

Court File No. CV-17-11846-00CL

**SEARS CANADA INC.,
AND RELATED APPLICANTS**

THIRTY-THIRD REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

OCTOBER 23, 2019

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SEARS CANADA INC., 9370-2751 QUÉBEC INC., 191020 CANADA INC., THE CUT INC.,
SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., 9845488
CANADA INC., INITIUM TRADING AND SOURCING CORP., SEARS FLOOR
COVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741
CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041
ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC. AND
3339611 CANADA INC.

APPLICANTS

**THIRTY-THIRD REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. INTRODUCTION

1. On June 22, 2017, Sears Canada Inc. (“**Sears Canada**”) and a number of its operating subsidiaries (collectively, with Sears Canada, the “**Applicants**”) sought and obtained an initial order (as amended and restated on July 13, 2017, the “**Initial Order**”), under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The relief granted pursuant to the Initial Order was also extended to Sears Connect, a partnership forming part of the operations of the Applicants (and together with the Applicants, the “**Sears Canada Entities**”). The proceedings commenced under the CCAA by the Applicants are referred to herein as the “**CCAA Proceedings**”.

2. The Initial Order, among other things:
 - (a) appointed FTI Consulting Canada Inc. as monitor of the Sears Canada Entities (the “**Monitor**”) in the CCAA Proceedings;
 - (b) granted an initial stay of proceedings against the Sears Canada Entities until July 22, 2017 (the “**Stay Period**”); and
 - (c) scheduled a comeback motion for July 13, 2017 (the “**Comeback Motion**”).

3. Following the Comeback Motion, the Court extended the Stay Period. In addition, the following orders were issued:
 - (a) an order setting out the terms of the appointment of Ursel Phillips Fellows Hopkinson LLP as representative counsel for the non-unionized active and former employees of the Sears Canada Entities (“**Employee Representative Counsel**”);
 - (b) an order setting out the terms of the appointment of Koskie Minsky LLP as representative counsel to the non-unionized retirees and non-unionized active and former employees of the Sears Canada Entities with respect to pension and post-employment benefit matters (“**Pension Representative Counsel**”);
 - (c) an order authorizing the eventual suspension of special payments under the Sears Canada Pension Plan (the “**Pension Plan**”), certain payments in connection with supplemental pension plans, and certain payments under post-retirement benefit plans pursuant to a term sheet agreed to by the Ontario Superintendent of Financial Services, as Administrator of the Pension Benefits Guarantee Fund (the “**Superintendent**”), Employee Representative Counsel, Pension Representative Counsel, each of their respective representatives, and the Sears Canada Entities; and
 - (d) an order approving a sale and investor solicitation process to solicit interest in potential transactions, including investment and liquidation proposals, involving the business, property, assets and/or leases of the Applicants.

4. On July 18, 2017, the Court issued an order approving an agreement and a process for the liquidation of inventory and FF&E at certain initial closing Sears Canada locations.
5. On October 13, 2017, the Court issued, among other orders, an order approving an agreement and a process for the liquidation of the inventory and FF&E at all remaining Sears Canada retail locations.
6. The liquidation of all inventory and FF&E is now completed and all Sears Canada retail locations are closed.
7. The only remaining material asset of the Sears Canada Entities, other than possible litigation-related assets, that has not been sold is a real property asset located in Barrie, Ontario.
8. On December 8, 2017, the Court issued an Order (the “**Claims Procedure Order**”) approving a claims process for the identification, determination, and adjudication of claims of creditors against the Sears Canada Entities and their Officers and Directors.
9. On February 22, 2018, the Court issued an Employee and Retiree Claims Procedure Order (the “**E&R Claims Procedure Order**” and, together with the Claims Procedure Order, the “**Claims Procedure Orders**”) approving a process for the identification, determination, and adjudication of claims of employees and retirees of the Sears Canada Entities.
10. On March 2, 2018, the Court issued an Order appointing Lax O’Sullivan Lissus Gottlieb LLP as Litigation Investigator (as amended on April 26, 2018, the “**Litigation Investigator Order**”), with a mandate to identify and report on certain rights and claims that the Sears Canada Entities or any creditors of the Sears Canada Entities may have against any parties.
11. On March 29, 2018, the Superintendent issued an order winding-up the Pension Plan effective October 1, 2017.
12. On October 18, 2018, the Monitor, the Pension Plan Administrator, the Superintendent and Pension Representative Counsel, entered into a Pension Support Agreement (the

- “PSA”). The PSA initially contemplated an April 30, 2019 outside date for the implementation of a plan of compromise and arrangement (the “Plan”).
13. On December 3, 2018, the Monitor and the Honourable J. Douglas Cunningham, Q.C. as Court-appointed litigation trustee (the “**Litigation Trustee**”), were authorized by the Court to pursue litigation against certain third parties on behalf of Sears Canada and its creditors, in connection with the payment of certain dividends (the “**2013 Dividend**”) by Sears Canada to its shareholders in 2013 (the “**Estate 2013 Dividend Litigation**”). The Court also lifted the stay of proceedings in the Initial Order to allow the Estate 2013 Dividend Litigation, as well as a claim by Morneau Shepell Ltd., as administrator of the Pension Plan (the “**Pension Plan Administrator**”) and class action claims (collectively, the “**Dealer Class Action**”) by certain “Sears Hometown” store dealers, each also arising from the 2013 Dividend, to be commenced or continued.
 14. The Plan was accepted for filing by the Court on February 15, 2019. A detailed description of the Plan is included in the Twenty-Ninth Report of the Monitor dated February 6, 2019 and the Supplement thereto.
 15. The date for voting on the Plan (the “**Meeting Date**”) was set for March 28, 2019. On March 25, 2019, the Monitor determined that an adjournment of the Meetings to a date to be communicated later by the Monitor was required.
 16. Following discussions among the parties to the PSA, an amendment to the pension support agreement was entered into on March 20, 2019 (the “**PSA Amendment Agreement**”) extending the outside date to September 30, 2019. The parties to the PSA agreed to the amendment to allow the Monitor to complete certain outstanding matters prior to the Meeting Date. A copy of the PSA Amendment Agreement was attached as an Appendix to the Monitor’s Thirty-First Report. The parties to the PSA subsequently agreed to a further amendment to the PSA to provide a revised outside date of January 31, 2020, which has been set out in a second PSA Amending Agreement.
 17. As described in the Thirty-Second Report, one of the primary reasons for the adjournment of the Meeting Date related to the EPO, as defined below. For the reasons

set out in the body of this report, the Monitor believes the appropriate next step is to set the Reserve, as defined below, in order to proceed with the Meeting Date, implementation of the Plan and subsequent distributions.

18. In connection with the CCAA Proceedings, the Monitor has provided 32 reports and 22 supplemental reports (collectively, the “**Prior Reports**”), and prior to its appointment as Monitor, FTI also provided to this Court a pre-filing report of the proposed Monitor dated June 22, 2017 (the “**Pre-Filing Report**”). The Pre-Filing Report, the Prior Reports, and other Court-filed documents and notices in these CCAA Proceedings are, or will be made, available on the Monitor’s website at cfcanada.fticonsulting.com/searscanada/.

B. PURPOSE

19. The purpose of this thirty-third report of the Monitor (the “**Thirty-Third Report**”) is to provide the Court with information regarding the Monitor’s motion to set a reserve amount (“**Reserve**”) of \$7,736,000 to satisfy any costs that Sears Canada may be required to pay to conduct the remediation activities required under the revised remediation plan (“**RRP**”) established in response to environmental protection order EPO2018/01-SSR, issued February 28, 2018 and amended March 29, 2018 and October 11, 2018 (“**EPO**”) issued by the Director of Alberta Environment and Parks (“**Director**”) pursuant to the *Environmental Protection and Enhancement Act*, RSA 200 C-E12.

C. TERMS OF REFERENCE

20. In preparing this Thirty-Third Report, the Monitor has relied upon audited and unaudited financial information of the Sears Canada Entities, the Sears Canada Entities’ books and records, certain financial information and forecasts prepared by the Sears Canada Entities, and discussions and correspondence with, among others, the senior management (“**Management**”) of, and advisors to, the Sears Canada Entities (collectively, the “**Information**”).
21. Except as otherwise described in this Thirty-Third Report:
- (a) the Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with

Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*; and

- (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Thirty-Third Report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*.
22. Future-oriented financial information reported in or relied on in preparing this Thirty-Third Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
 23. The Monitor has prepared this Thirty-Third Report in connection with its request for establishment of the Reserve. The Thirty-Third Report should not be relied on for any other purpose.
 24. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

D. CALGARY NORTH HILL EPO AND THE RESERVE

25. Sears Canada formerly operated a full-line store located at the North Hill Centre shopping mall in Calgary ("**Calgary North Hill Store**"). Among the historical operations of the store was a retail gas bar.
26. Following the discovery of an accidental leak of gasoline from underground storage tanks, Sears Canada has conducted remediation activities that began in the early 1990s and continue today. In 2012, Sears Canada was ordered by Alberta Environment and Parks to update its site management plan ("**SMP**") to remediate the site to the level of newly updated provincial guidelines. Sears Canada did so. Up to the time of the CCAA Proceedings, Sears Canada spent approximately \$13.5 million on remediation activities under the SMP. Since the commencement of the CCAA Proceedings, Sears Canada,

under the supervision of the Monitor, spent approximately \$2.3 million on remediation activities.¹

27. On or about February 28, 2018, the Director issued the EPO. The EPO was amended on March 29, 2018 and October 11, 2018. There are two other parties to the EPO: Concord North Hill GP (“**Concord**”) and Suncor Energy Inc (“**Suncor**”). Concord is a large scale commercial landlord and property developer operating across a number of Canadian provinces. Concord purchased the Calgary North Hill Store from Sears Canada in 2015. A copy of the Agreement of Purchase and Sale is attached as Appendix A.
28. Suncor is a globally competitive Canada-based integrated energy company that operates in three business segments: oil sands, exploration and production, and refining and marketing. Suncor is alleged by the Director to have been involved in the operations of the gas bar at the Calgary North Hill Store as a manager and lessee and also to have conducted the decommissioning of the gas bar in the mid 1990s.
29. Sears Canada has appealed the EPO to the Alberta Environmental Appeals Board (“**EAB**”). The hearing was first scheduled for June 4-5, 2019. As a result of issues unrelated to the CCAA Proceeding, the hearing has been rescheduled to December 3-5, 2019. The basis for Sears Canada’s appeal was that the timeframe set out for the EPO was arbitrary and unreasonable. However, as discussed in greater detail below, the Director and Sears Canada have now agreed to the RRP, which resolves those concerns raised by Sears Canada.
30. Concord and Suncor have also appealed the EPO. Each of Concord and Suncor alleges that they are not proper parties to the EPO. In the event either of Concord and Suncor is unsuccessful in their appeals, they will remain independently liable to the Director for the conduct of all of the activities required under the RRP.

¹ Figures include all activities to the end of 2019.

31. Before and after the CCAA Proceedings commenced, Sears Canada's remediation activities consisted primarily of passive remediation steps and monitoring, with periodic active interventions, all as contemplated under the approved SMP.
32. After the commencement of the CCAA Proceedings, Sears Canada approached its site activities on the basis that the governing insolvency laws required Sears Canada to continue any normal course compliance with regulatory requirements or orders. Concomitantly, those insolvency laws and the environmental legislation itself did not permit a regulator to accelerate remediation requirements simply because of the insolvency, and those governing insolvency laws permitted distribution of all estate funds when the estate was otherwise in position to do so.
33. Accordingly, Sears Canada operated under the approved SMP until the EPO was issued. After issuance of the EPO, Sears Canada, in consultation with the Monitor, also entered into lengthy negotiations with the Director for acceptance of the RRP. As part of those negotiations, Sears Canada, with the assistance of its consultant Clifton Associates ("**Clifton**"), engaged in a variety of environmental data gathering steps to satisfy inquiries raised by the Director. Sears Canada also continued to maintain all its activities under the SMP while those negotiations were underway, and in fact added certain steps, in order to satisfy the Director.
34. On or about January 31, 2019, the Supreme Court issued reasons for decision in the case of *Orphan Well Association v Grant Thornton Ltd.*, 2019 SCC 5 ("**Redwater**"). On or about February 22, 2019, Suncor and subsequently Concord, advised the Monitor that they believed Redwater precluded distribution by Sears Canada of any amounts that may be necessary to conduct future remediation activities. Suncor confirmed this position by letter from its counsel dated February 27, 2019. A copy of the letter is attached as Appendix B.
35. The Monitor disagreed and disagrees with Suncor and Concord's position. However, the parties agreed to engage in negotiations in an attempt to resolve the disagreement. At the same time, Sears Canada's negotiations with the Director with respect to the contents of

the RRP were still ongoing. As a result, among other reasons, the Monitor adjourned the Meetings of Sears Canada's creditors then scheduled for March 28, 2019.

