

Deloitte.

Mariposa Stores Limited Partnership

Sixth report of Deloitte & Touche Inc., Monitor

September 2, 2008

Table of contents

- 1. Introduction.....2
 - 1.1 Procedural Order dated May 31, 2008.....2
 - 1.2 Monitors' Fifth Report to Court.....2
 - 1.3 Meeting of Creditors to Consider the Plan of Compromise or Arrangement2
 - 1.4 Reconvened Meeting of Creditors3
- 2. Conclusion.....4

Appendix A – Procedural Order dated May 31, 2008

Appendix B – Minutes of the Creditor’s Meeting, July 25, 2008

Appendix C – Minutes of the Reconvened Creditor’s Meeting, August 25, 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**.

1.2 Monitors' Fifth Report to Court

On June 6, 2008 the Monitor filed its Fifth Report to Court which notified the Court that subsequent to the Procedural Order being obtained the Monitor had 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. However, that the parties had reached a further agreement which preserved the effective closing date of June 1, 2008 and which saw the payment of the funds from escrow on June 25, 2008.

A group of landlords sought leave to appeal the Procedural Order pronounced on May 31, 2008. The basis for the appeal was that the Procedural Order had authorized the assignment of certain leases without the consent of the respective landlords. The issues raised by the landlords were:

- o Does the Court have jurisdiction within the context of a CCAA proceeding to grant an order that goes beyond preserving the status quo and imposes amendments to the terms of a contract on companies that are not parties to the CCAA proceeding?
- o Did the Landlord Group act unreasonably in the circumstances?

The application was heard on July 10, 2008 and on July 11, 2008 the Honourable Madam Justice Levine rendered her Reasons for Judgment and ordered that the application for leave to appeal be dismissed.

1.3 Meeting of Creditors to Consider the Plan of Compromise or Arrangement

On July 25, 2008 a meeting of the Petitioners' creditors was held as contemplated by the Procedural Order. There was a quorum present and the meeting was properly constituted. The creditors present were notified by the Petitioners' legal counsel that the Petitioners were seeking to adjourn the meeting to August 25th for the following reasons:

1. The Petitioners had not disclaimed their interest in their remaining property leases and accordingly the landlords had not had an opportunity to file and vote their claims.
2. The claims filed by a number of creditors had been significantly greater than the Petitioners had anticipated and the Petitioners would be issuing a significant number of Disallowance Notices, primarily to landlords, employees and some suppliers. The Petitioners required additional time to assess Mariposa's options and determine if it was still in the best interest of the creditors to continue with the CCAA proceeding or whether it would be more beneficial to all creditors for an assignment in bankruptcy to occur.

The meeting was adjourned to August 25th and the Petitioners agreed that any landlords whose leases were terminated after the July 15th Claims Bar Date would be provided an opportunity to file their claims by August 20th. A copy of the minutes of the Meeting of Creditors is attached as **Appendix B**.

During the period between the meetings of creditors, July 26th to August 22nd Mariposa attempted to address various creditors' claims including those of landlords whose leases were to be disclaimed. By the July 31st deadline, the Petitioners had issued Notices of Disallowance to 35 creditors.

The Petitioners were aware that some of the landlords had, or were going to, file claims for future rent based on the valuation method provided for Division I Proposals, under the *Bankruptcy and Insolvency Act*. The Petitioners had attempted to negotiate reduced claims with their landlords in order to minimize the impact of those creditors' claims on the remaining creditor pool and in turn avoid bankruptcy. The Petitioners were seeking to limit the landlords' claims to two months of continued occupation rent, with Mariposa vacating the locations by October 31st. The Petitioners proposed this option as they had determined that all of the landlords will have a three month preferred claim in a bankruptcy and this proposal would allow the landlords to locate tenants for the lucrative Christmas season, versus potentially having a trustee in bankruptcy occupying the premises to the end of November.

The Petitioners were unable to reach an agreement with the landlords and they have determined that they have no alternative but file for bankruptcy to maximize the recovery for all creditors.

1.4 Reconvened Meeting of Creditors

On August 25, 2008 the meeting of the Petitioners' creditors was reconvened. There was a quorum present and the meeting was properly constituted. The creditors present were notified that Mariposa had been unable to negotiate an arrangement with their landlords and accordingly they had notified the Monitor that they would be filing an assignment in bankruptcy. A copy of the minutes of the Reconvened Meeting of Creditors is attached as **Appendix C**.

