

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.

PETITIONERS

AFFIDAVIT OF SCOTT CAMPBELL
(sworn May 29, 2008)

I, SCOTT CAMPBELL, of the City of Toronto, Province of Ontario, MAKE OATH AND SAY:

1. I am a partner with the law firm McLean and Kerr LLP, the solicitors for the Respondents OMERS Realty Management Corporation, Ivanhoe Cambridge Inc., Morguard Investment Corporation and 20 VIC Management Inc. on behalf of OPB Realty Inc., (the "M&K Landlord Group") and as such have personal knowledge of the matters to which I hereinafter depose. Where such knowledge is based upon the information of others, I verily believe it to be true.

2. I make this affidavit to provide further particulars of the on going discussions regarding the assignment of the M&K Landlord Group leases.

3. Our firm has been retained by OMERS Realty Management Corporation and Morguard Investments Limited to prepare, negotiate and arrange for execution of the assignment

of lease agreements for the proposed assignment of lease transaction between Mariposa Stores Limited Partnership ("Mariposa"), as assignor, and 656750 Ontario Limited ("Ontario Limited"), as assignee.

4. It is a standard condition of the M&K Landlord Group's consent to an assignment of a lease that the assignee agree to be bound by all of the tenant's obligations and covenants in the lease, and it is a standard requirement in commercial retail leases that an assignee enter into an agreement in writing with the landlord in which the assignee agrees to be liable for all of the tenant's obligations and covenants in the lease.

5. OMERS Realty Management Corporation and Morguard Investments Limited have advised me that they are prepared to consent to the assignment of the leases to Ontario Limited in accordance with the applicable terms and conditions of the lease, provided that Ontario Limited agree to be bound by all of the tenant's obligations and covenants in the lease, as stipulated in the leases.

6. On May 29, 2008, I had a telephone conversation with Leslie Fluxgold of Fluxgold, Izsak, Jaeger LLP, the solicitor for Ontario Limited, and was advised that it was his belief that his client would not sign an assignment of lease agreement which included the following provision (which provision is provided for in the lease):

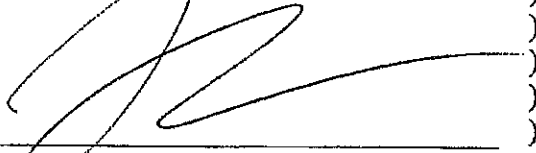
- (a) that Ontario Limited will "indemnify and save harmless the landlord from and against any loss, costs, and damages arising out of any non-observance or non-performance of any of the terms, covenants and conditions in the lease to be observed and performed on the part of the tenant".

7. On the basis of the foregoing, I was advised by Mr. Fluxgold that it was his belief that we would not be able to settle the form of the assignment of lease agreement if this clause

remained in the assignment of lease agreement and that, in light of the fact that a motion was pending for an order compelling the assignment of the leases notwithstanding that the leases required the landlord's written consent, Ontario Limited would wait for the hearing of the within motion.

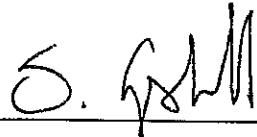
8. I swear this affidavit in response to the motion brought by Mariposa and for no other nor improper purpose.

SWORN before me at the City of
Toronto, in the Province of Ontario, this
29th day of May, 2008.



Commissioner for Taking Affidavits

LINDA GALESSIERE
BARRISTER AND SOLICITOR



SCOTT CAMPBELL