

Message from the President and Chief Executive Officer

Despite making a significant effort to drive positive financial performance, the financial results of The Brick Group Income Fund for the third quarter were disappointing.

In comparison with the same period last year, we faced increasingly challenging economic conditions, particularly when considered against the comparative quarter 2007, which included same store sales growth of 7.7% and an increase in year-over-year EBITDA of 35.6%. During the third quarter of 2008, same store sales growth was essentially flat compared to last year, with total sales growth, including sales at franchise stores, increasing 2.6%.

The largest impact on sales was from Western Canada, with negative same store sales growth of 5.3%, compared to positive growth of 10.8% for the comparative quarter last year. However, we were pleased with same store sales growth of 3.9% in Eastern Canada.

Gross margin dollars grew by 0.8%, but this increase was offset by a 5.1% rise in SG&A expenses. As a result, EBITDA declined 21.1% on a year-or-year basis to \$20.6 million. The Financial Services segment of our business, which is less vulnerable to the impact of short-term economic conditions, remains strong, showing a 9.6% year-over-year increase in EBITDA. This segment continues to be a significant contributor to cash flow.

Management anticipates that the fourth quarter will continue to be challenging for the Fund and is taking appropriate action to mitigate the impact of continuing unfavourable economic trends. For the balance of the year, we will focus on:

- 1) driving profitable sales;
- 2) maximizing gross margin;
- 3) reducing SG&A; and
- 4) conserving cash.

We remain on track to invest approximately \$30 million this year in new stores, IT and distribution capability, compared to \$16 million last year. We believe these investments will be accretive and will increase our profitability and help us gain market share. With a less-than-favourable economic outlook for the fourth quarter, and an uncertain outlook for 2009, management expects to face continuing challenges that will require a primary focus on cash preservation in the months ahead.

During the next fiscal year, capital spending will be undertaken on very selective basis, focusing only on those projects with a high potential to deliver significant returns on investment.

We believe our current financial position is sound. For example, the three-year operating credit facility we signed in April 2008 incorporates terms that are favourable in relation to prevailing market rates. Also, our customers have access to credit through our Brick Card, which is a key, stable driver of our business that is supported by our agreements with our two major lending partners.

It is also important to note that the traditional Brick stores, as well as the new Urban Brick banner which was launched October 17, 2008 and is directed to condo dwellers, are marketing the dominant brands in their respective product lines. As a result of the value proposition that these brands offer to consumers regarding price, quality and confidence, we expect them to assist us in gaining market share despite a slowdown in the overall economy.

For these reasons, we believe we are positioning the company to outperform the competition, despite economic headwinds and competitive challenges we will face in the fourth quarter and into fiscal 2009. The Brick's strong brand position as a value-driven retailer should serve us well in an economic downturn.

On behalf of the Brick team, I wish to thank you for your support.

"Kim Yost"

Kim Yost
President and CEO

November 3, 2008