

Greetings,

## 2019 Third 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

In September 2019, the Ontario Superior Court of Justice (the **Court**) approved an extension of the **CCAA** stay period until March 2020. **Sears** Canada (**Sears**) and FTI Consulting, the Court appointed Monitor (the **Monitor**), continue to manage and administer the **Sears** and its subsidiaries, including, primarily, resolving outstanding disputed claims, overseeing the sale of the remaining real estate, and pursuing certain litigation against former owners of **Sears**. Before proceeding with a meeting of **Sears** creditors to consider a vote on a plan to distribute the remaining cash to said creditors, the **Monitor** has put forward a motion to set up a reserve amount (**Reserve**) to satisfy any costs that Sears Canada may be required to pay to conduct remediation activities required 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 recently approved in September 2019..

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

When we last communicated with you in July, we informed you of Sears' ongoing efforts to reach an agreement to transition the RRP to the other **EPO Parties**. It now appears that this matter will likely be going in front of the Environmental Appeal Board (**EAB**) for resolution. The **EAB** has scheduled a court hearing for December 3, 4 and 5.

**Sears**, along with its environmental consultant, Clifton, continue the work required to comply with the **RRP** and the **EPO**. During the third quarter of 2019, Clifton completed the report for the spring groundwater monitoring event, also it completed the summer soil vapour sampling event. The results of these tests indicate no risk to health and human safety or the community. Copies of all reports can be found on the **Sears** Canada Website at <https://SearsCanadaepo.Sears.ca>.

The Dual Phase Vapour Extraction System (**DPVE**) retrofit was completed in the second quarter and commissioned early in the third quarter. As mentioned in our previous quarterly update, this retrofit will ensure the continued effectiveness of the **DPVE** going forward.

For copies of current or historical documentation, please visit the Environmental Site Assessment Repository (ESAR) website at [www.esar.alberta.ca/esarmain.aspx](http://www.esar.alberta.ca/esarmain.aspx) > and enter a PBL Search for Plan: 8210266

Lastly, beginning in November 2019, Clifton will be providing supervision of InSitu Remediation Services Ltd. as they complete the injection of a permeable reactive barrier along 11<sup>th</sup> Avenue NW. The barrier which extends laterally between 15<sup>th</sup> Street NW and 16A Street NW along 11<sup>th</sup> Avenue will involve the advancement of up to 90 temporary injection locations to a maximum depth of approximately 20 m below ground surface. The injections locations which will be 0.04 m in diameter and spaced approximately 3 m apart are intended to create a continuous barrier along 11<sup>th</sup> Avenue. Due to utility conflicts the barrier will be off-set in some locations.

Due to the nature of injecting product into a formation, there is a remote chance that the remedial reagents may rise to the ground surface. If this occurs the reagents will be contained and cleaned up immediately by trained personnel.

Clifton and its contractor will maintain and control traffic along 11<sup>th</sup> Avenue during the duration of the project to ensure a safe work space. We will also work with residents living along 11<sup>th</sup> Avenue to minimize any impact to entering and exiting their residence by vehicle.

The program will continue until January and work will commence during the day at approximately 8 am and be completed each day by 5 pm, Monday to Saturday. If you have any questions or concerns throughout the duration of the injection program, please contact Stephen d'Abadie with Clifton at 403-701-8226 or [Stephen\\_dabadie@clifton.ca](mailto:Stephen_dabadie@clifton.ca)

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,

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