36. Sears Canada concluded its negotiations with the Director with respect to the RRP on or about August 13, 2019, by submittal of the RRP for approval. The Director approved the RRP on or about September 12, 2019. A copy of the Director's letter approving the RRP is attached as Appendix C.
37. In the same time frame, the negotiations among Sears Canada, Concord and Suncor with respect to the Redwater liability concluded without agreement.
38. Accordingly, on or about September 17, 2019, the Monitor advised the Director, Concord and Suncor, that, given the Director's confirmation of the RRP, the Monitor:
 - (a) intended to bring a motion to this Court for advice and directions upon the effect of Redwater, if any ("**Redwater Motion**");
 - (b) as a preliminary step intended to bring a motion on November 4, for establishment of the Reserve, in order to proceed with timely Plan voting, implementation and distribution; and
 - (c) would shortly provide an updated RRP cost estimate (having previously provided detailed costing for the RRP to Concord and Suncor).

A copy of the email in this regard from counsel for the Monitor is attached as Appendix D.

39. On or about September 20, 2019, the Monitor provided the detailed updated RRP cost estimate. A copy of the email in this regard from counsel for the Monitor, including the detailed costing, is attached as Appendix E.
40. Activities under the RRP are anticipated to continue for up to 30 years. The cost estimate for the RRP established a maximum net present value for the conduct of the remediation activities of \$7,341,000, and was calculated after provision for the remaining expenditures through the end of the 2019 calendar year. The individual estimate values

included contingency factors ranging from 2-3% to 4-5%. In addition a general contingency of 4% was added. Under certain scenarios the net present value of the RRP drops by as much as \$3 million.

41. In providing the RRP cost estimate, the Monitor requested responses, if any, by September 26, 2019, to facilitate preparation of court materials for this motion.
42. The Director responded on or about October 2, 2019 and advised that the Director:
 - (a) took no position on the Reserve or the proposal for a limited distribution, and as such would not appear at this motion; and
 - (b) took the position that Redwater applied to the EPO in the context of the CCAA Proceedings.

A copy of the email from counsel for the Director is attached as Appendix F.

43. Suncor responded on or about October 7, 2019, and expressed various objections to the Reserve, including asserting that a 10% general contingency was required. The Monitor responded on October 11, 2019 and expressed disagreement with the objections to Suncor, but agreed to the increased contingency in return for withdrawal of the other objections. Accordingly the Reserve was increased to \$7,736,000. A copy of the email exchange among counsel for Suncor and the Monitor in this regard is attached as Appendix G.
44. No comment has been received from Concord.
45. Establishing the Reserve will allow the Sears estate to move forward toward resolution by permitting informed voting, and ultimately distribution, while the Redwater Motion remains outstanding. In particular, to comply with the provisions of the PSA it is necessary to establish the maximum estate liabilities, which would include this amount. Moreover, establishing the Reserve as an initial step, before the hearing of the Redwater Motion allows:

- (a) sufficient time that the outcome of the EAB hearing may be known at the time of the Redwater Motion (rather than attempting to resolve the Redwater Motion now), which outcome could have significant relevance to this Court's determination; and
 - (b) for the conduct of any appeals of the Redwater Motion to proceed independent of and subsequent to a general distribution to Sears Canada's creditors.
46. It is the Monitor's view that the Reserve represents a reasonable and conservative worst case estimate. The RRP was drafted by Sears Canada's consultants Clifton, who have decades of experience monitoring and evaluating the Calgary North Hill Store site and surrounding lands. The costing is based in large part on previously incurred costs for the same or similar activities, as well as direct quotes by service providers involved in the remediation services for future activities. The RRP activities were approved by the Director, who has a similar number of years of experience in evaluating the state of the North Hill site. The RRP cost has been agreed to by Suncor, a large and sophisticated participant in the oil and gas sector, with its own lengthy experience of environmental remediation activities and who risks the possibility of being liable for any shortfall.
47. In all of the above circumstances the Monitor's view is that the Reserve is in absolute terms the most accurate available estimate of maximum future liability. It is also the Monitor's view that the Reserve fairly balances the need to proceed with estate matters while making appropriate provision for the potential liability of the EPO under the Redwater Motion. The Monitor notes that the Reserve:
- (a) is intended to be used only if this Court, on the Redwater Motion, determines that the EPO has priority to a distribution; and
 - (b) is intended to be returned to creditors to the amount all or portions of it are unused.

48. The Monitor therefore recommends fixing the Reserve, for the reasons set out above, in the amount of \$7,736,000.

The Monitor respectfully submits to the Court this, its Thirty-Third Report.

Dated this 23rd day of October, 2019.

FTI Consulting Canada Inc.
in its capacity as Monitor of
the Sears Canada Entities

A handwritten signature in blue ink, appearing to read "Steven W. Bissell". The signature is written in a cursive style with a long, sweeping underline.

Steven W. Bissell
Managing Director

APPENDIX "A"
(see attached)

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of the 10th day of March, 2015.

BETWEEN:

SEARS CANADA INC.
(the "Vendor")

OF THE FIRST PART

- and -

CONCORD PACIFIC INVESTMENTS INC.
(the "Purchaser")

OF THE SECOND PART

RECITALS:

- A. The Vendor is the owner of the Properties.
- B. The Vendor has agreed to sell, transfer, assign and convey the Properties to the Purchaser and the Purchaser has agreed to purchase, acquire and assume the Properties from the Vendor.
- C. The Purchaser has agreed to lease back to the Vendor each of the Properties pursuant to the terms of a separate Leaseback for each Property.

NOW THEREFORE, in consideration of the mutual covenants and agreements set out in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION AND GENERAL

1.1 Defined Terms

In this Agreement, unless the subject matter or context otherwise requires:

"Affiliate" shall have the meaning assigned to it in the *Business Corporations Act* (Ontario).

"Agreement" means this agreement of purchase and sale, together with all Schedules hereto, as amended from time to time in accordance with the terms hereof; "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not any particular section of this Agreement; "Article", "Section" and "Schedule" mean and refer to the specified article, section or Schedule of or to this Agreement.

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"Agreement Date" means the date of this Agreement identified on page 1 hereof.

"Allocation Range" has the meaning assigned to it in Section 2.7 hereof.

"Assignment and Assumption of Contracts" means an assignment by the Vendor and assumption by the Purchaser of all of the right, title and interest (and all liabilities, covenants and obligations) of the Vendor in, to and under the Assumed Contracts and pursuant to which assignment and assumption the Vendor agrees to be responsible for all valid claims of every nature and kind in respect of matters occurring under or arising pursuant to such Contracts prior to the Closing Date and the Purchaser agrees to be responsible for all valid claims of every nature and kind in respect of matters occurring under or arising from the Assumed Contracts as and after the Closing Date, and the Vendor agrees to indemnify the Purchaser, and the Purchaser agrees to indemnify the Vendor, in connection therewith. The Assignment and Assumption of Contracts shall provide that if the Purchaser sells all or any portion of any Property (other than sales of individual condominium units in the ordinary course of its business), it shall cause the purchaser to provide an analogous indemnity to each of the Purchaser and the Vendor.

"Assignment and Assumption of Metrotown Operating Agreement" means an assignment by the Vendor and assumption by the Purchaser of all of the right, title and interest, and all liability, covenants and obligations, of the Vendor in, to and under the Metrotown Operating Agreement and pursuant to which assignment and assumption the Vendor agrees to be responsible for all claims of every nature and kind in respect of matters occurring under or arising pursuant to the Metrotown Operating Agreement prior to the Closing Date and the Purchaser agrees to assume and be responsible for all of the Vendor's liabilities, covenants and obligations thereunder and for all claims of every nature and kind in respect of matters occurring under or arising from the Metrotown Operating Agreement as and after the Closing Date, and the Vendor agrees to indemnify the Purchaser, and the Purchaser agrees to indemnify the Vendor, in connection therewith. The Purchaser's indemnity pursuant to the Assignment and Assumption of Metrotown Operating Agreement shall be identical to the Concord Metrotown Indemnity.

"Assignment and Assumption of Permitted Encumbrances" means an assignment by the Vendor and assumption by the Purchaser of all of the right, title and interest (and all liabilities, covenants and obligations) of the Vendor in and under the Permitted Encumbrances and pursuant to which assumption the Vendor agrees to be responsible for all valid claims of every nature and kind in respect of matters occurring under or arising pursuant to such Permitted Encumbrances (other than the HSBC Mortgage) prior to the Closing Date and the Purchaser agrees to be responsible for all valid claims of every nature and kind in respect of matters occurring under or arising from such Permitted Encumbrances as and after the Closing Date, and the Vendor agrees to indemnify the Purchaser, and the Purchaser agrees to indemnify the Vendor, in connection therewith.

"Assumed Contracts" means the following Contracts:

- (a) the HSBC Mortgage; and
- (b) the Metrotown Operating Agreement (if the Metrotown Termination and Release is not executed and delivered by the Vendor and Ivanhoe at Closing).

"Buildings" means the buildings, structures, parking facilities, paved and landscaped areas, erections, improvements, appurtenances and fixtures (other than trade fixtures) on, in or under the Lands.

"Business Day" means a day of the week, other than a Saturday, Sunday or any other day which is a statutory holiday in the Province of Ontario, Alberta, or British Columbia.

"Calgary Litigation" means the action against the Vendor and Contill Realty Limited by North Hill Shopping Centre Inc. in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary, designated as Action No. 0001-17637.

"Claim" means all past, present and future claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, fines, disbursements, legal fees on a solicitor and client basis and other professional fees and disbursements, interest, demands and actions of any nature or any kind whatsoever.

"Claiming Party" has the meaning assigned to it in Section 6.4.

"Closing" means the transfer of the Properties and the completion of all other matters contemplated by this Agreement at the offices of the Vendor's Solicitors on the Closing Date.

"Closing Date" means 10:00 a.m. Toronto time on the date which is ninety (90) days after the Agreement Date, provided that if such date is not a day on which land registry offices are open in both British Columbia and Alberta for the registration of documents, the Closing Date shall be the next day thereafter on which such offices are open for such purposes.

"Closing Deliveries" means, collectively, the agreements, instruments and other documents to be delivered by the Vendor to the Purchaser or the Purchaser's Solicitors pursuant to Section 8.2 hereof and the agreements, instruments and other documents to be delivered by the Purchaser to the Vendor or the Vendor's Solicitors pursuant to Section 8.3 hereof.

"Concord Metrotown Indemnity" means an indemnity from the Purchaser indemnifying and saving harmless the Vendor from any and all liabilities, claims, costs or damages incurred by the Vendor as a result of the Purchaser's default in the observance or performance of the obligations of Sears pursuant to the Metrotown Operating Agreement relating to the period after Closing, save and except to the extent such default is caused by the act or omission of Sears. For clarity, the provision of a Sears Termination Notice without contravention of this Agreement or the Leaseback for the Property in Burnaby and the consequences of such Sears Termination Notice having been given shall not be considered an act or omission by Sears that negates the Purchaser's indemnity obligation. Without limiting the generality of the foregoing, the Concord Metrotown Indemnity shall provide that:

- (a) the Purchaser shall give Ivanhoe the Sears Termination Notice forthwith after the Vendor or the Purchaser gives notice to the other of termination the Leaseback of the Property in Burnaby in accordance with the terms and conditions thereof and simultaneously therewith the Purchaser shall also give Ivanhoe written notice of the Purchaser's intent to redevelop the Property in Burnaby;

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- (b) if the Purchaser transfers the Property in Burnaby or any portion thereof (other than sales of individual condominium units in the ordinary course of its business or minor transfers for road widenings, boundary adjustments and similar transfers) to a third party transferee, such transferee shall execute and deliver to the Vendor an agreement pursuant to which such transferee assumes all of the Purchaser's covenant and obligations under the Concord Metrotown Indemnity, including the requirement in this sentence as it applies to any further such transfer by such transferee; and
- (c) the Concord Metrotown Indemnity shall expire and be of no further force or effect after execution and delivery by Ivanhoe or its successor of the Metrotown Termination and Release.

"Conditions" means collectively the Purchaser's Conditions and the Vendor's Conditions.

"Contracts" means contracts and agreements (other than leases and policies of insurance) relating to a Property to which the Vendor is a party or which have been assigned to the Vendor, or by which the Vendor, in its capacity as owner of the Properties, is bound.

"Deposit" has the meaning assigned to it in Section 2.3.

"Encumbrance" means any pledge, lien, charge, legal hypothec, prior claim, security agreement, security interest, lease, sublease, title retention agreement, mortgage, hypothec, encumbrance, easement, servitude, right-of-way, restrictive covenant, encroachment, option or adverse claim of any kind or character whatsoever.

"Environmental Indemnity" means an indemnity from the Vendor to the Purchaser in the form attached as 0 with respect to environmental remediation relating to the Property in Calgary and surrounding areas.

"Environmental Laws" means all applicable federal, provincial, municipal and local laws concerning contamination, pollution or protection of the natural environment or otherwise relating to the environment, including applicable laws pertaining to (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Substances, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Substances.

"Governmental Authority" means any government, regulatory authority, governmental department, agency, commission, board, tribunal or court or other law, rule or regulation-making entity having jurisdiction on behalf of the Government of Canada, or any province or other subdivision thereof or any municipality, district or other subdivision thereof.

