

Greetings,

2020 First Quarter Communication

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

CCAA Proceedings

On March 31, 2020, the Ontario Superior Court of Justice (the Court) approved an extension of the CCAA stay period until September 30, 2020. Sears Canada (Sears) and FTI Consulting, the Court appointed Monitor (the Monitor), continue to manage and administer the Sears estate and the CCAA Proceedings, including resolving certain disputed claims against Sears, preparing a revised and amended plan of arrangement or compromise (the Plan) that will be presented to creditors for their consideration and approval, implementing the Plan (subject to approval of creditors and the Court), making distributions to creditors with proven claims as contemplated under the Plan and pursuing certain litigation against former owners of Sears.

On December 3-5, 2019, the Alberta Environmental Appeals Board (the EAB) heard the appeals of parties named in an Environmental Protection Order issued by the Province of Alberta in early 2018.

Following the appeals hearing, on February 3, 2020, the EAB released a report and recommendations in respect of the EPO which were subsequently implemented into a ministerial order dated February 5, 2020, by the Alberta Minister of Environment and Parks.

In brief, the effects of those recommendations and order are to:

- a) maintain the general parameters of the remediation plan under the EPO, subject to enhanced reporting and monitoring requirements;
- b) remove Concord as a party to the EPO; and
- c) maintain Suncor as a party to the EPO, with equal obligations for conduct of the remediation plan.

On March 31, 2020, the Court issued an order approving an amount of \$8.433 million as a reserve to conduct the revised remedial action plan contemplated under the EPO, as amended by the February 5th ministerial order. The reserve amount is approximately \$700k greater than what was sought by Sears late last year, which reflects the increased monitoring and reporting recommended by the EAB.

The Monitor, Suncor and the Director of Alberta Environment and Parks are currently in discussions related to the priority of the reserve amount as against the claims of the unsecured creditors of Sears. If these parties are unable to reach agreement on this issue, the Monitor or those parties may return to Court for a determination.

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

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 January 2020, Sears, along with its environmental consultant, Clifton, continue the work required to comply with the RRP and the EPO approved and amended by the Minister. In that regard, during the first quarter of 2020, Clifton completed the Fall 2019 Groundwater Monitoring and Sampling Event as well as the Winter 2020 Soil Vapour Monitoring Program. Reports documenting these events will be available by May 2020. Clifton has also continued with their performance monitoring program associated within the installation of the Permeable Reactive Barrier along 11th Avenue NW. A report documenting the installation of the Permeable Reactive Barrier will also be available in May 2020. The results from the performance monitoring associated with the Permeable Reactive Barrier will be provided within the semi-annual groundwater monitoring and sampling event reports. Lastly, in first quarter of 2020, Clifton provided to Alberta Environment and Parks as well as all other stakeholders a copy of the Revised Remediation Schedule as well as the 2019 Annual Report, a requirement set forth in the EPO and confirmed in the Ministerial Order.

Copies of all reports, along with these quarterly communications, can be found on the Sears Canada Website at <https://Searscanadaepo.Sears.ca>.

The Dual Phase Vapour Extraction (DPVE) System continues to operate within the northern portion of the Hounsfield Heights community. As mentioned in our previous quarterly update, the retrofit will ensure the continued effectiveness of the DPVE going forward. Clifton has also begun performing a performance assessment of the DPVE system with its contractor Sequoia Environmental Remediation Inc. The purpose of the performance assessment is to determine if any further modifications are required to the system in order to ensure its effectiveness in the removal of residual liquid petroleum hydrocarbon.

Clifton is currently wrapping up the reporting requirements for items completed in the first quarter of 2020. Additional items to be initiated within the second and third quarter of 2020 include:

-) Continued Permeable Reactive Barrier Performance Monitoring;
-) Spring 2020 Groundwater Monitoring and Sampling Event;
-) Spring/Summer 2020 Soil Vapour Sampling Program;
-) Liquid Petroleum Hydrocarbon assessment including engaging residents to potentially obtain access to their property;
-) Address amendments to the Revised Remediation Plan as stated within the Ministerial Order;
-) Additional Hydraulic Conductivity Testing; and
-) Continued DPVE performance assessment.

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In addition to initiating the above tasks, changes to the communication strategy as part of the Ministerial Order which will also be undertaken are part of the Site management moving forward, include:

- Identifying a Key Communication Contact for all stakeholders;
- Responding to inquiries from the community within 5 business days, in writing;
- Developing an effective two-way communication strategy with consultation from the residents; and
- Continuing the use of the communications website to provide regular status updates, copies of all finalized, stamped reports and a summary of the results from all finalized reports.

Mr. Stephen d'Abadie of Clifton has currently been identified as the Key Communication Contact for all stakeholders.

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,

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