

No. S080752

Vancouver Registry



IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, as amended**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.B.C 2002 c. 57

AND

**IN THE MATTER OF BACKBAY RETAILING CORPORATION, and
GRAY'S APPAREL COMPANY LTD.**

FIFTH REPORT OF DELOITTE & TOUCHE INC., MONITOR

JUNE 5, 2008

Deloitte.

Mariposa Stores Limited Partnership

Fifth report of Deloitte & Touche Inc., Monitor

June 5, 2008

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Appendix A – Procedural Order dated May 31, 2008

1. Introduction

1.1 Procedural Order dated May 31, 2008

On May 29, 2008, Backbay Retailing Corporation and Gray's Apparel Company Ltd., both corporate entities that together own Mariposa Stores Limited Partnership ("Mariposa" or the "Company") (collectively, the "Petitioners") filed a Notice of Motion to seek the Court's approval of the Company's Procedural Order under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended ("CCAA"). The Procedural Order was to allow the Petitioners to file its Plan of Arrangement with its creditors and to obtain the Court's consent to the Asset Purchase Agreement which was entered into by the Petitioners and 656750 Ontario Limited ("656") on May 1, 2008, but which was subject to Court approval (the "Agreement").

On May 31, 2008 this Honourable Court granted the Procedural Order which was sought by the Petitioners, a copy of which is attached as Appendix A. The Procedural Order authorized the Petitioners to conclude the Agreement which they had reached with 656. While the Agreement was not filed with this Honourable Court and the specific terms were not disclosed, we have been made aware that the terms of the Agreement have been amended at the request of 656.

1.2 Material Change

The Monitor's report to Court, dated May 29, 2008, was based on the terms which had been reached by the parties with the assistance of their advisors, in the Agreement. Upon the Procedural Order being obtained we have been advised by counsel for the Petitioners that 656 was not prepared to conclude the transaction on the terms contained within the Agreement which contemplated a closing date of June 1, 2008. The parties have reached a further agreement which has preserved the effective closing date of June 1, 2008. We are advised by the Company's counsel that the purchase price has been paid in escrow as of today's date and that payment of the purchase price to the Company is now to occur by June 30, 2008 ("Transition Date").

In addition to the change of the Transition Date, further amendments were made with respect to which party is responsible for the operating costs and revenues to the Transition Date. The original Agreement entered into was that the Company would receive 50% of the sale proceeds from the Company's inventory, with the balance being retained by 656, and 656 would be fully responsible for the operating costs, at the purchased locations. The amended agreement directs that the Company receives 100% of the sale proceeds from the Company's inventory however the Company is fully responsible for the operating costs, at the purchased locations. While 656 is not required to place inventory in the purchased locations prior to the Transition Date, any inventory which is placed and sold by the Company prior to the Transition Date will be 50% to the benefit of the Company.

The delay in closing the transaction and the additional cost which the Company will incur as a result of 656's delay has resulted in additional professional costs being incurred by the Company and will result in additional operating costs being incurred. The actual net additional costs cannot be fully ascertained as there will be additional revenue earned; however the delay in the closing of the transaction will ultimately result in a lower realization for the Company's creditors. The Company has been and remains challenged by its cash flow position and this delay in the closing will result in further cash flow constraints for the Company.

2. Conclusion

The Monitor has a duty to report to this Honourable Court on any significant material changes with respect to the Company's operations. The delay in the closing of the sale to 656 is a material change for the Company and its creditors. We continue to recommend that this sale is in the best interest of the Company's creditors. The transaction has now completed and the sales proceeds have been paid to the escrow agent and are to be paid to the Company on or before the Transition Date.

All of which is respectfully submitted this 5th day of June, 2008.

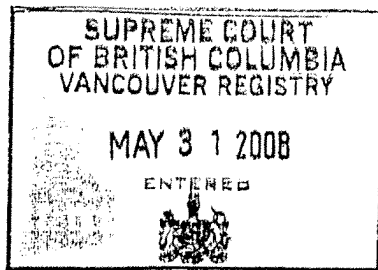
Deloitte & Touche Inc.

In its capacity as court-appointed Monitor of
Mariposa Stores Limited Partnership
and not in its personal capacity.



