

Greetings,

2019 First Quarter Communication

This communication includes an update to our status under the Companies' Creditors Arrangement Act (**CCAA**) and the current environmental assessment, monitoring and remediation activities that are ongoing in the Hounsfield Heights-Briar Hill Community (HH-BH).

CCAA Proceedings

On February 15th, 2019 the Ontario Superior Court of Justice (the **Court**) granted an order authorizing a meetings of the creditors of Sears Canada and related entities to consider and vote on a plan of compromise and arrangement (the **Plan**). The Plan deals primarily with a mechanism for distributing funds to unsecured creditors with proven claims against Sears Canada and the other related entities.

On March 25th, 2019, the Monitor announced the adjournment of the meetings of creditors in order to provide the Monitor with additional time to resolve certain outstanding disputed claims in the estate. The Monitor will advise creditors when the meetings have been rescheduled.

Pursuant to the Governance Protocol Order approved by the Court on December 3rd, the Monitor continues to manage and supervise the remaining matters to be resolved in the CCAA Proceedings including:

- the resolution of certain outstanding disputed claims;
- the sale of the remaining owned real estate assets;
- the distribution of proceeds of the Sears Canada Entities; and
- the pursuit of litigation for the benefit of Sears Canada.

For more information on the CCAA, including copies of the orders referred to above, please visit the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada>.

Environmental Update

When we last communicated with you in January, we informed you of mediation meetings scheduled by the Environmental Appeals Board of Alberta (the **EAB**) involving Sears, Concord North Hill GP Ltd. and Suncor Energy Inc., the parties (the **EPO Parties**) named on the Environmental Protection Order (the **EPO**). The EPO Parties met with EAB on February 27th and again on March 20th. The meetings were productive and allowed the EPO Parties to express their views, positions and concerns with respect to the EPO and their role in any on-going remediation efforts. The EPO Parties' discussed, among other things,

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the responsible transition of the implementation, monitoring and management of an approved Remediation Plan going forward.

Absent an agreement among the EPO Parties that would resolve the pending appeals, the EAB has scheduled a court hearing for June 4th and 5th in order to hear arguments from the parties as to whether they are proper parties to the EPO.

Sears, along with its environmental consultant, Clifton, continue the work required to comply with the EPO. During the first quarter, Clifton completed the Semi Annual Fall Groundwater Monitoring report and submitted it to the various stakeholders including AEP. Clifton also completed the Semi Annual Winter Soil Vapour sampling event. By and large the results are consistent with prior events with only one well showing an exceedance. More tests are in progress to ensure no health risk to the community and to confirm if this exceedance is related to the contamination plume.

The proposed Remediation Plan, which Clifton (on behalf of Sears) submitted to AEP in December 2018, calls for a retrofit/upgrade to the Dual Phase Vapour Extraction System (DPVE), as well as the installation of a liquid activated carbon barrier along 11th Avenue NW. The DPVE retro-fit will be completed to ensure its continued effectiveness into the foreseeable future while the activated carbon barrier is intended to contain the plume as well as to remediate contaminants as they pass through. The Spring Groundwater Monitoring and Sampling program will commence in April with the subsequent reporting scheduled for the middle of June.

In February 2019, AEP provided its comments on the proposed plan. A meeting between AEP, Clifton and Sears was held on March 19th to discuss the comments and to request further clarifications. Sears and Clifton will provide further feedback to AEP in the coming weeks with a view to finalizing the plan so that it can then be implemented.

We will continue to communicate quarterly to residents, by way of written update posted on the Sears North Hill website, and more frequently should significant new developments arise. Sears and Clifton appreciate the opportunity to provide this update to the residents of HH-BH. If you have any questions or concerns, please feel free to contact one of the Sears or Clifton representatives listed below.

Yours sincerely,

Greg Paliouras, Divisional Vice-President,
Construction, Energy and Maintenance Sears Canada Inc.
700 - 290 Yonge Street, Toronto, Ontario M5B 2C3 T (416) 460 5457

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Greg.Paliouras@Sears.ca

Clifton Contact: Stephen d'Abadie, MEng
Environmental Scientist/Regional Manager Clifton Associates
2222 – 30th Avenue NE, Calgary, Alberta T2E 7K9 T (403) 263 2556 Ext 4139
Stephen_dAbadie@Clifton.ca

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