"GST" means the goods and services tax or harmonized sales tax payable pursuant to the *Excise Tax Act* (Canada). Where applicable any reference herein to GST will be deemed to include a reference to the corresponding or similar provisions of provincial tax law.

"GST Undertaking and Indemnity" has the meaning assigned to it in Section 2.4.

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"Hazardous Substance" means (i) any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws, including contaminants, pollutants, dangerous substances, solvents, dangerous goods, liquid wastes, industrial wastes, hauled liquid wastes, radioactive wastes, toxic substances, hazardous wastes, hazardous materials or hazardous substances as defined in any Environmental Laws (ii) asbestos and urea formaldehyde, and (iii) petroleum products.

"HSBC Mortgage" means an existing mortgage of the Property in Burnaby in favour of HSBC Bank Canada, registered as Instrument No. CA3568449 and a related assignment of rents registered as Instrument No. CA3598450.

"Ivanhoe" means Ivanhoe Cambridge II Inc.

"Kal Tire" means Kal Tire Ltd.

"Kal Tire License" means the license granted to Kal Tire Distributors Ltd. (now Kal Tire Ltd.) in respect of the Property in Calgary and the Property in Chilliwack, *inter alia*, pursuant to a License Agreement between the Vendor and Kal Tire Distributors Ltd. dated May 31, 2004.

"Kal Tire Premises" means those portions of the Property in Calgary and the Property in Chilliwack that are subject to the Kal Tire License.

"Lands" means the lands and premises described in Schedule "A" to this Agreement.

"Leasebacks" means, collectively, the leases of the Properties in Calgary, Chilliwack and Burnaby from the Purchaser to the Vendor contemplated in Sections 4.1 and 4.2 hereof.

"Metrotown Operating Agreement" means the restated agreement dated the _____ day of _____, 2001, originally between Manulife Financial and the Vendor, the interest of Manulife Financial thereunder having been assigned to Ivanhoe and such agreement having been amended, by an assignment and amendment of restated operating agreement dated January 21, 2002 among Manulife Financial, The Manufacturers Life Insurance Company, Ivanhoe and the Vendor.

"Metrotown Termination and Release" means a written release and discharge of (i) the Vendor from Ivanhoe from all of the Vendor's obligations and liabilities under the Metrotown Operating Agreement, and (ii) Ivanhoe from the Vendor of all of the obligations and liabilities of Ivanhoe under the Metrotown Operating Agreement, which shall be in form and substance satisfactory to the Vendor, acting reasonably.

"Non-Assignable Rights" has the meaning assigned to it in Section 8.4.

"Notice" has the meaning attributed to it in Section 10.16.

"Notices of Leaseback" means notices, short-form leases or caveats in respect of the Leaseback for each Property, prepared for the purpose of registration on Closing in the proper land registry or land titles office where title to each Property is registered, which notices, short form leases or caveats shall be:

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- (a) in form and substance satisfactory to the Vendor and the Purchaser, each acting reasonably; and
- (b) registered as the first instrument immediately following the transfer/deed of land for the Property and prior to any financing documents of the Purchaser, subject to the terms of each Leaseback.

"Permitted Encumbrances" means the Encumbrances described in Schedule "B".

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Property Documents" means the documents set out in Section 3.1 hereof.

"Properties" means the Lands and Buildings and **"Property"** means any of the Properties.

"Purchase Price" means One Hundred and Forty Million (\$140,000,000) Dollars.

"Purchaser's Conditions" has the meaning assigned to it in Section 7.1 hereof.

"Purchaser's Solicitors" means Aird & Berlis LLP.

"Realty Tax Refunds" has the meaning assigned to it in Section 2.6.

"Release" means, in addition to the meaning given to it under any applicable Environmental Laws, any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement.

"Remedial Order" means any administrative direction, order or sanction issued or imposed by any Governmental Authority pursuant to any Environmental Laws requiring any remediation or clean-up of any Hazardous Substances or requiring that any Release be reduced, modified or eliminated or requiring any other preventative or remedial measure.

"Responding Party" has the meaning assigned to it in Section 6.4.

"Sears Termination Notice" has the meaning assigned to it in the Metrotown Operating Agreement.

"Solicitor" or **"Solicitors"** means the Purchaser's Solicitors and/or the Vendor's Solicitors, as the context may require.

"Store Licences" means licences, concessions, subleases and similar agreements to which the Vendor is a party or by which it is bound pertaining exclusively or primarily to the operation of the Vendor's store at a Property, provided that no such licence, concession, sublease or agreements shall permit any person to occupy any portion of a Vendor's store on a Property if the Leaseback therefor has expired or been terminated.

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“Survival Period” has the meaning assigned to it in Section 6.4.

“Termination Agreement” means an agreement in the form attached as 0.

“Third Party Claim” has the meaning assigned in to it Section 6.5.

“Toys ‘R’ Us” means Toys ‘R’ Us (Canada) Ltd. or any assignee of the Toys ‘R’ Us Lease or any sub-lessee under the Toys ‘R’ Us Lease, from time to time.

“Toys ‘R’ Us Estoppel Certificate” means an estoppel certificate provided by Toys ‘R’ Us in the form attached as 0.

“Toys ‘R’ Us Lease” means the existing lease by the Vendor, as landlord, in favour of Toys ‘R’ Us, as tenant, in respect of part of the Property in Burnaby, as amended by the amending agreement referred to in Section 4.5 below if such agreement is made.

“Toys ‘R’ Us Lease Indemnity Agreement” means an indemnity agreement between the Vendor and the Purchaser pursuant to which (i) the Vendor agrees to save the Purchaser harmless from any and all liabilities, costs, damages and losses incurred by the Purchaser resulting from the landlord under the Toys ‘R’ Us Lease not having the right to terminate the Toys ‘R’ Us Lease effective the fourth anniversary of the Closing Date or at any time thereafter or Toys ‘R’ Us attempting to exercise any other rights under the Toys ‘R’ Us Lease after the fourth anniversary of the Closing Date, including its rights pursuant to Section 6(d)(ii) of the Toys ‘R’ Us Lease; and (ii) the Purchaser agrees to provide reasonable assistance and cooperation to the Vendor with respect to the giving of any notice of termination under the Toys ‘R’ Us Lease, including the Purchaser’s giving notice of its *bona fide* intent to redevelop the Property in Burnaby in conjunction therewith.

“Toys ‘R’ Us Premises” means that portion of the Property in Burnaby that is the subject of the Toys ‘R’ Us Lease.

“Vendor’s Conditions” has the meaning assigned to it in Section 7.2 hereof.

“Vendor’s Solicitors” means Stikeman Elliott LLP.

1.2 Governing Law

Except for title and other matters such as conveyancing and registration which under local law are required to be governed by local laws (and which shall be governed by local laws), this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.

1.3 Schedules

The following Schedules are incorporated herein by reference and deemed to be a part hereof:

Schedule “A” - Legal Descriptions

Schedule “B” - Permitted Encumbrances

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- 0 - Environmental Indemnity
- 0 - Termination Agreement
- 0 - Toys 'R' Us Estoppel Certificate

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase Price

The Vendor hereby agrees to sell, transfer, assign and convey the Properties to the Purchaser and the Purchaser hereby agrees to purchase, acquire and assume the Properties from the Vendor for the Purchase Price, on and subject to the terms and conditions of this Agreement.

2.2 Binding Agreement

The agreements of the Vendor and the Purchaser set forth in Section 2.1 create and constitute a binding agreement of purchase and sale of the Properties in accordance with the provisions of this Agreement.

2.3 Satisfaction of Purchase Price

The Purchase Price payable pursuant to Section 2.1 shall be paid and satisfied:

- (a) by the Purchaser paying, within two Business Days after execution and delivery of this Agreement by both parties, \$1,000,000 (the "Deposit"), by wire transfer of immediately available funds to the Vendor's Solicitors; and
- (b) by the payment of the balance of the Purchase Price to the Vendor on the Closing Date by wire transfer of immediately available funds to the Vendor's Solicitors, subject to any adjustments.

The Deposit shall be held by the Vendor's Solicitors in an interest-bearing account or term deposit, pending completion of the transaction contemplated by this Agreement or earlier termination of this Agreement. If the transaction is not completed for any reason other than the default of the Purchaser, then upon the fulfillment of the Purchaser's obligations under Section 3.2, the Deposit together with any interest earned thereon shall be forthwith returned to the Purchaser. If the transaction is not completed by reason of the default of the Purchaser, the Deposit, together with interest earned thereon, shall be non-refundable and shall be paid to the Vendor as liquidated damages in full and final satisfaction of any and all claims which the Vendor may have against the Purchaser or its officers, employees, agents, shareholders, successors or assigns by reason of such default. The Deposit and any interest earned thereon shall be credited on account of the Purchase Price on Closing or, in lieu of such credit for earned interest, the Vendor's Solicitors may pay directly to the Purchaser on Closing, or as soon thereafter as feasible, an amount equal to such interest.

The parties agree that the Vendor's Solicitors shall be a mere stakeholder with respect to the Deposit, together with all interest accrued thereon, and if a dispute arises between the Vendor

and the Purchaser regarding the manner in which the Deposit and/or the interest accrued thereon is to be disbursed, the Vendor's Solicitors shall be entitled to bring an application to court to pay the Deposit and/or the interest accrued thereon into such court. The fees and disbursements of the Vendor's Solicitors in connection with any such application shall be paid by the Vendor and the Purchaser in equal shares.

2.4 Taxes and Fees

- (a) The Vendor shall be responsible for the costs of the Vendor's Solicitors in respect of this transaction. The Purchaser shall be responsible for the costs of the Purchaser's Solicitors in respect of this transaction. The Purchaser shall be responsible for and shall pay all land transfer taxes payable on the transfer of the Properties, all registration fees payable in respect of registration by it of any documents on Closing (other than discharges of Encumbrances which are required to be made by the Vendor, which shall be the responsibility of the Vendor) and all federal and provincial sales and other taxes payable by the Purchaser upon or in connection with the conveyance or transfer of the Properties, including provincial retail sales tax and GST; provided, however, that the Purchaser shall not be required to pay GST to the Vendor on Closing if it delivers an undertaking from the ultimate beneficial purchaser of the Properties to remit GST in accordance with applicable legislation, confirmation that it is a "registrant" under the *Excise Tax Act* (Canada) prior to Closing and an indemnity on the terms set out below (the "GST Undertaking and Indemnity").
- (b) The Purchaser and any such ultimate beneficial purchaser shall jointly and severally indemnify and save harmless the Vendor and its shareholders, directors, officers, employees, advisors and agents from all Claims incurred, suffered or sustained as a result of a failure by the Purchaser or such ultimate beneficial purchaser:
 - (i) to pay any federal, provincial or other taxes payable by the Purchaser or such ultimate beneficial purchaser in connection with the conveyance or transfer of the Properties whether arising from a reassessment or otherwise, including provincial retail sales tax and GST, if applicable; and/or
 - (ii) to file any returns, certificates, filings, elections, notices or other documents required to be filed by the Purchaser or such ultimate beneficial purchaser with any federal, provincial or other taxing authorities in connection with the conveyance or transfer of the Properties.

2.5 Adjustments

The Vendor agrees to deliver to the Purchaser a statement of adjustments at least seven Business Days prior to the Closing Date. The adjustments shall be made as of the Closing Date, with the Closing Date being apportioned to the Purchaser. The Vendor shall be responsible for all expenses and entitled to all revenues and all realty tax refunds and credits relating to the Property attributable to that period ending on the date immediately prior to the Closing Date. From and

including the Closing Date, the Purchaser shall be responsible for all expenses and shall be entitled to all revenues and all realty tax refunds and credits relating to the Property attributable to that period commencing on the Closing Date. No adjustment shall be made for operating expenses, insurance premiums, realty taxes, local improvements rates and charges, utilities, or any other item for which the Vendor, as tenant under the Leasebacks, will continue to be responsible after Closing.

An adjustment shall be made in the Purchaser's favour on Closing in the fixed and final amount of \$10,000,000 for and on account of:

- (a) 50% of all expended Project Costs (as that term is defined in the development management agreement dated November 22, 2013 between the Vendor and Concord Development Limited Partnership) relating to the Property in Burnaby and 50% of the interest and bank charges accrued on the HSBC Mortgage; and
- (b) 50% of all expended Project Costs (as that term is defined in the development management agreement dated October 8, 2014 between the Vendor and Concord Development (Alberta) Limited Partnership) relating to the Property in Calgary.

The Purchaser shall be responsible to either assume or pay out the HSBC Mortgage on Closing.