Jervis Rodrigues, CA-CIRP
Senior Vice-President

Appendix A –
Procedural Order date May 31, 2008



No. S080752
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IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R. S. C. 1985, c. C-36, as amended

AND

BACKBAY RETAILING CORPRATION AND
GRAY'S APPAREL COMPANY LTD.

(Collectively the "Petitioners")

PETITIONERS

PROCEDURAL ORDER

BEFORE THE HONOURABLE
MR. JUSTICE HINKSON

~~SATURDAY 31~~ ST
) ~~FRIDAY~~, THE 30th DAY OF MAY,
) 2008 ~~ST~~

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia this day; AND UPON HEARING Magnus C. Verbrugge, counsel for the Petitioners, Kibben Jackson, counsel for the Monitor, Deloitte & Touche Inc., and the other counsel listed in **Schedule "H"** hereto, AND UPON READING the material filed, including the Affidavit #5 of John M. McNamara sworn May 27, 2008 and filed, and the Affidavit #6 of John M. McNamara sworn May 30, 2008 and filed:

1. Any capitalized term not otherwise defined in this Order shall have the meaning set out in the Plan of Compromise or Arrangement ("**Plan**") filed in this proceeding by the Petitioners.
2. The Petitioners may, on a consolidated basis, file and circulate the Plan substantially in the form annexed to the May 27, 2008 Affidavit #5 of John M. McNamara (as amended as discussed in the May 30, 2008 Affidavit #6 of John M. McNamara), to be considered and voted upon by the Creditors.

MEETING OF CREDITORS

3. The Petitioners shall hold a meeting ("**Meeting**") of each Class of Creditors of the Petitioners, to consider and vote on the Plan, at 10:00am on Friday, July 25, 2008, at Borden Ladner Gervais, Suite 1200 - 200 Burrard Street, Vancouver, British Columbia.
4. The quorum required at the Meeting shall be one of each Class of Creditors present in person or by Proxy. If the requisite quorum is not present, or if the Meeting is postponed by a vote of the majority in number of the Creditors present in person or by proxy, the Meeting shall be adjourned by the Chair to a later date, time and place designated by the Chair.
5. The Meeting shall be conducted as set out in the Plan.

PROOF OF CLAIM PACKAGE

6. No later than June 6, 2008 the Petitioners will send to each creditor currently known to the Petitioners (hereinafter referred to as a "Creditor") in the manner prescribed in this Order, the proof of claim ("**Proof of Claim**") form annexed as Schedule "A", the Notice to Creditors annexed as Schedule "B", a copy of this Order, the Voting Letter annexed as Schedule "E", the Proxy annexed as Schedule "F", a copy of the Plan, and such other explanatory and supplemental materials as the Petitioners or the Monitor may deem appropriate (collectively, the "**Proof of Claim Package**"), to the address of each Creditor as shown on the records maintained by the Petitioners.

7. If the Petitioners become aware of any further claims of persons not currently known to be Creditors after the date of initial distribution, the Petitioners shall forthwith distribute copies of the Proof of Claim Package to such persons, but the entitlement of each such person to receive notice is abridged to the date the Proof of Claim Package is distributed to each such person, subject to further order of this Court.

8. The Petitioners may distribute the Proof of Claim Package to Creditors by ordinary mail, personal delivery, facsimile, e-mail / .pdf file, or other electronic means, or any combination thereof, as determined by the Petitioners in their sole discretion. Mailing shall be deemed to be effective on the day of mailing.

9. The delivery of the Proof of Claim Package shall constitute good and sufficient service of such materials.

CLAIMS PROCEDURE

10. Each Creditor must, on or before July 15, 2008 (the "**Claims Bar Date**"), deliver to the Petitioners a Proof of Claim in the form attached as **Schedule "A"**, and the Petitioners shall provide to the Monitor copies of all Proofs of Claims received. Subject to any further Order of this Court, any Creditor who does not submit a Proof of Claim by the Claims Bar Date shall not be entitled to participate in any dividend payable under the Plan to Creditors, and such Creditor shall be forever barred from enforcing its Claim against the Petitioners.

11. Where a Proof of Claim is filed by a Creditor, the Petitioners will be deemed to have accepted the Claim as set forth in the Proof of Claim unless they deliver to the Creditor a Notice of Disallowance in the form attached as **Schedule "D"** on or July 31, 2008.

