

August 8, 2006

**Letter from the President and Chief Executive Officer**

On behalf of our employees and our fellow trustees, we are pleased to report to you on the results of our second quarter and our first half of 2006.

For the 23<sup>rd</sup> consecutive month since becoming an income fund, we continue to meet all of our distribution commitments. Our distributable cash payout ratio for the last twelve months ended June 30, 2006 was 92.7%, which reflects a 6.8 percentage point improvement over our December 31, 2005 year end distributable cash payout ratio. 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. With our performance to date, we are moving in the right direction.



We are pleased with our results to the end of June 30, 2006. We've accomplished much in these first six months of 2006 and we believe we are well positioned for the balance of 2006 to deliver strong results. On top of strong first quarter results, we have been successful in delivering a sequentially second consecutive strong quarter, showing improvement in our second quarter EBITDA over the same period last year. For the first half of 2006, we have grown same store sales by 7.9% and reported EBITDA by \$5.1 million, or 24% over the same period last year.

The following are some key highlights, compared to the same period last year:

	<b>Second Quarter, 2006</b>	<b>First Half, 2006</b>
Total Sales Growth	+6.8%	+11.6%
Same Store Sales Growth	+4.1%	+7.9%
Reported EBITDA - \$	+\$0.7 million	+\$5.1 million
Reported EBITDA - % change	+ 4%	+24%

We have focused our efforts on executing against two key initiatives during the first half of 2006.

Our rebanner initiative, which was designed to leverage the strength of The Brick banner, is on track to deliver our stated target of \$4 million of incremental EBITDA for

the year, for those stores impacted by the initiative. We have completed the rebannered of those stores identified in the first quarter, and we remain pleased with results to date.

Our second key initiative was focused on the expansion of our distribution centre infrastructure. In the first half of 2006, we opened two new state of the art distribution centres, including our 859,000 square foot Mississauga, Ontario distribution centre, and most recently, our 300,000 square foot distribution centre in Calgary, Alberta. Together with the expansion of our Burnaby, BC distribution centre scheduled for late summer, our expanded capacity across Canada will support increased sales of our existing locations as well as new locations to be added over the coming years.

Our results were negatively impacted in both quarters of this year, as we incurred both planned and unforeseen costs associated with opening these two new distribution centres. Management believes these costs, which primarily consisted of incremental labour, freight, delivery and storage costs, will not reoccur as we progress into the second half of 2006.

Despite the incremental costs associated with the development of our infrastructure, we were successful in driving EBITDA growth of 24% over the first half of 2005. In addition, with the conversion and transition work related to both the rebannered initiative and the opening of the distribution centres behind us, we believe we are well positioned to drive strong bottom line performance during the second half of 2006. We believe these initiatives will also support The Brick Group for long term sustainable growth.

Management continues to believe the Brick Group is well positioned to endure potential economic and competitive challenges in 2006. Our rebannered initiative, the build out of our distribution centre infrastructure, the continued growth of our financial services segment, our ongoing development of the franchise business, and our continued focus on our cost structure, all position us for growth and to maintain sustainable and stable levels of distributions.

On behalf of the Brick team, we thank you for your support.

*“Kim Yost”*

Kim Yost  
President and CEO