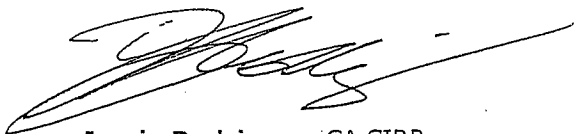
2. Conclusion

Pursuant to the Procedural Order the Monitor has a duty to report to this Honourable Court on the results of the Creditors Meeting. The creditors did not vote on the Petitioners Plan as the Petitioners were unable to reach agreements with their creditors which would result in a better return to the creditors than would occur in a bankruptcy. As a result, the Petitioners have advised the Monitor that the Company will be assigned into bankruptcy prior to the Stay of Proceedings expiring on August 31, 2008.

All of which is respectfully submitted this 2nd day of September, 2008.

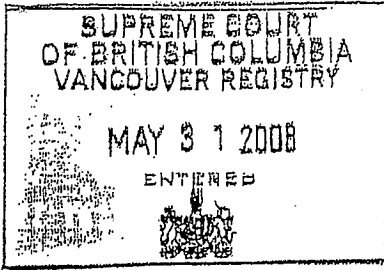
Deloitte & Touche Inc.

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 dated May 31, 2008



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

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 ~~BY~~

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 Petitioner's 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.

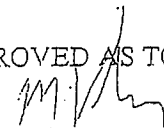
29. In consultation with Pinnacle, Mariposa Stores Limited Partnership will use reasonable efforts to vacate all or a portion of the Demised Premises before August 31, 2008.

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


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)

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Telephone: (604) 687-5744
Attn: Magnus C. Verbrugge

Appendix B –
Minutes of the Creditor's Meeting, July 25, 2008

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.

(the "Petitioners")

Minutes of the Creditors' Meeting
Held on the 25th day of July, 2008 at 10:05 am
at the offices of Borden Ladner Gervais
1200-200 Burrard Street, Vancouver, BC

In attendance were:

Jervis Rodrigues, Deloitte & Touche Inc.
Melinda McKie, Deloitte & Touche Inc.
John McNamara, President of the Petitioners
Kal Bains, Vice President of the Petitioners
Magnus Verbrugge, Borden Ladner Gervais LLP (counsel for the Petitioners)
Kibben Jackson, Fasken Martineau Dumoulin LLP (counsel for the Monitor)
Creditors listed on the attached attendance register which forms an integral part of these minutes

Mr. Rodrigues called the meeting to order at 10:05am and introduced himself as the Chairman of the meeting and a Senior Vice President of Deloitte & Touche Inc., *Companies' Creditors Arrangement Act* ("CCAA") Monitor of the Petitioners. Mr. Rodrigues requested everyone in attendance to introduce themselves.

Mr. Rodrigues advised that there was quorum present and that the meeting was properly constituted. Mr. Rodrigues advised that the requisite documents (Notice to Creditors, Plan, Procedural Order, Monitors Report, Proof of Claim, Voting Letter and General Proxy) had been mailed and that the documents had been tabled at the meeting. Mr. Rodrigues indicated that given the Monitors report had been mailed to the creditors it was assumed that everyone would have read the report and accordingly he did not propose reading it at the meeting.

Mr. Rodrigues advised that the purpose of the meeting was to discuss the Petitioners' Plan and their restructuring / CCAA process to date. Mr. Rodrigues advised that the Petitioners had filed their petition on February 1, 2008 and that a Stay of Proceedings has been in place since that date. Mr. Rodrigues

requested that Mr. Verbrugge provide the attendees at the meeting with an update on the status of the Petitioners and that he advise on the need for an amendment to the Plan.

Mr. Verbrugge advised that the Plan had been sent to the creditors in the claim package and that the Petitioners would be seeking to adjourn this meeting to August 25th and would be seeking to obtain the consent of the creditors to do this. Mr. Verbrugge advised there were two reasons for the adjournment.