12. If the Petitioners do not agree with a Creditor's Proof of Claim, they shall, after consultation with the Monitor, issue a Notice of Disallowance (in the form of **Schedule "D"**) to that Creditor and the Monitor on or before July 31, 2008, disallowing that Creditor's Claim in whole or in part.

13. Upon receipt of a Notice of Disallowance, a Creditor may:

- (a) no later than 10 days after receipt of the Notice of Disallowance, deliver to the Petitioners a Notice of Dispute (in the form of **Schedule "C"**), objecting to the disallowance, in whole or in part, of its claim; and
- (b) no later than 30 days after receipt of the Notice of Disallowance, file and serve on legal counsel for the Petitioners a Notice of Motion seeking to determine that portion of the Creditor's claim that was disallowed by the Petitioners.

14. Unless such Notice of Dispute is resolved between the Creditor and the Petitioners, the Creditor's claim will be submitted by the Creditor to the Monitor, who will attempt on a without prejudice basis to mediate the dispute and facilitate an agreement between the Petitioners and the Creditor. If the claim is still not resolved within 10 days of being submitted to the Monitor, the claim will be resolved by the Court upon subsequent application by the Creditor, supported by affidavit material, to be filed and served upon counsel for the Petitioners on or before that date which is two clear business days prior to the Creditor's application to the Court.

15. A Creditor who does not file a Notice of Dispute within 10 days of receipt of a Notice of Disallowance or does not file and serve a Notice of Motion within 30 days of receipt of such Notice of Disallowance, shall be deemed to have accepted the Petitioners' determination of the amount due and owing to the Creditor as at the Date of Filing of February 1, 2008, and such Creditor shall be forever barred from advancing any other Claim against the Petitioners.

16. The Petitioners shall deliver to each employee who is terminated during these proceedings a notice setting out the name and address of the terminated employee, and the Petitioners' calculation of the "severance amount" for such terminated employee which shall be an amount equal to the greater of (a) the statutory termination and/or severance pay payable to such terminated employee, and (b) such terminated employee's entitlement to payment on termination in accordance with the Petitioners' employment policy. The "severance amount" shall constitute a Claim in respect of the terminated employee under the Plan, unless such terminated employee files a Proof of Claim in a different amount than the "severance amount".

EXTENSION OF STAY OF PROCEEDINGS

17. The stay of all proceedings against the Petitioners, and other relief provided for in the Order of Mr. Justice Hinkson pronounced February 29, 2008 in this proceeding, is hereby extended to 5:00 p.m. on August 31, 2008.

COURT SANCTIONING OF PLAN

18. The Monitor shall report to the Court the results of the Meeting. If the Plan is approved by the required majorities of Creditors, the Petitioners shall within 5 days of the Meeting bring a motion seeking a Plan Approval Order sanctioning the Plan.

ASSET PURCHASE AGREEMENT

19. The Petitioners are at liberty to complete the agreement dated May 1, 2008 (the "**Purchase Agreement**") made with 656750 Ontario Limited (the "**Purchaser**") for the sale of certain leases and related assets (collectively, the "**Purchased Assets**") of the Petitioners in accordance with the terms and conditions of the Purchase Agreement, and are hereby authorized to execute and deliver such documents as may be contemplated by the Purchase Agreement and as may be necessary to complete the transactions contemplated thereby.

20. The *Bulk Sales Act*, R.S.O. 1990, c.B.14 and any other applicable bulk sales legislation shall not apply to the purchase and sale of the Purchased Assets.

21. Upon the closing of the transactions contemplated by the Purchase Agreement, the Purchased Assets shall be transferred to and shall vest in the Purchaser free and clear of all claims, demands, actions, suits, liabilities, liens, encumbrances, security interests and charges whatsoever.

22. Upon the closing of the transactions contemplated by the Purchase Agreement, the Trademarks and Trade Name (as defined in the Purchase Agreement) (the "**Trademarks**") to be sold by

Gerhard Horn Investments Ltd. to the Purchaser under a Trademark and Trade Name Purchase Agreement (the "**Trademark Agreement**") concurrently with the closing of the Purchase Transaction, shall be transferred to and shall vest in the Purchaser free and clear of all claims, demands, actions, suits, liabilities, liens, encumbrances, security interests and charges whatsoever, save and except as provided in the Trademark Agreement.

