working capital requirements, and to fund debt service requirements. Growth capital expenditures and acquisition requirements will be funded from a separate $50 million acquisition credit facility.

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

Financing Activities

Distributions
During the first quarter, the Brick Group declared cash distributions to unit holders of $16.3 million. Distributions in the first quarter of 2005 of $21.2 million included a special distribution of $4.9 million declared in December 2004.

Other
The Brick Group made mortgage principal payments of $0.3 million and paid bank financing fees of $0.5 million during the three months ended March 31, 2006. The first quarter of 2005 included mortgage principle payments as well as the final payments on the promissory note due to the vendor of United Furniture Warehouse.

Investing Activities

During the quarter, the Brick Group invested $8.4 million in leasehold improvements and equipment for the new Mississauga distribution centre, store renovations and expansions, and system improvements. Investments in intangible assets of $3.1 million related primarily to pre-opening costs for the new Mississauga distribution centre. Proceeds on disposal of capital assets were $1.1 million. Additions to marketable securities were $0.8 million and proceeds from the sales of marketable securities were $1.1 million.

Contractual Commitment

The contractual commitment estimates, other than those for operating leases, are substantially the same as those disclosed in the 2005 Annual MD&A. Operating lease contractual commitments are approximately $162.0 million higher than reported at December 31, 2005 due to property leases for new distribution centres commencing operations during 2006.

Capital Expenditures

The Brick Group incurred maintenance capital expenditures for the three months ended March 31, 2006 of $0.4 million.

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. Management has determined that the appropriate level for 2006 is between $5.0 million and $6.5 million. This includes plans for a renovation of the corporate office, but limited spending on the pre-existing distribution infrastructure as a result of our new and expanded distribution centres.

The $5.0 million to $6.5 million maintenance capital expenditure range compares to an average of $5.1 million for years prior to 2005. Maintenance capital expenditures may fluctuate year to year based on the rolling life cycle of building and equipment.

Growth capital expenditures for the 2006 year is expected to reach approximately $35 million, net of tenant inducements, mainly for new and relocated stores, distribution centres, and the rebannering initiative.

Financing Resources

At the end of the first quarter, $10.2 million was drawn under the $50.0 million Operating Credit Facility leaving $39.8 million available undrawn credit, the full $70.0 million was drawn under the Term Credit Facility, and $1.0 million was drawn under the Commercial Letter of Credit Facility leaving $4.0 million undrawn credit. No amount was drawn on the $50 million Acquisition Facility. The existing credit facilities are explained in more detail in the Notes to the Financial Statements in the annual consolidated financial statements for The Brick Group Income Fund for the year ended December 31, 2005.

The credit agreement governing the credit facilities requires the Brick Group to maintain a maximum ratio of total debt to EBITDA, a minimum fixed charge coverage ratio, and a maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent). Distributable cash must remain above certain targets. As at March 31, 2006, the Brick Group was in compliance with all covenants governing the credit facilities.

Additional detail on the Brick Group's credit facilities is included in the 2005 Annual MD&A.

Restriction on the Distribution of Capital from TGI and TGLI

Regulatory requirements stipulate that TGI and TGLI must maintain assets equal to their share capital and contributed surplus which totals $11 million for the two companies. TGI and TGLI have cash and marketable securities in excess of the required amount at March 31, 2006.

SUMMARY OF QUARTERLY RESULTS

Adjusted for the periods after July 20, 2004 to maintain comparability

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 $)	January 1 to March 31, 2006	October 1 to December 31, 2005	July 1 to September 30, 2005	April 1 to June 30, 2005
Sales and operating revenue:				
As Reported	$ 297,731	$ 343,547	$ 323,356	$ 293,269
Purchase Accounting Impact	3,564	3,809	4,056	4,059
Adjusted	301,295	347,356	327,412	297,328
EBITDA:				
As Reported	$ 9,712	$ 21,445	$ 19,601	$ 15,789
Purchase Accounting Impact	2,978	3,374	3,456	3,454
Adjusted	12,690	24,819	23,057	19,243
Net earnings:				
As Reported	$ 2,214	$ 13,453	$ 11,713	$ 9,175
Purchase Accounting Impact	4,096	4,530	4,659	5,440
Adjusted	6,310	17,983	16,372	14,615
Basic and diluted net earnings per unit	0.12	0.33	0.30	0.27
Distributable cash	10,083	22,740	20,543	16,182
Cash distributions declared	16,251	16,251	16,251	16,251
Special non-cash distributions	-	-	-	-