2.6 Realty Tax Refunds

All right, title and benefit to any realty tax appeals and reassessments and any rebates, refunds or reassessment of realty taxes for the purchased assets in respect of periods preceding the Closing Date (collectively, the "Realty Tax Refunds") shall remain the property of the Vendor, subject to any required reconciliation with Toys 'R' Us pursuant to the Toys 'R' Us Lease. All right, title and benefit to any realty tax appeals and reassessments and any rebates, refunds or reassessment of any realty taxes for the Properties in respect of periods following the Closing Date to and including the expiration or earlier termination of the term under the Leaseback for each Property shall be the property of the Vendor as tenant under the Leasebacks and shall not form part of the purchased assets and such right shall survive the expiration or earlier termination of the term under such Leaseback as to such time period. The Purchaser agrees to pay to the Vendor, promptly after the completion of any successful assessment appeal, the net proceeds of any rebate, refund or reassessment of realty taxes for the Properties or any of them received by the Purchaser in respect of any period prior to the Closing Date and in respect of any period following the Closing Date to and including the expiration or earlier termination of the term under the Leaseback for each Property, net of any out-of-pocket costs incurred by the Purchaser.

2.7 Allocation of Purchase Price Among Each of the Properties

The Purchaser agrees to provide the Vendor with a range of allocations of the Purchase Price for each Property (the "Allocation Range") within a period of thirty (30) days after the Agreement Date. The Vendor and the Purchaser shall, each acting reasonably, agree on an allocation of the Purchase Price among each of the Properties by not less than five Business Days prior to the Closing Date. The Vendor and the Purchaser shall endeavour in good faith to agree on an allocation of the Purchase Price among the Properties prior to Closing, but also agree that reaching such agreement is not a condition of this Agreement and that failure to agree on such

allocation shall not constitute a default by either party hereunder. However, if the Vendor and the Purchaser do not so agree, each shall nonetheless file its tax returns with the CRA on the basis of reasonable allocations.

2.8 Allocation of Purchase Price Among Each Asset Class for Each of the Properties

The Vendor and the Purchaser acknowledge that the Properties may include several classes of assets as described in the regulations to the *Income Tax Act* (Canada) and Schedule II thereto. The Vendor and the Purchaser shall endeavour in good faith to agree on an allocation of the Purchase Price among the component assets of each Property prior to Closing, but also agree that reaching such agreement is not a condition of this Agreement and that failure to agree on such allocation shall not constitute a default by either party hereunder. However, if the Vendor and the Purchaser do not so agree, each shall nonetheless file its tax returns with the CRA on the basis of reasonable allocations.

ARTICLE 3 INVESTIGATION OF LANDS

3.1 Productions by Vendor

The Purchaser acknowledges that the Vendor has delivered or made available to the Purchaser (except the reliance letter referred to in Section 3.1(c) below) the following documents to the extent that same are in the Vendor's possession or control (collectively, the "Property Documents"):

- (a) all plans, specifications and drawings for the Buildings;
- (b) copies of any and all environmental, archaeological, servicing, storm water, traffic, soils, geotechnical, building condition and other reports relating to the Lands and Buildings dated on or after January 1, 2012;
- (c) a reliance letter from the Vendor's environmental and soils consultants addressed to the Purchaser and its environmental consultant with respect to each environmental report relating to the Lands (it being agreed, however, that the Vendor's obligation under this Section 3.1(c) shall be limited solely to requesting such letter and using reasonable due diligence to obtain same, but the Vendor shall not be required to pay for or incur any cost to obtain such letter);
- (d) a copy of any existing plan of survey for the Lands;
- (e) copies of the Toys 'R' Lease and any other documentation or information with respect to the rights of any Person to occupy any portion of the Lands (but excluding Store Licences);
- (f) copies of all policies of insurance relating to the Properties;
- (g) all existing documents relating to the development rights pertaining to the Lands including, without limitation, zoning, site plan, heritage and other development

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- approvals, pending applications for approvals and all materials in support of any such applications;
- (h) any existing or draft subdivision, condominium, site plan or other development agreements with any Governmental Authority relating to the Lands and not registered against title to any Property;
 - (i) copies of any existing title policy/commitment and/or title opinions that relate to the Lands dated on or after January 1, 2012;
 - (j) any plans, assessments, planning justification reports and/or other studies or reports relating to the Lands dated on or after January 1, 2012;
 - (k) realty tax assessment notices and tax bills relating to the Lands for the years 2013, 2014 and (if available) 2015;
 - (l) copies of all documentation relating to any Claim with respect to any of the Properties;
 - (m) the details of any realty tax appeal or reassessment;
 - (n) copies of outstanding work orders, notices, directives or letters of non-compliance issued by any Governmental Authority affecting the Lands;
 - (o) copies of the Assumed Contracts;
 - (p) a copy of the Metrotown Operating Agreement;
 - (q) copies of all Permitted Encumbrances specific to a Property other than those registered on title to the Properties; and
 - (r) such further information and/or documents as the Purchaser has reasonably required with respect to its due diligence relating to the subject transaction.

Upon request by the Purchaser, the Vendor shall forthwith and, in any event, within three Business Days of request from the Purchaser, provide letters of authorization to any regulatory authority having jurisdiction over the Properties, authorizing the release to the Purchaser or the Purchaser's Solicitors of any information on file respecting the Properties but not any inspection of the Properties or any part thereof.

The Purchaser hereby waives any requirement for the Vendor to provide to the Purchaser a site profile under the *Environmental Management Act* (British Columbia) with respect to those of the Lands situated in British Columbia.

3.2 Title and Other Investigations by the Purchaser

The Purchaser has heretofore examined the title to the Properties and confirms that it has waived all objections to title and is satisfied as to and accepts the Vendor's title to the Properties except for any title matter arising after the Agreement Date. The Purchaser shall have the right to make

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requisitions to the Vendor up to Closing with respect to any instruments registered against title to the Properties after the Agreement Date provided that the Purchaser makes all such requisitions promptly following the date upon which it becomes aware of such further registration. Should any such requisition be raised after the Agreement Date, which the Vendor is unwilling or unable to remove and which the Purchaser will not waive, this Agreement shall be null and void and the Deposit shall be forthwith returned to the Purchaser with any interest earned thereon, and the Vendor shall not be liable for any costs, damages or expenses incurred by the Purchaser.

From and after the Agreement Date, the Purchaser shall be entitled to enter upon the Lands to complete surveys and such tests and inspections as the Purchaser may in its discretion require, including soils and environmental testing, provided that the Vendor shall be given prior notice and an opportunity to attend or to have an agent or other representative attend at the Properties at the time such tests and inspections are scheduled to be conducted, and the Purchaser shall restore the Properties to their original condition prior to carrying out such tests and inspections at the Purchaser's sole cost and expense. All such tests and inspections will be carried out at times agreed upon between the Vendor and the Purchaser, both acting reasonably. Such entry upon the Lands shall be at the Purchaser's sole risk and the Purchaser shall indemnify and save the Vendor harmless from any loss, damages or claim arising out of such entry or the conduct of such tests or inspections. The Vendor may deduct any sum for which the Purchaser is so liable to indemnify it from the Deposit.

ARTICLE 4 ADDITIONAL COVENANTS AND OBLIGATIONS

4.1 Leasebacks, Calgary and Chilliwack

The Purchaser, as landlord, agrees to lease the Properties in Calgary and Chilliwack to the Vendor, as tenant, and the Vendor agrees to lease the Properties in Calgary and Chilliwack from the Purchaser, pursuant to a separate lease for each such Property (each, a "Leaseback") on the following terms, and on other terms and conditions contained in forms of such Leaseback to be settled between the Vendor and the Purchaser as soon as reasonably possible after the Agreement Date and in any event prior to Closing:

- (a) The term shall be thirty (30) years less one day, terminable by either the Vendor or the Purchaser on one year's notice for an effective termination date up to the sixth anniversary of the term (but in the case of the Purchaser, only if the Purchaser requires vacant possession of the leased premises for development purposes) and from the sixth anniversary of the term onward in accordance with Section 4.1(g)(iv), provided that the termination date may not be earlier than:
 - (i) if the Vendor is the party terminating, the first day of the third anniversary of the Closing Date; or
 - (ii) if the Purchaser is the party terminating, the first day of the fourth anniversary of the Closing Date.

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- (b) During the term, the leased premises shall be operated as a Sears department store and the leased premises shall be maintained to at least its current standard/condition by the Vendor at its sole cost and expense;
- (c) The Vendor shall not assign, transfer or otherwise convey its interest in the lease. The Vendor may not sub-let any part of the leased premises (except for Store Licences and the Kal Tire Licence);
- (d) The Leasebacks for such Properties shall permit the Vendor to continue to license the Kal Tire Premises to Kal Tire pursuant to the Kal Tire Licence following Closing, provided that the Vendor shall terminate the Kal Tire Licence with respect to a Property on or before the expiry or termination of the subject Leaseback;
- (e) The Vendor shall terminate all Store Licences with respect to a Property on or before the expiry or termination of the subject Leaseback;
- (f) Upon expiry or other termination of the lease, the Vendor shall provide vacant possession of the leased premises to the Purchaser;
- (g) The annual base rent shall be \$1.00 (for the entire leased premises, not per square foot thereof) for the first three years and as follows for years 4-30:
 - (i) \$5/square foot for Year 4;
 - (ii) \$6/square foot for Year 5;
 - (iii) \$7/square foot for Year 6; and
 - (iv) for Year 7 onward, at a rate to be agreed between the parties annually, acting reasonably, provided that if the parties cannot agree on the rental rate by the fifth anniversary of the subject Leaseback (and each successive anniversary up to the 29th anniversary), then either party shall have the right to terminate such Leaseback effective as of the next following anniversary of the subject Leaseback. For clarity, the parties shall have the right to set rental periods longer than one year provided that the term of the subject Leaseback shall not exceed 30 years less one day and any notice of termination must be given at least one year prior to the expiry of the then current rental period.
- (h) The Vendor shall cooperate with the Purchaser and act reasonably in connection with applications to Governmental Authorities in furtherance of the Purchaser's eventual redevelopment of the Lands, but the Vendor shall not be required to consent to or approve any act or thing that could reasonably be expected to have a material adverse effect on any of the Vendor's stores on the Properties or the use or occupation thereof pursuant to the applicable Leaseback or the business being conducted therein and therefrom.

4.2 Leaseback, Burnaby

The Purchaser, as landlord, agrees to lease the Property in Burnaby to the Vendor, as tenant, and the Vendor agrees to lease the Property in Burnaby from the Purchaser, pursuant to a separate lease for such Property (a "Leaseback") on the following terms, and on other terms and conditions contained in a form of such Leaseback to be settled between the Vendor and the Purchaser as soon as reasonably possible after the Agreement Date and in any event prior to Closing:

- (a) The term shall be thirty (30) years less one day, terminable by either the Vendor or the Purchaser on at least fifteen (15) months' notice with an effective termination date of September 24 in any given year up to and including 2021 (but in the case of the Purchaser, only if the Purchaser requires vacant possession of the leased premises for development purposes) and thereafter in accordance with Section 4.2(g)(iv), provided that the effective termination date may not be earlier than:
 - (i) if the Vendor is the party terminating, the first day of the third anniversary of the Closing Date; or
 - (ii) if the Purchaser is the party terminating, the first day of the fourth anniversary of the Closing Date.
- (b) During the term, the Vendor shall not do anything or omit to do anything that would have the effect of causing the Purchaser to be in default under the Metrotown Operating Agreement, provided that this covenant shall not be construed as prohibiting anything that is expressly permitted under the Leaseback or this Agreement, including delivery of the Sears Termination Notice when the Leaseback is terminated. Without limiting the generality of the foregoing, the leased premises (save the portion thereof representing the Toys 'R' Us Premises) shall be operated as a Sears department store and the leased premises shall be maintained to at least its current standard/condition by the Vendor at its sole cost and expense during the term.
- (c) The Vendor shall not assign, transfer or otherwise convey its interest in the lease. The Vendor may not sub-let any part of the leased premises (except for Store Licences and the Toys 'R' Us Premises).
- (d) The Vendor shall terminate all Store Licences with respect to a Property on or before the expiry or termination of the subject Leaseback.
- (e) The Leaseback for such Property shall permit the Vendor to continue to lease or sublease the Toys 'R' Us Premises to Toys 'R' Us following Closing for so long as such Leaseback has not expired or been terminated.
- (f) Upon expiry or other termination of the Leaseback, the Vendor shall provide vacant possession of the leased premises to the Purchaser.