23. The Petitioners are hereby authorized to assign and transfer the Petitioners' real property leases in respect of the Petitioner's retail stores listed in **Schedule "G"** (individually referred to as a "Lease" or collectively as the "Leases") to the Purchaser in accordance with the terms of the Purchase Agreement, and upon such assignment and transfer, the Leases shall be assigned and transferred to, and assumed by, the Purchaser as tenant thereunder, and the need for the approval or consent of the landlords under the Leases to the transfer, assignment and assumption of the Leases by the Petitioners to the Purchaser, if required under the terms of the Leases, is hereby dispensed with, and subject to the payment of rent from and including June 1, 2008 and to the observance of and performance from and including June 1, 2008 of the terms, covenants and conditions contained in each Lease on the part of the tenant therein to be observed and performed, the Purchaser may enter into and upon and hold and enjoy each premises contemplated by the Lease (and any renewals and all rights, benefits and privileges that may be personal to the tenant named in the Leases or any predecessor in interest) for its own use and benefit without any interruption from the Petitioners, the landlords under the Leases or any person whomsoever claiming through or under the Petitioners or the landlords under the Leases.

24. No landlord under any Lease, nor any person claiming through any landlord under any Lease shall, upon the assignment, transfer and assumption of such Lease by the Purchaser hereunder or under the Purchase Agreement, make or pursue any demand, claim, action or suit against the Purchaser relating to any matter that arose prior to June 1, 2008, or exercise any right or remedy under such Lease which may arise due to any default, non-performance or breach by Mariposa prior to the date of the assignment of such Lease, including without limitation:

- (a) the assignment, transfer or assumption of such Lease hereunder or under the Purchase Agreement; or
- (b) the Petitioners having sought or obtained relief under the CCAA,

and for greater certainty but without limitation, no landlord under any Lease shall, upon the assignment, transfer and assumption of such Lease hereunder or under the Purchase Agreement, make or pursue any demand, claim, action or suit against the Purchaser relating to any matter that arose prior to June 1, 2008, or increase any amount payable under such Lease pursuant any term of such Lease (or charge any amount pursuant to the terms of such Lease) that would permit such increase or charge by reason of any default, non-performance or breach that would otherwise arise under the Lease including without limitation, due to any default, non-performance or breach by Mariposa prior to the date of the assignment of such Lease, including without limitation as a result of the actions contemplated by either of subparagraphs (a) or (b) above. For greater certainty, the landlords under such Leases shall be forever barred and estopped from taking such action.

25. In connection with the assignment of the Leases to the Purchaser, the Petitioners shall be entitled to pay to the landlords the amounts that the Petitioners consider to be properly owing under the subject Leases, and that are required by the landlords under such Leases in connection with such landlords' consent to the assignment of such Leases to the Purchaser or that are required to cure past defaults under the Leases that are capable of being cured by a monetary payment, regardless of whether such amounts became due and owing to such landlords before or after the Date of Filing, and to the extent that the Petitioners have made any such payments prior to the date of this Order, such payments are

approved *nunc pro tunc* and the Purchaser shall not be obliged to make any further payment to the landlords in connection therewith.

26. From the period beginning June 1, 2008 and ending on August 31, 2008 (unless the transactions contemplated by the Purchase Agreement are consummated, in which case such period shall end on June 30, 2008), the Petitioners or the Purchaser, as the case may be, shall be entitled to pay rent to the landlords under the Petitioners' current real property leases on a pro-rated basis, on the first day and the sixteenth day of each calendar month, relating respectively to the period from the first day to the fifteenth day of each such month, and the period from the sixteenth day to the last day of each such month.

27. Upon the closing of the transactions contemplated by the Purchase Agreement, the Petitioners shall be entitled to pay from the proceeds of sale received from the Purchaser any statutory lien claims that would be paid in priority to the claims of creditors in a bankruptcy of the Petitioners, including amounts owing to Canada Revenue Agency in respect of unremitted GST collected by the Petitioners and by Mariposa Stores Limited Partnership, regardless of the date that such obligations arose.