(000's of $)	January 1 to March 31, 2005	October 1 to December 31, 2004	July 1 to September 30, 2004	April 1 to June 30, 2004
Sales and operating revenue:				
As Reported	$ 254,233	$ 343,341	$ 331,153	$ 283,343
Purchase Accounting Impact	3,934	3,667	3,156	n/a
Adjusted	258,167	347,008	334,309	283,343
EBITDA				
As Reported	$ 5,313	$ 23,189	$ 20,266	$ 17,429
Purchase Accounting Impact	3,463	3,188	2,780	n/a
Adjusted	8,776	26,377	23,046	17,429
Net earnings:				
As Reported	$ (2,337)	$ 16,503	$ 8,934	$ 9,578
Purchase Accounting Impact	4,549	5,091	9,867	n/a
Adjusted	2,212	21,594	18,801	9,578
Basic and diluted net earnings per unit	0.04	0.40	0.35	n/a
Distributable cash [1]	5,851	20,981	17,988	n/a
Cash distributions declared [1]	16,251	21,234	12,931	n/a
Special non-cash distributions	-	4,984	-	-

[1] *In the quarter July 1, 2004 to September 30, 2004, distributable cash and cash distributions declared are for the period from commencement of operations, July 20, 2004, to September 30, 2004*

OFF-BALANCE SHEET ARRANGEMENTS

The Brick Group is exposed to risks of default on certain Brick Card balances owned and underwritten by one of its unrelated external service providers. This limited recourse liability relates only to the unique situation whereby the service provider initially declines to accept the customer's credit application but subsequently accepts the application upon the Brick Group's authorization. The customer account balances outstanding related to this arrangement totaled $6.6 million as at March 31, 2006 (December 31, 2005 - $7.4 million, March 31, 2005 - $9.7 million). Based on historical collection experience, the Brick Group estimates the total collection defaults on these outstanding balances to be $1.7 million and, therefore, has accrued a liability in respect of this obligation in the financial statements for the period ending March 31, 2006 (December 31, 2005 - $0.7 million, March 31, 2005 - $0.5 million).

The increase in exposure was impacted by the transition of in-house collection efforts to a third party collection agency. In addition to addressing this transition, and based on the increased exposure to potential collection defaults and the resulting increased reserve, management has effectively ceased the granting of credit to those customers whereby the service provider initially declines to accept the customer's credit application. No adverse impact to the financial statements is anticipated as a result of the discontinuation of this program. For further information on off-balance sheet arrangements, see notes 19 and 20 of the audited consolidated financial statements of The Brick Group Income Fund for the year ended December 31, 2005.

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 2005 Annual MD&A, except as below.

Allowance for Doubtful Accounts Methodology

During the quarter, management reviewed its methodology for the estimation of allowance for doubtful accounts receivable. As a result of this review, the methodology used to calculate the allowance was changed from the methodology used at December 31, 2005. The revised methodology, which management believes is more objective, includes identification of collection risk relative to the age of accounts receivables as well as identification of collection risk on a specific account basis. Previously, the risk of collection was based on more general assessments related to sales levels and overall historical collection rates. During the three months ended March 31, 2006, the allowance for doubtful accounts increased by $0.5 million.

CHANGES IN AND ADOPTION OF ACCOUNTING POLICIES

The accounting policies are the same as those disclosed in note 3 of the audited consolidated financial statements of The Brick Group Income Fund for the year ending December 31, 2005 as discussed below.

Section 3831 – Non-Monetary Transactions

In June 2005, the AcSB issued Handbook Section 3831, Non-Monetary Transactions, replacing Section 3830 of the same title. The new accounting standard, effective for non-monetary transactions initiated in periods beginning on or after January 1, 2006, requires all non-monetary transactions be measured at fair value unless certain conditions are satisfied.

The Brick Group has determined that there is no impact on the financial statements resulting from the adoption of Section 3831.

Implicit Variable Interests Under AcG-15

In October 2005, the Emerging Issues Committee of the CICA (the "EIC") issued Abstract No. 157, Implicit Variable Interests under AcG-15 (EIC-157), to address whether a company has an implicit variable interest in a VIE or potential VIE when specific conditions exist. An implicit variable interest acts the same as an explicit variable interest except it involves the absorbing and/or receiving of variability indirectly from the entity (rather than directly). The identification of an implicit variable interest is a matter of judgment that depends on the relevant facts and circumstances. EIC-157 became effective in the first quarter of 2006.