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- (g) The annual base rent shall be \$1.00 (for the entire leased premises, not per square foot thereof) for the first three years and as follows for years 4-30:
- (i) \$5/square foot for Year 4;
 - (ii) \$6/square foot for Year 5;
 - (iii) \$7/square foot for Year 6; and
 - (iv) for Year 7 onward, at a rate to be agreed between the parties semi-annually, acting reasonably, provided that if the parties cannot agree on the rental rate by that date which is 15 months prior to the sixth anniversary of the Closing Date (and every two years thereafter), then either party shall have the right to terminate the Leaseback effective as of September 24 of the year immediately following such anniversary. For clarity, the parties shall have the right to set rental periods longer than two years provided that the term of the Leaseback shall not exceed 30 years less one day and any notice of termination must be given at least 15 months prior to the expiry of the then-current rental period and be effective September 24 of the year in which such rental period expires (with the rent for the period between the expiry of the then-current rental period and the effective date of termination being that applicable immediately prior to such expiry.
- (h) The Vendor shall cooperate with the Purchaser and act reasonably in connection with applications to Governmental Authorities in furtherance of the Purchaser's eventual redevelopment of the Lands, but the Vendor shall not be required to consent to or approve any act or thing that could reasonably be expected to have a material adverse effect on any of the Vendor's stores on the Properties or the use or occupation thereof pursuant to the applicable Leaseback or the business being conducted therein and therefrom.
- (i) The Purchaser shall obtain from the mortgagee under the HSBC Mortgage a non-disturbance agreement in form and substance satisfactory to the Vendor, acting reasonably, providing that the Vendor shall be permitted to continue to occupy the Property in Burnaby on the terms and conditions of the subject Leaseback in the event such mortgagee takes possession of the subject Property or otherwise exercises any right or remedy under or in respect of the HSBC Mortgage, provided the Vendor is not in default beyond any cure period provided for thereunder and provided the Vendor agrees to attorn to the mortgagee and to pay all monies due under the subject Leaseback to the mortgagee.

4.3 Environmental Obligations of the Vendor (Calgary)

After Closing, the Vendor shall have the following obligations:

- (a) While the Vendor is in possession and occupation of its store on the Property in Calgary pursuant to the Leaseback therefor, the Vendor shall continue to

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diligently prosecute any and all work pursuant to Remedial Orders issued by a Governmental Authority with respect to the Property in Calgary and relating to the release of Hazardous Substances at any time up to the Closing Date;

- (b) As and from the time the Vendor ceases to be in possession and occupation of its store on the Property in Calgary pursuant to the Leaseback therefor, the Purchaser shall diligently prosecute until it is complete any and all work pursuant to Remedial Orders issued by a Governmental Authority with respect to the Property in Calgary and relating to the release of Hazardous Substances at any time up to the Closing Date;
- (c) The Vendor shall continue to diligently prosecute until it is complete any and all work pursuant to Remedial Orders issued by a Governmental Authority with respect to any lands or buildings adjacent to the Property in Calgary as a result of the Release of Hazardous Substances emanating from the Property in Calgary at any time up to the Closing Date; and
- (d) The Vendor shall indemnify the Purchaser for any costs incurred by the Purchaser after Closing as a result of the Vendor's failure to perform any of its obligations under Sections 4.3(a) and (c) above (the "Environmental Indemnity"). The Environmental Indemnity shall be in the form attached hereto as O.

This Section 4.2 shall survive Closing.

4.4 Metrotown Termination and Release

The Purchaser shall use its best efforts to have Ivanhoe execute and deliver the Metrotown Termination and Release to the Vendor on the Closing. If Ivanhoe executes and delivers the Metrotown Termination and Release to the Vendor on the Closing, then:

- (a) the Vendor shall execute and deliver the Metrotown Termination and Release to Ivanhoe on the Closing; and
- (b) the Purchaser shall obtain from Ivanhoe and provide to the Vendor a certification that, for the duration of the term of the Leaseback of the Property in Burnaby, the Vendor shall continue to enjoy the rights and benefits that would have applied under the Metrotown Operating Agreement but for the execution and delivery of the Metrotown Termination and Release to the extent they relate to (i) no barriers being placed to prevent or impair the free circulation of pedestrian traffic between the Vendor's store and the adjoining retail mall or of pedestrian and vehicle traffic across the boundaries of such Property with other lands currently governed by the Metrotown Operating Agreement and (ii) any existing easements that permit the Vendor and its employees and invitees to park motor vehicles on such other lands.

However, if Ivanhoe does not execute and deliver the Metrotown Termination and Release on the Closing:

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- (c) the Vendor and the Purchaser shall execute and deliver the Assignment and Assumption of Operating Agreement to each other on the Closing; and
- (d) the Purchaser shall execute and deliver the Concord Metrotown Indemnity to the Vendor on the Closing.

4.5 Toys 'R' Us Lease Amendment and Estoppel Certificate

The Vendor shall use its best efforts to have Toys 'R' Us execute and deliver to the Vendor prior to the Closing Date an agreement amending the Toys 'R' Us Lease such that (i) the landlord thereunder may terminate it and require vacant possession of the Toys 'R' Us Premises effective not later than the fourth anniversary of the Closing Date or at any time thereafter and (ii) Toys 'R' Us waives all future rights under the Toys 'R' Us Lease, specifically its rights pursuant to Section 6(d)(ii) thereof, which agreement shall be satisfactory to the Purchaser, acting reasonably. If Toys 'R' Us does not execute and deliver such agreement to the Vendor by the Closing Date, then the Vendor shall provide the Toys 'R' Us Lease Indemnity Agreement to the Purchaser on the Closing.

The Vendor shall request the Toys 'R' Us Estoppel Certificate from Toys 'R' Us and use reasonable due diligence to obtain same, but the Vendor shall not be required to pay for or incur any cost to obtain same and its obligation under this Section 4.5 shall be limited solely to making such request and using such due diligence. If Toys 'R' Us does not provide the Toys 'R' Us Estoppel, then the Vendor shall provide on Closing a certificate to the Purchaser confirming all of the same details.

4.6 Sears Appliances

All appliances and window and floor coverings purchased by or on behalf of the Purchaser for sale in conjunction with the sale of or inclusion in residential condominium units to be developed on the Lands as part of the standard unit package shall be purchased exclusively from Sears priced on the same "business to business" basis that Sears sells similar goods to others in Alberta and British Columbia, respectively, provided that Sears can offer goods of the same quality, at competitive prices and terms, as any alternatives available to the Purchaser or its Affiliates. The foregoing will not apply where buyers require customized finishing with appliances or window and floor coverings not available through Sears. This Section 4.2 shall survive Closing.

ARTICLE 5 PRE-CLOSING MATTERS

5.1 Operation Before Closing

- (a) From the date hereof until Closing, the Vendor shall operate the Properties in accordance with its usual sound business and management practices and it will carry out all routine day to day repairs and maintenance thereof.
- (b) Prior to Closing, the Vendor will:

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- (i) promptly notify the Purchaser of any material changes to the information and documentation delivered or made available to the Purchaser hereunder and as to any material damage caused to the Property; and
- (ii) on or before Closing, register discharges, at its expense, of all Encumbrances affecting the Purchased Assets, other than Permitted Encumbrances.

From and after the Purchaser Approval Date until Closing, the Vendor will not enter into or permit the registration of any Permitted Encumbrance which affects any of the Properties, without first receiving the prior consent of the Purchaser, save and except that this shall not apply to any Store Licence, which will not require consent from the Purchaser.

5.2 Damage Before Closing

If any substantial loss or damage occurs before Closing to any Property, then the Vendor shall determine, in its sole discretion, whether it will repair such damage and restore such Property. If the Vendor elects to effect such repair and restoration, it shall proceed to do so at its sole cost and expense and the occurrence of such loss or damage shall not affect the obligation of either party to complete the transaction contemplated by this Agreement. If the Vendor elects not to effect such repair and restoration, and it is not required to do so under any Contract or the Toys 'R' Us Lease or to comply with the requirements of Governmental Authorities, the Purchaser, recognizing that it is acquiring the Properties for redevelopment purposes, shall be required to complete the transaction contemplated herein, there shall be no abatement to the Purchase Price, the Purchaser shall have no obligation to enter into the Leaseback relating to the damaged Property on Closing and all insurance proceeds shall be for the Purchaser's account with any deductible to be paid by the Vendor.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties by the Vendor

The Vendor represents and warrants to the Purchaser that, as of the date of this Agreement:

- (a) the Vendor has the corporate power, authority and capacity to enter into this Agreement and all other agreements contemplated by this Agreement and to carry out and complete its obligations under this Agreement and all other agreements contemplated by this Agreement;
- (b) the Vendor is a corporation duly incorporated, organized and validly existing and in good standing under the laws of Canada;
- (c) this Agreement and the obligations of the Vendor hereunder and the documents and transaction contemplated herein have been duly and validly authorized by all requisite corporate proceedings and constitute, legal, valid and binding obligations of the Vendor, enforceable against the Vendor in accordance with their terms, subject to the limitations with respect to enforcement imposed by

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applicable laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought;

- (d) the aggregate book value of the purchased assets and the gross revenues from sales in or from Canada generated from the purchased assets, all as determined in accordance with Part IX of the *Competition Act* (Canada) and the Notifiable Transactions Regulations thereunder, do not exceed \$82,000,000;
- (e) the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (f) the Vendor is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Re-structuring Act* (Canada) and their respective regulations thereunder, (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, and (iv) has not initiated proceedings with respect to a bankruptcy filing or a compromise or arrangement with its creditor or for its winding up, liquidation or dissolution
- (g) all accounts for material work and services performed or materials placed or furnished upon or in respect of construction at any of the Properties (with respect to work requested by the Vendor or anyone for whom the Vendor is responsible in law) will have been fully paid by Closing and no Person shall be entitled to register a claim for lien against the Properties relating to such work, services or materials;
- (h) neither the entering into nor the delivery of this Agreement nor the completion by the Vendor of the transactions contemplated hereby will conflict with, or constitute a material default under, or result in a material violation of (i) any of the provisions of the constating documents or by-laws of the Vendor, (ii) any applicable laws, or (iii) to the best of the knowledge of the Vendor, any of the agreements, contracts, judgements, orders or instruments to which the Vendor is a party thereto, which could result in an adverse effect on any one or more of the Properties or the Purchaser;
- (i) the Vendor is not under any obligation, contractual or otherwise, to request or obtain the consent of any person, and no permits, licences, certifications, authorizations or approvals of, or notifications to, any federal, provincial, municipal or local government or governmental agency, board, commission or authority are required to be obtained by the Vendor in connection with the sale of the Properties as contemplated herein;
- (j) there are no options to purchase, rights of first refusal or other purchase rights with respect to the Properties or any part thereof which would be triggered by the

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transaction contemplated by this Agreement, other than as disclosed in the Property Documents;

- (k) to the best of the knowledge of the Vendor, except for the Calgary Litigation, there is no material uninsured litigation, claim or proceeding, including appeals and applications for review, in progress, pending or, threatened against the Vendor or relating to any Property before any Governmental Authority or arbitration panel, and there is not presently outstanding against the Vendor or in respect of any Property, any judgment, decree, injunction, rule or order of any Governmental Authority or arbitrator which would have material adverse effect on any Property, including, without limitation, the value thereof (and the Purchaser acknowledges that the Vendor has advised the Purchaser that the Vendor is continuing to carry out environmental remediation of the Property in Calgary on the terms and conditions of a site remediation plan that has been submitted to Alberta Environment and will continue to do so until Closing, at which time Section 4.3 shall become applicable);
- (l) the Vendor is not aware of any pending or threatened expropriation proceedings relating to the Lands or any portions thereof;
- (m) to the best of the knowledge of the Vendor, the Vendor has not received written notice of any outstanding Remedial Order with respect to the Properties or any of them other than (i) as disclosed to the Purchaser with respect to the Property in Calgary and (ii) those that have been or are being dealt with by the Vendor to the satisfaction of the Governmental Authority issuing same;
- (n) the Vendor is the beneficial and legal owner of each Property;
- (o) except (i) as disclosed by the Property Documents or (ii) pursuant to the Toys 'R' Us Lease, the Kal Tire Licenses, the Leasebacks or Store Licences, no Person has a right to lease or occupy any portion of the Lands or Buildings and the Properties are not subject to any leases, renewals of leases, agreements to lease, options or licensing agreements (including sub-leases and sub-licenses);
- (p) the Purchaser will have no obligation to assume any employees of Vendor, any service, management, union, employment or other contracts or liabilities whatsoever with respect to the Properties; and
- (q) to the best of the knowledge of the Vendor, the documents delivered or to be delivered to the Vendor pursuant to Sections 3.1(a) through (p) are all the material documents in the possession of the Vendor that are relevant to the Properties for potential redevelopment purposes, other than documents available from public sources.

Where any representation or warranty herein is given by the Vendor on the basis of its awareness or knowledge, it shall be deemed to have been based on the actual awareness and/or knowledge of Franco Perugini, internal counsel to the Vendor (and, for greater certainty, without personal liability to him) and/or Stephen Champion, Senior Vice-President of the Vendor (and, for greater

certainty, without personal liability to him), having made due enquiry as to the matters in respect of which such representations or warranties are given.