HEAD OFFICE AND WAREHOUSE LEASE

28. The Lease (the "**West First Lease**") dated August 25, 2005 between Mariposa Stores Limited Partnership and Pinnacle International (West First) Plaza Inc. ("**Pinnacle**") in respect of the offices and warehouse located at 88 West 1st Avenue in Vancouver, British Columbia (the "**Demised Premises**") shall be terminated and shall be of no further force or effect as of August 31, 2008. Mariposa Stores Limited Partnership any other person that may be in possession of or occupying all or part of the Demised Premises will deliver vacant possession of the Demised Premises on or before August 31, 2008 in accordance with the terms of the West First Lease. As of August 31, 2008, if vacant possession of the Demised Premises has not been delivered by Mariposa Stores Limited Partnership to Pinnacle, Pinnacle shall have immediate entry to and occupation and use of the of the Demised Premises and a writ of possession shall be issued without further order of this Court.

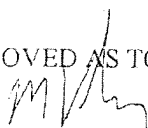
29. In consultation with Pinnacle, Mariposa Stores Limited Partnership will use reasonable efforts to vacate all or a portion of the Demised Premises before August 31, 2008.

30. Until August 31, 2008, and subject to paragraph 27 hereof, the West First Lease shall remain in full force and effect and Mariposa Stores Limited Partnership will continue to make regular payments of rent thereunder.


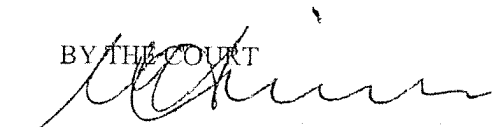
MISCELLANEOUS

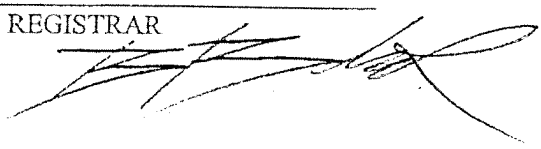
31. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

APPROVED AS TO FORM:



Counsel for the Petitioners


BY THE COURT


DISTRICT REGISTRAR


DISTRICT REGISTRAR

SCHEDULE "A"

**IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.**

(Collectively the "Petitioners")

CREDITORS' PROOF OF CLAIM

PURSUANT TO THE

COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")

Please read carefully the instructions accompanying this Proof of Claim. Please print legibly.

Full Name of Creditor: _____

(the "Creditor")

Full Mailing Address of Creditor: _____

(All notices and correspondence
regarding your Claim will be
forwarded to this address)

Fax No. _____

Telephone No. _____

Attention: _____

CLAIM DETAILS

Please indicate the amount of your Claim as against each of the Petitioners as at February 1, 2008, and the currency. Do not include Post-Filing Claims (see attached Schedule). "Claim" has the meaning set forth on the attached Schedule. Please total all Claims against all of the Petitioners and fill in the Total Claim Amount where indicated (below). All amounts in U.S. dollars will be converted to Canadian dollars at the Bank of Canada spot rate of exchange for exchanging U.S. dollar to Canadian dollars as at February 1, 2008.

<u>The Petitioners</u>	<i>Amount</i>	<i>U.S.\$</i>	<i>CAN \$</i>
Backbay Retailing Corporation	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Gray's Apparel Company Ltd.	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Mariposa Stores Limited Partnership	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Total Claim Amount:		\$ _____	\$ _____

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

1. I am the Creditor (or I am the _____ [title] of the Creditor).
2. My Claim is unsecured in the amount of \$ _____.
3. I have knowledge of all the circumstances concerning the Claim hereafter referred to.
4. Attached as schedules to this Proof of Claim are:
 - (a) a statement of account, affidavit of solemn declaration showing the amount of the Claim;
 - (b) documents which establish the validity and amount of the Claim; and
 - (c) a description of the transaction or agreement giving rise or relating to the Claim.

DATED at _____, this _____ day of _____, 2008.

(Signature of Witness)

(Signature of individual completing this form)

(please print name)

(please print name)

In order to participate in any distribution under the Plan, the duly completed Proof of Claim, together with all schedules and accompanying documents, must be returned to the Petitioners, at the following address on or before the **Claims Bar Date of July 15, 2008**:

Mariposa Stores Limited Partnership
88 First Avenue West
Vancouver, BC
V5Y 3K8

Attention: Douglas R. Bowley
Fax: (604) 873-4561

If your Claim is disallowed in whole or in part, then by July 31, 2008, the Petitioners will send you a Notice of Disallowance along with particulars as to how you may dispute the Notice of Disallowance. If you do not receive a Notice of Disallowance by that deadline, then the Petitioners have accepted your Claim for the purpose of voting and receiving distributions under the Plan of Arrangement to be filed by the Petitioners in the CCAA proceedings.