The Brick Group has determined that adoption of EIC-157 under AcG-15 does not have any effect on its financial position, results of operations or cash flows in the current period or the prior period presented.

Definite life intangible assets – Distribution Centre pre-opening costs

During the three month period ended March 31, 2006, the Brick Group began an expansion of its distribution centre infrastructure in an existing region with the opening of a new distribution centre. Accordingly, the Brick Group has adopted the following policy with regard to pre-opening costs associated with distribution centres in existing regions. Pre-opening costs related to distribution centres will be deferred and amortized on a straight-line basis over a period of five years.

The AcSB has recently issued Exposure Draft *Internally Developed Intangible Assets.* If approved, the revised standards will limit the deferral of certain expenditures, including pre-opening costs. The revised standards are expected to be effective for fiscal years beginning on or after October 1, 2006, and will require retroactive restatement. As a result, effective January 1, 2007, the Brick Group may be required to retroactively restate its financial statements to eliminate the deferral of pre-opening costs. As at March 31, 2006, the Brick Group had deferred pre-opening costs of $7,610.

INTANGIBLE ASSETS AND DEFERRED CHARGES

During the three month period ended March 31, 2006, the Brick Group capitalized $2,685 of pre-opening costs related to the opening of a new distribution centre.

FINANCIAL INSTRUMENTS AND OTHER 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 is exposed to foreign currency fluctuations to the extent that approximately 15% of inventory purchases are made in U.S. dollar prices. The Brick Group enters into foreign exchange contracts in U.S. dollars. These contracts are used to minimize a portion of the risk associated with future purchases of foreign currency denominated goods and services with an emphasis on those purchases that are expected to be completed the following month. These derivative contracts are not accounted for as hedges, are marked to market, and any changes in the market value are recorded in income or expense when the changes occur. The fair values of these instruments are recorded in accounts payable or accounts receivable.

As at March 31, 2006, a foreign exchange contract with a notional maturity amount of $2,261 CAD was outstanding with a term to maturity of 6 days and an unrealized gain of $74 CAD.

RISK FACTORS

The Brick Group's risk factors are substantially the same as those disclosed in the 2005 Annual MD&A and in its March 2006 AIF.

OUTLOOK

For the balance of the year, management remains primarily focused on executing against its rebannering initiative associated with leveraging the strength of The Brick banner and driving incremental EBITDA. In addition we continue to manage against our ongoing strategic growth initiatives, including the build out of our distribution infrastructure, the build out of our Quebec market presence, and the growth of our franchise operations and financial services segment.

Rebannering Initiative

Management is pleased with our results to date on the rebannering initiative, and remain on our timeline to complete this initiative.

- We have seen solid results, both on top line sales and bottom line profitability, with regard to our converted United Furniture locations. The balance of conversions have been completed as of the date of this MD&A.

- We have seen an improvement in sales trending for our previously bannered HomeShow locations as they transitioned to Brick Superstores, and we have seen marked improvement in margins for the one month in the first quarter for those locations operated as Brick Superstores. We continue to expect margin gains over prior year with the rebannered Superstores, given the elimination of HomeShow Club pricing and the increased alignment of product lines and advertising with the Brick banner.

- Our Sleep Better shops were rebannered to The Brick Mattress Store in the first quarter, in a relatively seamless transition for our customers.

We have locked in approximately $3 million of advertising efficiencies into our spending plans for the year, leveraging the strength of our core banner, The Brick. Management remains confident that we have taken those actions necessary, specifically for those locations impacted by this initiative, to deliver $4 million in incremental EBITDA in 2006. We anticipate realizing these gains primarily in the second half of the year.

The following chart illustrates our store count continuity for the period March 31, 2006 to December 31, 2006.