6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor that, as of the date of this Agreement:

- (a) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements contemplated by this Agreement and to carry out and complete its obligations under this Agreement and all other agreements contemplated by this Agreement;
- (b) the Purchaser is a corporation duly incorporated, organized and validly existing and in good standing under the laws of British Columbia;
- (c) this Agreement and the obligations of the Purchaser hereunder and the documents and transaction contemplated herein have been duly and validly authorized by all requisite proceedings and constitute, legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their terms, subject to the limitations with respect to enforcement imposed by applicable laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought;
- (d) neither the entering into nor the delivery of this Agreement nor the completion by the Purchaser of the transactions contemplated hereby will conflict with, or constitute a material default under, or result in a material violation of (i) any of the provisions of the constating documents of the Purchaser, or (ii) any applicable laws;
- (e) the Purchaser is registered for GST purposes under the *Excise Tax Act* (Canada);
- (f) to the best of the knowledge of the Purchaser, there is no outstanding suit, action, litigation, claim or legal proceeding, including appeals and applications for review, in progress relating to the Purchaser before any court, commission, board or arbitration panel which, if determined adversely to the Purchaser, would:
 - (i) prevent the Purchaser from satisfying the Purchase Price;
 - (ii) enjoin, restrict or prohibit the purchase of all or any part of the Properties as contemplated by this Agreement; or
 - (iii) prevent the Purchaser from fulfilling in any material respect its obligations contained in this Agreement or arising from this Agreement; and
- (g) no approval or consent of any Governmental Authority is required in connection with the execution and delivery of this Agreement by the Purchaser and the

consummation of the transactions contemplated by this Agreement by the Purchaser.

6.3 Non-Waiver

Prior to Closing, each party covenants to give written notice to the other party if it becomes aware of any breach of any representation or warranty given by the other party contained in this Agreement or if such representation or warranty is no longer true and correct in all material respects, and if a party, having given such notice, completes the transactions contemplated by this Agreement, such party shall be deemed to have waived such representation or warranty with respect only to such breach or such subsequent disclosure. No waiver of any condition or other provision contained in this Agreement, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6.4 Survival and Limitation of Representations and Warranties

- (a) The representations, warranties and certifications contained in this Agreement or in any Closing Delivery shall not merge on Closing but shall survive for a period of one year after the Closing Date (the "**Survival Period**"). Following Closing, the party which has received a representation, warranty or certification, whether in this Agreement or in any Closing Delivery, shall give written notice to the other party of each breach of the representation, warranty or certification, together with details thereof, promptly after becoming aware of the breach and no later than 5:00 p.m. (Toronto time) on the expiry date of the Survival Period. Notwithstanding any other provision of this Agreement or of any Closing Delivery, no Claim may be asserted or pursued against any party hereto, or any action, suit or other proceedings commenced or pursued, for or in respect of any breach of any representation, warranty or certification made by such party in this Agreement or in any Closing Delivery unless written notice of such claim is received by such party describing in detail the facts and circumstances with respect to the subject matter of such Claim on or prior to the last day of the Survival Period. On the expiry of the Survival Period, all such representations, warranties and certifications shall cease to have any effect except to the extent a written notice of Claim has been previously given in respect thereof in accordance with this Section 6.4.
- (b) Notwithstanding the foregoing provisions of this Section 6.4 or any other provision of this Agreement or any Closing Delivery, the liability of any party to this Agreement (herein referred to as the "**Responding Party**") after Closing in respect of any representation, warranty or certification made by such Responding Party in or pursuant to this Agreement or in any Closing Delivery shall be subject to and limited by the following:
 - (i) the limitations contained in Section 6.4(a);
 - (ii) if any breach of a representation, warranty or certification can be remedied within a reasonable period of time (not to exceed 120 days after written

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Notice thereof is given), then the Responding Party shall be given a reasonable opportunity to remedy any such breach at its own expense, provided it is capable of being remedied;

- (iii) the Purchaser shall be deemed to have waived any and all Claims relating to any inaccuracy in a representation and warranty which is disclosed to the purchaser or of which the Purchaser otherwise becomes aware prior to Closing, unless the reason for the inaccuracy was intentional, deliberate or deceitful conduct on the part of the Vendor. For greater certainty, a party shall not be responsible for an untrue, inaccurate or deficient representation, warranty or certification to the extent that the party which would otherwise rely upon said representation, warranty or certification was aware of the untruth, inaccuracy and/or deficiency prior to the Closing, but nevertheless proceeded to complete the transaction;
- (iv) a Responding Party shall not be responsible for any Claim to the extent, if any, that the party making the Claim (the "Claiming Party") is otherwise fully indemnified or compensated for such Claim under insurance policies in the absence of any such Claim; and
- (v) the provisions of Section 6.5, if applicable.

6.5 Third Party Claims

- (a) In the case of Claims made by a third party after the Closing (a "Third Party Claim") with respect to which the Claiming Party seeks to make a Claim against the Responding Party as a result of the breach by the Responding Party of any representation, warranty, certification or covenant made by such Responding Party in or pursuant to this Agreement or any Closing Delivery, the Claiming Party shall give written Notice to the Responding Party of any such Third Party Claim forthwith after receiving Notice thereof. If the Claiming Party fails to give such written Notice to the Responding Party, such failure shall not preclude the Claiming Party from making such claim against the Responding Party, but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Third Party Claim or increased the amount of liability or the cost of the defence.
- (b) The Responding Party shall have the right, by written Notice to the Claiming Party given not later than thirty (30) days after receipt of the Notice referred to in Section 6.5(a), to assume the control of the defence, compromise or settlement of the Third Party Claim.
- (c) Upon the assumption of control of any Third Party Claim by the Responding Party as contemplated by Section 6.5(b), the Responding Party shall diligently proceed with the defence, compromise or settlement of the Third Party Claim at its sole expense, including, if necessary, employment of counsel reasonably satisfactory to the Claiming Party and, in connection therewith, the Claiming Party shall co-operate fully (but at the expense of the Responding Party with

respect to any reasonable out-of-pocket expenses incurred by the Claiming Party) to make available to the Responding Party all pertinent information and witnesses under the Claiming Party's control, make such assignments and take such other steps as in the opinion of counsel for the Responding Party, acting reasonably, are reasonably necessary to enable the Responding Party to conduct such defence. The Claiming Party shall have the right to participate in the negotiation, settlement or defence of any Third Party Claim at its own expense and no Third Party Claim shall be settled, compromised or otherwise disposed of without the prior written consent of the Claiming Party, such consent not to be unreasonably withheld or delayed. If the Responding Party elects to assume control of the Third Party Claim as contemplated by Section 6.5(b), the Claiming Party shall not pay, or permit to be paid, any part of the Third Party Claim unless the Responding Party consents in writing to such payment or unless the Responding Party, subject to the last sentence of Section 6.5(a), withdraws from the defence of such Third Party Claim or unless a final judgment from which no appeal may be taken by or on behalf of the Responding Party is entered in respect of such Third Party Claim.

- (d) If the Responding Party fails to give written Notice to the Claiming Party as contemplated by Section 6.5(b), the Claiming Party shall be entitled to make such settlement of the Third Party Claim, or otherwise deal therewith, as it deems appropriate, acting reasonably, and such settlement or any other final determination of the claim or demand shall be binding upon the Responding Party. If the Responding Party fails to defend or, if after commencing or undertaking such defence, fails to prosecute or withdraws from such defence, the Claiming Party shall have the right to undertake the defence or settlement thereof. If the Claiming Party assumes the defence of any Third Party Claim and proposes to settle it prior to a final judgment thereon or to forego any appeal with respect thereto, then the Claiming Party shall give the Responding Party prompt written Notice thereof, and the Responding Party shall have the right to participate in the settlement or assume or reassume the defence of such Third Party Claim in accordance with the terms of this Section 6.5(d).
- (e) In the event that the Claiming Party subsequently recovers all or part of a Third Party Claim from any other Person, the Claiming Party shall forthwith repay to the Responding Party the amounts so recovered up to any amount not exceeding the amount theretofore paid by the Responding Party by way of indemnity.
- (f) Notwithstanding anything contained in this Section 6.5, Third Party Claims shall be subject in all respects to the Survival Period and other limitations set out in Section 6.4.

This Section 6.5 shall survive Closing.

6.6 Breach of Representation or Warranty

Each party shall give Notice to the other of any breach of a representation or warranty, together with details thereof, promptly after becoming aware of the breach and in any event by no later than one year after the Closing Date. The party who breached a representation or warranty shall

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have carriage and control, at its option and at its sole cost and expense, of all settlement and legal proceedings with third parties relating to the breach.

6.7 "As Is, Where Is" Sale

The Purchaser acknowledges and agrees to and with the Vendor (it being acknowledged that the Vendor is relying on such acknowledgements and agreements in entering into this Agreement) as follows:

- (a) Except as expressly set out in this Agreement, the Properties are being sold by the Vendor, and are being purchased by the Purchaser, strictly on an "as is" basis.
- (b) Except as expressly set out in this Agreement, no representations or warranties of any nature or kind have been made or will be made by the Vendor, or anyone acting on behalf of the Vendor, whether before or after execution of this Agreement or the Closing Date, to or for the benefit of the Purchaser with respect to the Properties, including without limitation, any representation or warranty relating to any of the following matters: the Properties' physical condition (which includes environmental condition and soil condition), merchantability, habitability, quantity, quality, lawful use or fitness for any particular use or purpose or their compliance with applicable laws, or the availability of lawful access to or from the Properties.
- (c) The Purchaser is relying solely on its own due diligence, title searches, and other searches, inspections and investigations in purchasing the Properties.
- (d) The provisions of this Section 6.7 shall not merge on, but shall survive, Closing.

ARTICLE 7 CONDITIONS

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Closing is subject to the fulfilment of the following conditions ("**Purchaser's Conditions**") on or before the Closing Date (or such earlier date as is specified below), unless otherwise waived by the Purchaser:

- (a) no material default of the Vendor under this Agreement will have occurred which has not been waived by the Purchaser or rectified by the Vendor;
- (b) the Vendor representations and warranties contained in Section 6.1 will be true in all material respects; and
- (c) the Vendor will have delivered the instruments listed in Section 8.2.

The conditions set out in this Section 7.1 are for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser, in its sole discretion, by written notice to the Vendor.

7.2 Vendor's Conditions

The obligation of the Vendor to complete the Closing is subject to the fulfilment of the following conditions (the "Vendor's Conditions") on or before the Closing Date (or on or before the date specified below, if applicable), unless otherwise waived by the Vendor:

- (a) no material default of the Purchaser under this Agreement will have occurred which has not been waived by the Vendor or rectified by the Purchaser;
- (b) the Purchaser representations and warranties contained in Section 6.2 will be true in all material respects; and
- (c) the Purchaser will have made the payments and delivered the instruments listed in Section 8.3.

The conditions set out in this Section 7.2 are for the sole benefit of the Vendor and may be waived in whole or in part by the Vendor, in its sole discretion, by written notice to the Purchaser.

7.3 Reasonable Efforts

Each of the Vendor and the Purchaser agrees to use all reasonable efforts to satisfy the conditions that are within its reasonable control set out in Sections 7.1 and 7.2 above.

7.4 Non-Satisfaction of Conditions

If any of the conditions set out in Section 7.1 is not satisfied in any material respect or not waived on or before the Closing Date, the Purchaser may terminate this Agreement by notice in writing to the Vendor given on or before the Closing Date, in which event this Agreement shall be null and void and of no further force or effect whatsoever and in each case the Purchaser shall be released from all of its liabilities and obligations under this Agreement (other than the obligations of the Purchaser set out in Sections 3.2), and the Vendor shall also be released from all of its liabilities and obligations under this Agreement. However, the Purchaser may waive compliance with any of the conditions set out in Section 7.1 in whole or in part if it sees fit to do so (in which event Section 6.3 shall apply thereto), without prejudice to its rights of termination in the event of non-fulfillment of any other condition contained in this Agreement in whole or in part.

If any of the conditions set out in Section 7.2 is not satisfied or waived on or before the Closing Date, the Vendor may terminate this Agreement by notice in writing to the Purchaser given on or before the Closing Date, in which event this Agreement shall be null and void and of no further force or effect whatsoever (other than the obligations of the Purchaser set out in Sections 3.2) and the Vendor shall be released from all of its liabilities and obligations under this Agreement and, the Purchaser shall also be released from all of its liabilities and obligations under this Agreement (other than the obligations of the Purchaser set out in Sections 3.2). However, the Vendor may waive compliance with any of the conditions set out in Section 7.2 in whole or in part if it sees fit to do so (in which event Section 6.3 shall apply thereto), without prejudice to its

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rights of termination in the event of non-fulfillment of any other condition contained in Section 7.2 in whole or in part.

All conditions to be satisfied on Closing shall be deemed to be satisfied if Closing occurs.

ARTICLE 8 CLOSING

8.1 Closing

The transactions contemplated by this Agreement shall be completed on the Closing Date.