SCHEDULE TO PROOF OF CLAIM FORM

“Claim” means any right or claim of any Person against any one or more of the Petitioners whatsoever, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Petitioners, which indebtedness, liability or obligation is in existence at the Filing Date and which is not a Post-Filing Claim, and any interest that may accrue thereon up to and including the Filing Date where there is an obligation to pay such interest, pursuant to the terms of any contract with such Person, by operation of statute or other law or in equity, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist on or before the Filing Date, together with any claims that would have been claims provable in bankruptcy had the Petitioners become bankrupt on the Filing Date including, without restriction, a claim arising after the Filing Date as a result of the termination of an executory contract or lease by any of the Petitioners as part of the restructuring of the business of the Petitioners.

“Filing Date” means February 1, 2008

“Person” includes all of the Petitioners’ current and former shareholders and directors, creditors, customers, suppliers, contractors, lenders, customs, brokers, purchasing agents, landlords and lessors (including, without limitation, equipment lessors and lessors of real property and immoveables), sub-sublandlords, tenants, sub-tenants, licensors and licensees, issuers of permits or holders of permits, grantors of indefeasible rights of use or holders of indefeasible rights of use, the federal and provincial Crown, municipalities or any other entity exercising executive, legislative, judicial regulatory or administrative functions of or pertaining to government in Canada, the United States or elsewhere and any corporation or other entity owned or controlled by or which is the agent of any of the foregoing, and any other person, firm, corporation or entity wherever situate or domiciled.

“Post-Filing Claim” means any right or claim of any Person against the Petitioners whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Petitioners, with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, arising from or caused by, directly or indirectly, any action taken by the Petitioners from and after the Filing Date.

SCHEDULE "B"

NOTICE TO CREDITORS

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")

AND

IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.

(Collectively the "Petitioners")

TAKE NOTICE that by Order of the Supreme Court of British Columbia dated May 30, 2008 the Petitioners have been directed to solicit claims from all Creditors for the purpose of determining which Creditors will be entitled to vote on and participate in the Plan of Arrangement filed by the Petitioners in the proceedings commenced under the CCAA in Supreme Court of British Columbia Action No. S080752.

In order to participate in any voting or distribution associated with the Plan or the CCAA proceedings, any party having a claim against the Petitioners or any of them must deliver to the Petitioners a Proof of Claim form on or before the **Claims Bar Date of 5:00 p.m.** (Vancouver time) on July 15, 2008.

A Proof of Claim form may be obtained by contacting Kwame Moloko at the Petitioners' office at (604) 640-4903.

The Claims Bar Date for filing Proofs of Claims is July 15, 2008; all claims are to be filed by this date.

SCHEDULE "C"

No. S080752
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
R.S.C. 1985, c. c-36

AND

IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.
(Collectively the "Petitioners")

NOTICE OF DISPUTE

TO: THE PETITIONERS

We give you notice to our intention to dispute the Notice of Disallowance issued by the Petitioners.

- (a) Name of Creditor: _____
- (b) Reasons for Dispute: _____
- _____
- _____
- _____

(attach full supporting documentation, if any)

Signature of Individual completing this Dispute) Date

(Please print name)

Telephone Number: _____

Fax Number: _____

Full Mailing Address: _____

THIS FORM IS TO BE RETURNED BY COURIER OR FAX TO EACH OF THE FOLLOWING:

COUNSEL for the Petitioners:

Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
1200 – 200 Burrard Street,
PO Box 48600
Vancouver, BC V7X 1T2

Attention: Magnus C. Verbrugge
Fax: (604) 622-5898

- AND -

The MONITOR:

Deloitte & Touche Inc. CCAA Monitor of
Mariposa Stores Limited Partnership
2800 – 1055 Dunsmuir Street,
PO Box 49279
Vancouver, BC V7X 1P4

Attention: Kwame Moloko
Fax: (604) 899-7005

SCHEDULE "D"

No. S080752
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
R.S.C. 1985, c. c-36

AND

IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.