The first reason is with respect to the landlords and the leases which have not yet been terminated. Mr. Verbrugge advised that it had been anticipated that all claims, including the landlords, would have been crystallized by the time of this meeting, however it has taken more time than anticipated. Accordingly, in order that the landlords can be notified of lease terminations and be provided with an opportunity to file and vote their claims, in the same manner as the other creditors, there is a need for the meeting to be adjourned. Mr. Verbrugge proposed that the landlords whose leases are terminated after the July 15th Claims Bar Date, be provided an opportunity to file by August 20th.

The second reason is due to the Petitioners working to realize on all of their assets to maximize the value for the creditors. Mr. Verbrugge advised that the Maynard's sale of the Petitioners inventory has not gone as well as Mariposa had hoped and that the Petitioners are working to improve the realizations at this time. In order to provide the creditors with sufficient information to vote, the Petitioners and the Monitor will need to conclude the inventory sales, or be further along in order that realizations will be known. Mr. Verbrugge advised that the other significant asset that needs to be realized upon is a receivable from a related company, C.F. Berg which operates in the Pacific North West of the US. Mr. McNamara and Ms. Bains are in the process of seeking a purchaser for the US locations in a similar manner to what occurred in Canada in order to be able to pay a pro-rata distribution to C.F. Berg's creditors, which would include Mariposa.

Mr. Verbrugge advised that there is also a process of assessing the claims which needs to be completed and should the Company dispute any claims they will need to issue a Notice of Disallowance. Should the creditor object there may need to be a Court determination of the claim. Mr. Verbrugge advised that the Petitioners need to consider all of their options which may include making an assignment in bankruptcy, in order to maximize the return to the creditors. Mr. Verbrugge advised that the analysis has not yet been completed but that it needs to be done to determine the best process for the Petitioners to take.

Mr. Verbrugge advised that he was seeking his a motion to adjourn the meeting to August 25th.

Mr. Rodrigues advised that from the Monitors perspective there is a need to allow the landlords to file their claims and accordingly there is a need to adjourn the meeting. Mr. Rodrigues also agreed that the Petitioners do need to assess whether they wish to have the CCAA continue or whether it ma be more beneficial to have a bankruptcy and for Mariposa to assign itself into bankruptcy. Mr. Rodrigues advised that Mr. McNamara and Ms. Bains have worked exceedingly hard to realize on the assets and that given Mr. McNamara and Ms. Bains are also creditors he had the confidence that the decision that is made will be to provide the best realization to the creditors. Mr. Rodrigues advised that the Monitor will need to work with the Petitioners on the assessment, but in the interim there is a need to adjourn.

The creditors were asked if there were any questions.

It was asked by Mr. Mizinski if there is a pecking order for the creditors. Mr. Verbrugge advised that there is one class of creditors and the available funds will be shared on a pro-rata basis.

Mr. McNamara asked the legal counsel who is representing four landlords on who the Petitioners should be speaking with in assigning leases. Mr. Jackson indicated that the matter raised could be discussed after the meeting and there was no need to keep all parties present to discuss the matter.

There being no further question or matters to discuss, Mr. Rodrigues asked for a motion to adjourn the meeting to August 25, 2008.

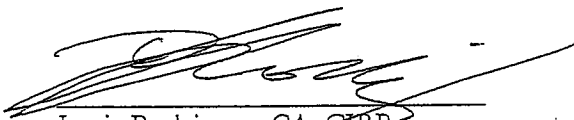
A motion to adjourn the meeting was made by Ms. Bains and seconded by Mr. McNamara.

The meeting was adjourned at 10:20 am.

Dated at Vancouver this 25th day of July, 2008.

DELOITTE & TOUCHE INC.

In its capacity as CCAA Monitor of
Backbay Retailing Corporation and
Gray's Apparel Company Ltd. and
not in its personal capacity.