8.2 Vendor Deliveries

On Closing, the Vendor will deliver the following documents, all duly executed and to be dated as of the Closing Date:

- (a) a Transfer/Deed of land for each of the Properties transferring each of the Properties; each such Transfer/Deed shall be in registrable form under the applicable laws of the jurisdiction where each Property is located;
- (b) the Leaseback for each Property;
- (c) the Notice of Leaseback for each Property;
- (d) the Environmental Indemnity;
- (e) the Assignment and Assumption of Metrotown Operating Agreement, if same is required under Section 4.4;
- (f) the Metrotown Termination and Release, if same is required under Section 4.4;
- (g) the Toys 'R' Us Lease Indemnity Agreement, if same is required under Section 4.5;
- (h) the Toys 'R' Us Estoppel Certificate (or the Vendor's own certificate, pursuant to the provisions of Section 4.5);
- (i) the Termination Agreement;
- (j) an undertaking by the Vendor to re-adjust any adjustments made on Closing;
- (k) any rent payable pursuant to the Leaseback for each Property on the Closing Date as provided in such leases shall be paid by the Vendor to the Purchaser by cheque or bank draft payable to the Purchaser or by wire transfer of immediately available funds to an account specified by the Purchaser, unless accounted for in the Statement of Adjustments;

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- (l) a certificate of an officer of the Vendor, given in his or her capacity as an officer of the Vendor and without personal liability, confirming that the Vendor is not a non-resident of Canada with the meaning of Section 116 of the *Income Tax Act* (Canada);
- (m) a certificate of the Vendor confirming the accuracy in all material respects, of the representations and warranties of the Vendor contained in Section 6.1 as of the Closing Date;
- (n) a direction as to the payee of the Purchase Price;
- (o) the Assignment and Assumption of Contracts;
- (p) the Assignment and Assumption of Permitted Encumbrances; and
- (q) such other documents as are customary in similar transactions or are reasonably required by the Purchaser's Solicitors,

all in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of the Closing Deliveries shall contain covenants, representations or warranties that are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement, including this Section 8.2, unless otherwise agreed by both parties.

8.3 Purchaser Deliveries

On Closing, the Purchaser will deliver the balance of the Purchase Price in the amount and in the manner provided by this Agreement and the following documents duly executed and to be dated the Closing Date:

- (a) the balance of the Purchase Price;
- (b) the Leaseback for each Property;
- (c) the Notice of Leaseback for each Property;
- (d) the Assignment and Assumption of Metrotown Operating Agreement, if same is required under Section 4.4;
- (e) the Concord Metrotown Indemnity, if same is required under Section 4.4;
- (f) the Toys 'R' Us Lease Indemnity Agreement, if same is required under Section 4.5;
- (g) the Termination Agreement;
- (h) the non-disturbance agreement referred to in Section 4.2(i);

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- (i) the joint certification referred to in Section 4.2(i) (if the Metrotown Operating Agreement is terminated or amended on Closing);
- (j) an undertaking by the Purchaser to readjust any adjustments made on Closing;
- (k) the Assignment and Assumption of Contracts;
- (l) the Assignment and Assumption of Permitted Encumbrances;
- (m) the GST Undertaking and Indemnity;
- (n) a certificate of the Purchaser confirming the accuracy in all material respects, of the representations and warranties of the Purchaser contained in Section 6.2 as of the Closing Date; and
- (o) such other documents as are customary in similar transactions, or are reasonably required by the Vendor's Solicitors,

all in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of the Closing Deliveries shall contain covenants, representations or warranties that are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement, including this Section 8.3, unless otherwise agreed by both parties.

8.4 Non-Assignable Rights

Nothing in this Agreement shall be construed as an assignment to the Purchaser of, or an attempt to assign to the Purchaser, any Contract, Lease or Permitted Encumbrance that is (i) not assignable, or (ii) not assignable without the approval or consent of the other party or parties thereto, without obtaining such approval or consent (collectively, the "Non-Assignable Rights"). The failure to obtain any such approval or consent, or the fact that such Contract, Lease or Permitted Encumbrance is not assignable, shall not entitle the Purchaser to terminate this Agreement or to any other right or remedy whatsoever including the Purchaser not being entitled to make any Claims against the Vendor. In connection with such Non-Assignable Rights, the Vendor shall, at the request of the Purchaser acting reasonably and in each case at the Vendor's expense:

- (a) apply for and use all reasonable commercial efforts to obtain all consents or approvals required pursuant to the terms of the applicable Contract, Lease or Permitted Encumbrance in a form satisfactory to the Purchaser acting reasonably provided that nothing in this Section 8.4 shall require the Vendor to make any payment to any other party to such document; and
- (b) co-operate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Non-Assignable Rights to the Purchaser, including without limitation holding any such Non-Assignable Rights in trust for the Purchaser or acting as agent for the Purchaser.

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In the event of any conflict or inconsistency between this Section 8.4 and any other provision of this Agreement, this Section 8.4 shall prevail. This provision shall survive and not merge on the Closing.

8.5 Closing Escrow

Closing shall occur using an escrow agreement (or trust/undertaking letter) consistent with customary practice in British Columbia and Alberta that facilitates a concurrent closing in British Columbia and Alberta on the Closing Date.

ARTICLE 9 GENERAL

9.1 Compliance with Laws and Standards

Prior to Closing, the Vendor and the Purchaser shall make any adjustments to this Agreement (i) necessary to comply with the laws, standards or customs of the jurisdiction in which the Properties are situate, provided that the commercial terms hereof shall remain unaltered; and/or (ii) that the Vendor requires to ensure that the execution and delivery of any Leaseback and/or the registration of any Notice of Leaseback does not have the effect of making the Vendor liable to pay any property transfer, land transfer or similar tax.

9.2 Costs and Expenses

Save as otherwise specifically provided, each of the parties hereto shall be responsible for and shall pay all taxes, costs, expenses and legal or other fees incurred by it in connection with the negotiations, settlement and execution of this Agreement and all matters related thereto and shall indemnify and hold harmless the other from and against any and all liabilities or claims in respect of any such expenses, costs or fees.

The Purchaser shall be responsible for all costs of registration, land transfer taxes, registration fees or other transaction costs required for completion of the transaction herein contemplated and the registration or filing of any documents at Closing (other than discharges of Encumbrances other than Permitted Encumbrances) and all federal or provincial sales taxes and other taxes payable by a purchaser in connection with the transfer of the Properties, including GST and provincial retail sales taxes. The Vendor shall be responsible for registration fees payable in connection with the registration of the Notices of Leaseback.

9.3 Single Transaction

All documents and monies shall be delivered in escrow at the place of Closing specified in Section 10.3 on the Closing Date as reasonably required by the solicitors for the parties together with receipt of such evidence as they shall reasonably request that all conditions of this Agreement have been satisfied. It is a condition of Closing that all matters of payment, execution and delivery of documents by each party to the other shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be complete at the Closing until everything required at the Closing has been paid, executed and delivered.

9.4 Closing Procedures

The Closing shall take place on the Closing Date at the offices of the Vendor's Solicitors, Toronto, Ontario or at such other place and/or time as may be reasonably agreed to by the parties. On the Closing Date, the Purchaser will wire to the Vendor an amount equal to the balance of the Purchase Price due on Closing, and each of the Vendor and the Purchaser shall deliver to the other all of its Closing Deliveries required to be delivered pursuant to this Agreement, and the parties shall deliver to their respective registration agents all documents for registration in the applicable land registry offices.

9.5 Planning Legislation

This Agreement shall be effective to create an interest in any Property only if there is compliance with the subdivision, part lot control or similar provisions of any applicable planning legislation in the jurisdictions where such Properties are situate.

9.6 Obligations as Covenants

Each agreement and obligation of the parties contained in this Agreement, even though not expressed as a covenant, shall be considered for all purposes to be a covenant.

9.7 Amendment of Agreement

No modification or amendment of this Agreement shall be binding unless executed in writing by the parties in the same manner as the execution of this Agreement.

9.8 Further Assurances

Each of the parties shall from time to time hereafter and upon any reasonable request of the other party, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

9.9 Waiver

Subject to Section 6.3, no waiver of any default, breach or non-compliance under this Agreement shall be effective unless in writing and signed by the party to be bound by the waiver or by its solicitor. Subject to Section 6.3, no waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

9.10 No Registration of Agreement

The Purchaser shall not register or cause to be registered this Agreement or any notice of this Agreement on title to the Lands or any part thereof. If the Purchaser registers this Agreement or any notice of this Agreement against title to the Properties or any of them in contravention of this

Section, the Purchaser agrees that the Vendor shall be entitled to mandatory injunctive relief to cause the removal of such registration.

9.11 Solicitors as Agents

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated by this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors on behalf of the Purchaser and by the Vendor's Solicitors on behalf of the Vendor and any tender of Closing Deliveries and the balance of the Purchase Price may be made upon the Vendor's Solicitors and the Purchaser's Solicitors, as the case may be.

9.12 Time

Time shall in all respects be of the essence hereof provided that the time for doing or completing any matter may be extended or abridged by an agreement in writing between the Purchaser and the Vendor or their respective Solicitors. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period.

9.13 Currency

All references to money in this Agreement shall refer to Canadian funds.

9.14 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and, except as stated in the instruments and documents to be executed and delivered pursuant hereto, contains all of the representations, conditions, warranties and agreements of the respective parties with respect to the subject matter hereof. There are no verbal representations, undertakings or agreements of any kind between the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or verbal, with respect to the subject matter of this Agreement.

9.15 Severability

If any covenant, obligation or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each covenant, obligation and provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

9.16 Notices

Every notice, consent, request, instruction, approval and other communication provided for or permitted by this Agreement (each, a "Notice") and all legal process in regard hereto shall be validly given, made or served, if in writing and delivered to, or sent by electronic transmission (facsimile or e-mail), to the party to whom it is to be given at:

- (a) to the Vendor, to each of:

Sears Canada Inc.
Suite 700, 290 Yonge Street
Toronto, Ontario
M5B 2C3

Attention: Legal Department
Facsimile: 416.941.2321
e-mail: franco.perugini@sears.ca

- and -

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9
M5B 2M6

Attention: John R. Dow
Facsimile: 416.947.0866
e-mail: jdow@stikeman.com

- (b) to the Purchaser, to each of:

Concord Pacific Investments Inc.
1095 West Pender Street
9th Floor
Vancouver, British Columbia
V6E 2M6

Attention: Vice-President and Chief Financial Officer
Facsimile: 604.895.8296
e-mail: dennis.au-yeung@concordadex.com

- and -

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Aird & Berlis LLP
Brookfield Place
181 Bay Street
Suite 1800
Box 754
Toronto, Ontario
M5J 2T9

Attention: Andrew Webster
Facsimile: 416.865.7777
e-mail: awebster@airdberlis.com

or to such other address as any party hereto may, from time to time, designate in writing delivered in a like manner. If delivered or sent by electronic transmission, Notice shall be deemed delivered on the date of delivery or transmission, unless delivered or transmitted after 5:00 p.m (Toronto time) on a Business Day or on a day which is not a Business Day, in which event Notice shall be deemed delivered on the next following Business Day.

9.17 Commission

Each of the Vendor and the Purchaser represents and warrants to the other that it has not retained any agent or broker in connection with this Agreement or had any dealings with any agent or broker.

9.18 Successors and Assigns

This Agreement shall not be assignable by the Purchaser (except to an Affiliate of the Purchaser) without first obtaining the prior written consent of the Vendor, which consent may be unreasonably or arbitrarily withheld in the sole discretion of the Vendor. In the event of an assignment by the Purchaser of this Agreement to any Person, such Person shall execute and deliver to the Vendor an agreement pursuant to which such Person shall assume, and thereafter be jointly and severally liable with the Purchaser for, all of the obligations of the Purchaser under this Agreement.

All of the covenants and agreements contained in this Agreement shall be binding upon the parties and their respective successors and permitted assigns and shall enure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns pursuant to the terms and conditions of this Agreement.

9.19 Counterpart and Electronic Delivery

This Agreement may be executed in counterparts and by electronic transmission.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

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9.20 Execution Within Ten (10) Business Days

The Purchaser has executed and delivered this Agreement to the Vendor on the Agreement Date and the offer constituted by such execution and delivery shall be irrevocable for a period of ten (10) Business Days thereafter. In the event that the Vendor executes and delivers this Agreement to the Purchaser within such ten (10) Business Day period, this Agreement shall be binding on both of them. In the event that the Vendor does not execute and deliver this Agreement to the Purchaser within such ten (10) Business Day period, then the Purchaser's said offer shall be deemed to have been withdrawn and the Vendor shall no longer be entitled to accept it.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

SEARS CANADA INC.Per: 

Name: Stephen Champion

Title: Senior Vice President, Real Estate

Per: 

Name: Franco Perugin

Title: General Counsel and Corporate Secretary

We have authority to bind the Corporation.

CONCORD PACIFIC INVESTMENTS INC.Per: 

Name: Dennis Au-Yeung

Title: Vice-President

I have authority to bind the Corporation.