(Collectively the "Petitioners")

NOTICE OF DISALLOWANCE

Name of Creditor: _____

Pursuant to the Procedural Order, the Petitioners give you notice that your Proof of Claim dated _____, 2008 has been reviewed and the Petitioners have revised or rejected your Claim for the following reasons:

Subject to further dispute by you in accordance with the provisions of the Proof of Claim, your claim will be allowed for voting and distribution purposed in the following amount: \$ _____.

DATED at Vancouver, British Columbia, Canada this _____ day of _____, 2008

BACKBAY RETAILING CORPORATION
GRAY'S APPAREL COMPANY LTD.
MARIPOSA STORES LIMITED PARTNERSHIP

Per: _____
Authorized Signatory

SCHEDULE "E"

No. S080752
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
R.S.C. 1985, c. c-36

AND

IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.

(Collectively the "Petitioners")

VOTING LETTER

I, _____, representative
of _____, a creditor

in the above matter, am indebted for the sum of \$ _____ (Canadian Funds), hereby
request the Monitor acting with respect to the CCAA of the Petitioners to record my vote

For
Against

the acceptance of the Plan of Compromise or Arrangement of the Petitioners as made on the 30th day of
May, 2008.

Dated at the City of _____, in the Province / State of _____
this ____ day of _____, 20 ____.

Signature of Witness

Signature of Creditor

Name and Title of Signing Officer

SCHEDULE "F"

No. S080752
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
R.S.C. 1985, c. c-36

AND

IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.

(Collectively the "Petitioners")

PROXY

I / We, _____ (name of creditor), of the City of _____, in the
Province / State of _____, a creditor in the above matter, hereby appoint
_____ of the City of _____, in the Province / State
of _____ to be my proxy in the above matter, except as to the receipt of
dividends, with power to appoint another proxy in his or her place.

Dated at the City of _____, in the Province / State of _____, this _____
day of _____, 20 ____.

Signature of Witness

Signature of Creditor

Name and Title of Signing Officer

(Where a creditor is a corporation, the proxy must be completed and signed in the Corporate
Name)

SCHEDULE "G"

Leases

<u>Store #</u>	<u>Mall Name</u>	<u>Location</u>
11	Metrotown T.C.	Burnaby, BC
18	Coquitlam Centre	Coquitlam, BC
22	Guildford S.C.	Surrey, BC
27	Willowbrook S.C.	Langley, BC
30	Mayfair	Victoria, BC
41	Pine Centre	Prince George, BC
49	Chahko Mika	Nelson, BC
60	Kingsway Garden	Edmonton, AB
70	Parkland	Red Deer, AB
74	Deerfoot Outlet	Calgary, AB
75	Sunridge	Calgary, AB
84	Park Place	Lethbridge, AB
89	Medicine Hat	Medicine Hat, AB
90	Lloyd Mall	Lloydminster, AB
95	Midtown Plaza	Saskatoon, SK
103	Polo Park	Winnipeg, MB
110	St. Vital C.	Winnipeg, MB
111	Kildonan Pl.	Winnipeg, MB
119	White Oaks	London, ON
125	Lynden Park	Brantford, ON
136	Timmins Sq. S.C.	Timmins, ON
137	Timmins Sq. S.C.	Timmins, ON
163	Cottonwood Mall	Chilliwack, BC

SCHEDULE "H"

Counsel Appearing

Magnus Verbrugge and Martha Martindale, counsel for the Petitioners and Mariposa Stores Limited Partnership

Magnus Verbrugge, counsel for Gerhard Horn Investments Ltd.

Kibben Jackson, counsel for the Monitor, Deloitte & Touche Inc.

Wendy Petersmeyer and Kirat Khalsa, counsel for Canada Revenue Agency

David A. Garner, counsel for Ivanhoe Cambridge Inc., 20 Vic Management Inc., Omers Realty Management Corporation and Morguard Investments Inc.

No. L041260
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
R.S.C. 1985, c. c-36

AND

IN THE MATTER OF BACKBAY RETAILING CORPORATION AND
GRAY'S APPAREL COMPANY LTD.

PROCEDURAL ORDER

MCV (502148/000092)

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