



December 28, 2017

Dear Hounsfeld Heights – Briar Hill Community

**North Hill - Environmental Monitoring and Remediation**

Please accept our apologies for not providing our regular fourth quarter update. We wanted to make sure we were in a position to give you the most up-to-date information about Sears Canada and our restructuring, which is the reason for the delay. The purpose of this letter is to report on our restructuring under the *Companies' Creditors Arrangement Act* (CCAA), as well as drawing to your attention the constraints now facing us and our ability to continue to conduct ongoing monitoring and remediation of the affected areas of the Community.

On June 22, 2017, Sears Canada was granted court-ordered protection from its creditors under the CCAA, the purpose of which was to provide us with the necessary breathing room to attempt to restructure our affairs in order to emerge as a viable going-concern business. Those efforts continued for several months until October 2017, when it became apparent that we, together with our financial and other advisors, and with the assistance of FTI Consulting Canada Inc., the court-appointed Monitor, were unable to secure a credible bid for the business as a going concern.

During that period, and since then, we have continued to monitor and remediate the North Hill site and Hounsfeld Heights Community and to report to you, all in accordance with our sight management plan and in consultation with relevant stakeholders, including with your members and with Alberta Environment. As part of previous and current site management plans, we have incurred significant costs and performed extensive work over the past 20 years or so on and around the North Hill Centre. Among other things, we have held public meetings, conducted surveys of residents, performed extensive drilling, installed and operated a dual phase vapour extraction system (which is still in operation at this time), established a hydrocarbon monitoring system of the soil and groundwater, and conducted health risk assessments. As communicated to relevant stakeholders during this period, we have found no evidence of risk to human health.

Unfortunately, the effect of the failure to find a going-concern solution is that Sears Canada and our primary business are now in liquidation. This means we are in the process of selling all our remaining assets, including the inventory in our stores, as well as other businesses and assets, and laying off all our employees. The timing of completion of the liquidation is unclear, but we expect all our remaining retail stores to close before the end of January 2018, with the sale of our residual assets to continue until then and perhaps for some period beyond that date. The principal concern now of the company, as well as of the Monitor, which oversees our operations, including approving all our expenditures, is to maximize

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recovery for our creditors. To that end, on December 8, 2017, the CCAA court approved a claims procedure to permit creditors to make claims against the company and its directors and officers. The extent of any recovery will be dependent on the size of the claims and the amount available to satisfy them. Home owners may be entitled to make a claim through this process if they can prove they have suffered monetary damages as a result of the environmental conditions. The amount of any recovery will depend on each claimant being able to demonstrate to the satisfaction of the Monitor that it has a valid claim in the claims process; and the extent of any recovery will depend on the total size of all claims and the amount of money available to satisfy them. Additional information in respect of the claims procedure is available on the Monitor's website - <http://cfcanada.fticonsulting.com/searscanada/default.htm>.

In light of our current circumstances (including constraints placed on us by the CCAA court and the CCAA process, which is a court-supervised liquidation) and the obligation to maximize recoveries for creditors, despite our desire to allocate resources for this, we are unfortunately unable to make any commitments to continue further environmental work. We deeply regret this outcome, particularly because we have had a long history of successfully working with you and other stakeholders.

We have reviewed this with the Monitor, which shares this view.

Sincerely,



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