Store Count Continuity

	At March 31, 2006	Rebannering to be completed	Opening / Closing	2006 Projection
Corporate Stores				
Brick	77	7	2	86
Brick Clearance Centres	10	0	0	10
Superstore (previously Homeshow)	3	0	0	3
Mattress Store (previously Sleep Better)	12	2	13	27
UFW	70	-11	-2	57
Corporate Store Subtotal	172	-2	13	183
Franchise Stores				
Brick Franchise	20	2	6	28
UFW Franchise	1	0	0	1
Franchise Subtotal	21	2	6	29
Total Corporate and Franchise Stores	**193**	**0**	**19**	**212**

Transfer of United Furniture Operating Assets

As a result of the rebannering initiative, and in an effort to increase operating and administrative efficiencies, the Brick Group will be transferring all of the operating assets currently held in United Furniture Warehouse LP to The Brick Warehouse LP, and will in the future be operating its United Furniture banner from The Brick Warehouse LP limited partnership. United Furniture Warehouse LP will continue to exist in the Brick Group’s legal structure and no adverse impact to the consolidated financial statements of the Brick Group is anticipated as a result of this asset transfer.

Distribution Infrastructure

In 2006 we will consolidate, modernize and expand upon our existing distribution centre infrastructure.

- We consolidated our three pre-existing distribution centres in Ontario into our new, state of the art, distribution centre in Mississauga (859,000 sq ft). The facility opened in February of this year. We experienced increased costs in this first quarter associated with the relocation of these facilities into the Mississauga location, including typical opening inefficiencies. We expect these inefficiencies to stabilize within the second quarter. Pre-opening rents and operating expenses of $2.7 million were capitalized in the quarter and will be amortized over the next five years.

- We will open a new distribution facility in Calgary (300,000 sq ft), which will relieve pressure in our Edmonton based distribution facility. The Calgary distribution centre remains slated to open mid-summer 2006.

- We are also expanding our distribution centre in Burnaby, British Columbia, which is scheduled to open mid to late summer, 2006.

These initiatives coincide well with our rebannering initiative as we move towards simplifying the way we do business and increasing efficiencies. Concurrent with the build out of our distribution centres in Mississauga, Calgary and Burnaby, we will be working to rationalize our line haul routes to drive costs down as we support our store network.

The Quebec Market

To the end of the first quarter, we have 8 Brick stores in the Quebec market, in addition to a 350,000 square foot distribution centre supporting both current locations and future expansion. We have successfully carved out a material amount of retail sales from the market in the short time since our entry in mid 2004. Our competitors are responding and this is impacting our same store sales growth.

We will continue to expand upon our presence in the market with 3 new stores in 2006. We will leverage our existing advertising spend as well as our distribution centre infrastructure. In the first quarter of 2006, we adapted our advertising strategy to a more local, ‘made in Quebec’ approach, and are beginning to see results from this strategy.

Until we show sustained growth on our retail sales, we will continue to manage our costs, and above all, we will work to manage this market for the long term.

Franchise Locations

Sales revenues generated by our franchise stores continue to experience significant growth. We remain on track to having 29 franchised locations by December 31, 2006. Two of the franchise locations will be United Furniture conversions. Management continues its commitment to grow this segment of the business, which requires no capital investment from the Brick Group.

Financial Services Segment

As we have previously noted, the Financial Services segment continues to be a growing part of our business and provides stable cash flows through sales of credit insurance and product warranties. Our rebannering initiative will further provide opportunities for growth in this segment, through the rebannering of certain United Furniture locations. The addition of appliances and home electronics will create an opportunity to sell product warranties.

Beyond this organic growth, management will continue to focus on growing our financial services segment through the addition of third party clients to the portfolio of accounts.

Economic Environment

Despite the uncertainty over certain key economic indicators in 2006, management believes that the overall economy remains strong. We believe that the absolute numbers associated with the leading indicators such as housing starts and resales, unemployment, interest rates and energy costs remain at levels that should not significantly impact consumer spending in our industry.

We have seen increases in interest rates to date as well as forecasts for the year to be higher than initially anticipated by management. To counter the increased cost to the Brick Group, management has taken steps to mitigate the cost impact of those increases upon its Brick Card third party financing program, while also ensuring that we remain competitive with our offerings to our customers.

Management remains focused on our mission to drive sales, grow profitability, and to ultimately maintain sustainable and stable levels of distributions. We believe our rebannering initiative, the build out of our distribution centre infrastructure, our support of the Financial Services segment, our ongoing development of the franchise business, and our ongoing focus on our cost structure, are all aligned with the interests of our unitholders and our mission.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2006, the Brick Group's management has evaluated the effectiveness of the Brick Group's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators and has concluded that such controls and procedures are operating effectively.

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.