Jervis Rodrigues, CA, CTRP

ATTENDANCE LIST

Petitioner and Representative

MARIPOSA STORES LIMITED PARTNERSHIP, BACKBAY RETAILING, GRAY'S APPAREL

[Handwritten signature]
M.V. King

- MAGNUS VERBRUGGE, BORDEN LADNER GERVAIS LLP

Monitor - Deloitte & Touche Inc. and Counsel

[Handwritten signature]
KIBREN JACKSON

[Handwritten signature]
JERVIS RODRIGUES

Creditors present or represented

	SIGNATURE	REPRESENTING	AMOUNT OF CLAIM
1	<i>[Handwritten signature]</i>	ESTERANE BARCODE	14,115.67
2	<i>[Handwritten signature]</i>	ANISOT GROUP	8385.13
3	<i>[Handwritten signature]</i>	MARIPOSA/KAL BAINS	\$
4	DAVID GARNER	MORGUARD/IVANHOE/20 VIK/OMERS	TBA
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			

→

07

Appendix C –
Minutes of the Reconvened Creditor's Meeting,
August 25, 2008

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.

(the "Petitioners")

Minutes of the Reconvened Creditors' Meeting
Held on the 25th day of August, 2008 at 10:02 am
at the offices of Borden Ladner Gervais
1200-200 Burrard Street, Vancouver, BC

In attendance were:

Melinda McKie, Deloitte & Touche Inc.
Magnus Verbrugge, Borden Ladner Gervais LLP (counsel for the Petitioners)
Creditors listed on the attached attendance register which forms an integral part of these minutes

Ms. McKie called the meeting to order at 10:02am and introduced herself as the Chairman of the meeting and a Senior Vice President of Deloitte & Touche Inc., *Companies' Creditors Arrangement Act* ("CCAA") Monitor of the Petitioners.

Ms. McKie advised that there was quorum present in person or by proxy and that the meeting was properly constituted. Ms. McKie advised that this was the re-ad adjournment of the July 25, 2008 creditors meeting as a motion had been made at that meeting to amend the plan to address landlord claims. Ms. McKie advised that Mr. Jack McNamara, President, and Ms. Kal Bains, Vice President, of the Petitioners had had been attempting to negotiate an arrangement with the landlords in order to avoid bankruptcy however they were unable to reach an agreement. As a result, the Stay of Proceedings which is in place will expire on August 31, 2008 and the Petitioners intend to make an assignment in bankruptcy.

Ms. McKie asked if there were any questions and if not she advised she would be seeking a Motion to adjourn the meeting generally.

Ms. Urquhart advised that with the mailing that went to the landlords the actual plan amendment was not included; it was only two letters from the Petitioners which were sent. Mr. Verbrugge advised that the intent had been to have the Petitioners send a black lined version of the amended plan. Ms. McKie advised that she recently became aware that the Petitioners had not sent a copy of the black lined version

to the landlords. Ms. Urquhart indicated they were able to obtain a copy from Mr. Jackson of Fasken Martineau DuMoulin, however she wanted to table this matter.

There being no further question or matters to discuss, Ms. McKie asked for a motion to adjourn the meeting generally.

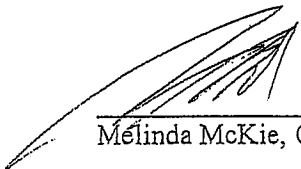
A motion to adjourn the meeting was made by Ms. Urquhart and seconded by Mr. McKie as Proxy for Accord.

The meeting was adjourned at 10:05 am.

Dated at Vancouver this 25th day of August, 2008.

DELOITTE & TOUCHE INC.

In its capacity as CCAA Monitor of
Backbay Retailing Corporation and
Gray's Apparel Company Ltd. and
not in its personal capacity.



Melinda McKie, CMA, CIRP

ATTENDANCE LIST

Petitioner and Representative

Monitor - Deloitte & Touche Inc. and Counsel

Creditors present or represented

	SIGNATURE	REPRESENTING	AMOUNT OF CLAIM
1		COUNSEL FOR PETITIONERS	N/A.
2		Accountant for landlords.	
3		" " "	
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

www.deloitte.ca

© Deloitte & Touche LLP and affiliated entities.

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services through more than 7,600 people in 56 offices. Deloitte operates in Québec as Samson Bélair/Deloitte & Touche s.e.n.c.r.l. The firm is dedicated to helping its clients and its people excel. Deloitte is the Canadian member firm of Deloitte Touche Tohmatsu.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, its member firms, and their respective subsidiaries and affiliates. As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms have any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," or other related names. Services are provided by the member firms or their subsidiaries or affiliates and not by the Deloitte Touche Tohmatsu Verein.



Member of
Deloitte Touche Tohmatsu