

Greetings,

2019 Fourth 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

As reported previously, in September 2019, the Ontario Superior Court of Justice (the Court) approved an extension of the CCAA stay period until March 31, 2020. Sears Canada (Sears) and FTI Consulting Canada Inc., the Court appointed Monitor (the Monitor), continue to manage and administer the estates of Sears and its subsidiaries, including resolving outstanding disputed claims, overseeing the sale of the remaining real estate, and pursuing certain litigation against former owners and directors of Sears.

Before proceeding with a meeting of Sears' creditors to consider and vote on a plan to distribute the remaining cash to creditors, the Monitor will seek an order quantifying the amount of a reserve (Reserve) to satisfy the estimated costs to conduct the monitoring and remediation activities contemplated under the revised remediation plan (RRP) for Calgary North Hill and Hounsfield Heights. This RRP was established as a response to the environmental protection order (EPO) issued and amended by Alberta Environment and Parks (AEP) in 2018 and was approved by the Minister in September 2019. Following a hearing to determine the Reserve, the Monitor intends to seek a determination from the Court regarding the priority of the Reserve amount as against the claims of other Sears creditors.

For more information on the CCAA, including copies of the proposed draft plan of compromise and arrangement, please visit the Monitor's website at <http://cfcanada.fticonsulting.com/Searscanada>.

Environmental Update

Since we last communicated with you in October 2019, an Environmental Appeal Board (EAB) hearing was held on December 3, 4 and 5 to consider various appeals filed in respect of the EPO including the responsible parties and the scope of the work to be completed. The EAB has confirmed that its report and recommendations to the Minister will be issued no later than January 18, 2020.

Sears, along with its environmental consultant, Clifton, continue the work required to comply with the RRP and the EPO approved by the Minister. In that regard, during the fourth quarter of 2019, Clifton completed the installation of a Permeable Reactive Barrier along 11th Avenue NW. A report documenting the installation of the barrier will be available

within the first quarter of 2020. Copies of all reports can be found on the Sears Canada Website at <https://Searscanadaepo.Sears.ca>.

The Dual Phase Vapour Extraction System (DPVE) continues to operate within the northern portion of the Hounsfield Heights community. As mentioned in our previous quarterly update, this retrofit will ensure the continued effectiveness of the DPVE going forward.

Clifton is currently wrapping up the Fall 2019 Groundwater Monitoring and Sampling Event, which will include a monitoring natural attenuation assessment. Additional items to be completed within the first and second quarter of 2020 include:

-) Permeable Reactive Barrier Performance Monitoring;
-) Winter 2020 Soil Vapour Sampling Program;
-) Liquid Petroleum Hydrocarbon assessment (access requests and subsurface investigation);
-) Additional Hydraulic Conductivity Testing;
-) DPVE Performance Assessment; and
-) Spring 2020 Groundwater Monitoring and Sampling.

In addition to the above activities, an updated Remediation Schedule as presented in Table 9.1 of the approved RRP will be provided to all stakeholders within the first quarter of 2020.

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 Stephen d'Abadie from Clifton at the contact information shown below.

Yours sincerely,

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