SCHEDULE "A"
LEGAL DESCRIPTION OF PROPERTIES"

Municipal Address	Legal Description
1616 – 14 th Avenue North West, Calgary	Plan 8210266 Block 21 Excepting thereout all mines and minerals
4750 The Kingsway, British Columbia	Parcel Identifier: 013-298-542 Lot A District Lots 32, 152 and 153 Group 1 New Westminster District Plan 80588
45585 Luckakuck Way, Chilliwack, British Columbia	Parcel Identifier: 005-841-062 Lot 26 District Lots 259 and 266 Group 2 New Westminster District Plan 45019

SCHEDULE "B"
PERMITTED ENCUMBRANCES

General

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any mines and minerals in the Crown or in any other person.
2. Subdivision agreements, site plan control agreements, development agreements, servicing or industrial agreements, utility agreements, airport zoning regulations and other similar agreements with Governmental Authorities or private or public utilities affecting the development or use of the Properties registered against title to the respective Property or disclosed to the Purchaser as part of the Property Documents (provided same do not materially impair the use or marketability of the Lands for the purposes for which the Purchaser intends to use them).
3. Restrictive covenants, private deed restrictions and other land use control agreements registered against title to the Property or disclosed to the Purchaser as part of the Property Documents (provided same do not materially impair the use or marketability of the Lands for the purposes for which the Purchaser intends to use them).
4. Subject to Section 23(1) of the *Land Titles Act* (British Columbia) and Sections 61(1) and 62(1) of the *Land Titles Act* (Alberta).
5. Encumbrances for real property taxes (which term includes charges, rates and assessments) or charges for electricity, power, gas, water and other services and utilities in connection with any of the Properties that have accrued but are not yet due and owing.
6. Registered easements, rights-of-way, restrictive covenants and servitudes and other similar rights in land or in immovables granted to, reserved or taken by any Governmental Authority or public utility or any adjoining owner (provided same do not materially impair the use or marketability of the Lands for the purposes for which the Purchaser intends to use them).
7. Minor title defects or irregularities (provided same do not materially impair the use or marketability of the Lands for the purposes for which the Purchaser intends to use them).
8. Minor encroachments by any Property over neighbouring land and minor encroachments over any Property by improvements of neighbouring landowners that in either case do not materially impair the use, operation or marketability of the applicable Property.
9. The Toys 'R' Us Lease [if amended in accordance with Section 4.5] and the Leasebacks (but only for so long as the Leasebacks have not expired or been terminated).
10. The Assumed Contracts.

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11. The provisions of applicable laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning.
12. Encumbrances in any personal or moveable property granted by the Vendor in the ordinary course of business in connection with the lease, placement or purchase of such personal or moveable property (provided same do not materially impair the use or marketability of the Lands for the purposes for which the Purchaser intends to use them).
13. Inchoate or statutory Encumbrances in respect of construction, renovations or current operations in respect of which the Vendor has, where applicable, complied with the holdback or other similar provisions or requirements of the applicable building lien legislation and (i) for which no claim has been registered against the Lands and of which no notice in writing has been given to the Vendor pursuant to such legislation or (ii) that relate to obligations not yet due.

Property in Burnaby

1. Easement Y112059 over Lot Y; Plan 69935
2. Party Wall Agreement Y112075 over Lot Y; Plan 69935
3. Easement BV521476 of Lot 1 Plan BCP6303
4. Easement BV521478 of Lot 1 Plan BCP6303
5. Easement BV521472 of Parcel 3 Except: Airspace Parcel 1 Plan 79744, Airspace Parcel 2 Plan 87288
6. Easement BV521474 of Parcel 3 Except: Airspace Parcel 1 Plan 79744, Airspace Parcel 2 Plan 87288
7. Easement 155924C over Part .153 Acre of Lot E and .121 Acre of Lot F as shown on Statutory Right of Way Plan 13364
8. Hereto is annexed Easement BY206093 over Plan 67067 of Lot 209 Plan 67065 – Extension 155924C
9. Notice under Section 40, *Land Title Act* as to Part Formerly Parcels "C" and "D" (Bylaw Plan 45272)
10. Easement X91349 over Plan 68349 of Lot 2; Plan 68348
11. Notice under Section 40, *Land Title Act* as to Part Formerly Parcel J (Bylaw Plan 32181)
12. Notice under Section 40, *Land Title Act* as to Part Formerly Parcel K (Bylaw Plan 32181)
13. Easement Y112066 over Plan 69940 of Lot Y; Plan 69935

14. Easement Y112057 over Plan 69937 of Lot Y; Plan 69935
15. Easement AB241475 over Part (Plan 79838) of Lot Y Plan 69935
16. Easement AB241479 over Part (Plan 79837 – containing 347 square meters) of Lot Y Plan 69935
17. Easement AB255784 over Part (Plan 79839 – containing 59.3 square meters) of Lot Y Plan 69935
18. Easement AB255785 (See AB241479) over Part (Plan 79840 – containing 59.3 square meters) of Lot Y Plan 69935
19. Easement AB255786 (See AB241479) over Part (Plan 79837 – containing 294 square meters) of Lot Y Plan 69935
20. Easement AB241481 over Part (Plan 79841) of Lot Y Plan 69985
21. Easement AC29712 over (200.5M2 Plan 80582) Lot 2 Plan 80573
22. Easement AC20099 over (Plan 80471) Parcel 3 Except: Airspace Parcel 1 Plan 79744; Reference Plan 79648
23. Easement AC29691 over (Plan 80574) Parcel 3 Reference Plan 79648 Except Airspace Parcel 1 Plan 79744
24. Easement AC29705 over (Plan 80579) Lot 3 Plan 80573
25. Easement AC29706 over (Plan 80579) Lot 3 Plan 80573
26. Crossing Agreement 69699C
27. Statutory Right of Way X91346
28. Easement X91348
29. Statutory Right of Way Y112054
30. Covenant Y112055
31. Easement Y112058
32. Partial Release BF18441 as to Lot 4 Plan 80573, 20/01/1992
33. Covenant Y112060
34. Easement Y112062
35. Partial Release BF18442 as to Lot 4 Plan 80573, 20/01/1992

36. Easement Y112064
37. Partial Release BF18443 as to Lot 4 Plan 80573, 20/01/1992
38. Statutory Right of Way Y112068
39. Party Wall Agreement Y112074
40. Partial Release BF18444 as to Lot 4 Plan 80573, 20/01/1992
41. Covenant AC29695 (with Priority over G8489, G8490, G8491, J62316, X124720 and Y112046 inter alia)
42. Statutory Right of Way AC29696 (with Priority over G8489, G8490, G8491, J62316, X124720 and Y112046 inter alia)
43. Easement AC29698
44. Easement AC29700
45. Easement AC29704
46. Easement AC50776
47. Easement AC50777
48. Easement AC29719
49. Easement AC29737
50. Easement AD69483
51. Statutory Right of Way BV521447
52. Statutory Right of Way BV521449
53. Covenant BV521452
54. Covenant BV521459
55. Covenant BV521461
56. Easement BV521479
57. Easement BV521480
58. Easement BV521481
59. Easement BV521482

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60. Statutory Right of Way BX330623 (Modified by BA477882)
61. Statutory Right of Way BA477881
62. Modification BA477882
63. Mortgage CA3568449 and Assignment of Rents CA3568450 (the HSBC Mortgage)

Property in Chilliwack

1. Restrictive Covenant BK349596 Over Lot 27 Plan 45019
2. Easement BK349599 over Lot 27 Plan 45019
3. Easement BK349600 over Lot 27 Plan 45019
4. Restrictive Covenant over Parcel "One" (Reference Plan 15118) of District Lot 259 Group 2 (see 377310E)
5. *The Land Commission Act*; see Agricultural Land Reserve Plan No. 47 Deposited Sept 11 1974
6. Undersurface Rights 362799C, transferred to AD191962
7. Easement M35602 (appurtenant to Lot 27, Plan 45019 (Shopping Centre))
8. Undersurface Rights AD191962
9. Restrictive Covenant BK349595 (appurtenant to Lot 27, Plan 45019 (Shopping Centre))
10. Easement BK349597 (appurtenant to Lot 27, Plan 45019 (Shopping Centre))
11. Easement BK349599 (appurtenant to Lot 27, Plan 45019 (Shopping Centre))

Property in Calgary

1. Instrument No. 6325HI, Utility Right of Way in favour of Canadian Western Natural Gas Company
2. Instrument No. 324HQ transferred by 326HQ, Lease – Montreal Trust Company by Transfer of Lease (326HQ)
3. Instrument No. 991HU, Utility Right of Way in favour of The City of Calgary

4. Instrument No. 2549JI, Caveat in favour of Montreal Trust Company
5. Instrument No. 821 025 137, Utility Right of Way in favour of The City of Calgary
6. Instrument No. 991 193 942, Caveat re: Easement
7. Instrument No. 101 215 727, Caveat re: Easement

SCHEDULE "C"
FORM OF ENVIRONMENTAL INDEMNITY

ENVIRONMENTAL INDEMNITY

THIS INDEMNITY made as of the [REDACTED] day of [REDACTED], 2015.

BETWEEN:

SEARS CANADA INC.

(the "Vendor")

- and -

CONCORD PACIFIC INVESTMENTS INC.

(the "Purchaser")

RECITALS:

- A. The Vendor and the Purchaser are parties to an agreement of purchase and sale in respect of lands which include the Sears Property, dated February [REDACTED], 2015 (the "Purchase Agreement").
- B. Pursuant to the Purchase Agreement, the Vendor has agreed to provide this Indemnity.

NOW THEREFORE, in consideration of the premises, the advance of the Loan or any part thereof by the Lender and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereby represent, warrant, covenant and agree to and in favour of the Lender as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

The following terms are defined as follows:

- (a) "Environmental Laws" means all applicable federal, provincial, municipal and local laws concerning contamination, pollution or protection of the natural environment or otherwise relating to the environment, including applicable laws pertaining to (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Substances, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Substances. [Note: Definition as per Purchase Agreement.]
- (b) "Governmental Authority" means any government, regulatory authority, governmental department, agency, commission, board, tribunal or court or other law, rule or regulation-making entity having jurisdiction on behalf of the Government of Canada, or any province or other subdivision thereof or any

municipality, district or other subdivision thereof. [Note: Definition as per Purchase Agreement.]

- (c) **"Hazardous Substance"** means (i) any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws, including contaminants, pollutants, dangerous substances, solvents, dangerous goods, liquid wastes, industrial wastes, hauled liquid wastes, radioactive wastes, toxic substances, hazardous wastes, Hazardous Substance or hazardous substances as defined in any Environmental Laws (ii) asbestos and urea formaldehyde, and (iii) petroleum products.. [Note: Definition as per Purchase Agreement.]
- (d) **"Environmental Matters"** means the presence of any Hazardous Substance at, upon, within or otherwise affecting the Sears Property or at, upon, within or otherwise affecting the Off-Site Property and originating on the Sears Property prior to the date of this Indemnity, including any non-compliance with Environmental Laws with respect to the foregoing.
- (e) **"Leaseback"** means the lease entered into on the date hereof between the Purchaser, as landlord, and the Vendor, as tenant, with respect to the Sears Property.
- (f) **"Off-Site Property"** means all lands outside the boundaries of the Sears Property.
- (g) **"Sears Property"** means the lands and premises in the City of Calgary, Alberta described in Schedule "A" attached hereto.

ARTICLE 2 INDEMNITY

2.1 Indemnity

During the currency of this Indemnity, the Vendor shall bear all risks and costs associated with any loss, liability or damage arising from Environmental Matters, including all costs of removal of Hazardous Substance from the Sears Property or the Off-Site Property or other remediation of the Sears Property or the Off-Site Property required by any Governmental Authority. The Vendor shall indemnify, defend and hold the Purchaser and its shareholders, directors, officers, employees and agents harmless from and against all out-of-pocket costs and expenses (including reasonable costs of defence and consultant fees, investigation and laboratory fees, court costs, and other litigation expenses) arising out of or associated, in any way, with any Environmental Matters. Any amounts payable to the Purchaser by reason of the application of this Section 2.1 shall become immediately due and payable and shall bear interest at the rate of ten (10) per cent from the date loss or damage is sustained by the Purchaser until paid.

2.2 Expiry

This Indemnity shall expire on, and shall be of no further force or effect on or after, the 50th anniversary of the date hereof as it relates to the Off-Site Property and the earlier of (i) the 50th anniversary of the date hereof or (ii) the date of expiry or other termination of the Leaseback as it relates to the Sears Property.

2.3 Limitation

The liability of the Vendor pursuant to Section 2.1 shall be limited to out of pocket costs and expenses actually incurred by the Purchaser and shall specifically exclude economic loss and consequential loss.

2.4 Purchaser's Acknowledgement

The Purchaser acknowledges that as and from the time the Vendor ceases to be in possession and occupation of the Sears Property pursuant to the Leaseback, the Purchaser shall diligently prosecute until it is complete any and all work pursuant to remedial orders issued by a Governmental Authority with respect to the Sears Property and relating to the release of Hazardous Substances prior to the date of this Indemnity;

2.5 Survival of this Indemnity

- (a) The obligations, covenants, agreements and duties of Vendor under this Indemnity shall in no way be affected or impaired by reason of the occurrence from time to time of any of the following events, even though notice may not have been given to or received from the Vendor or the further consent of the Vendor may not have been obtained:
- (i) the waiver of the performance or observance by the Vendor of any agreement, covenant, term or condition to be performed or observed by it;
 - (ii) any failure, omission or delay on the part of the Purchaser or any other person to enforce, assert or exercise any right, power or remedy that it might have or the granting of indulgences or extensions in any form;
 - (iii) the voluntary or involuntary liquidation, dissolution, sale of all or substantially all of the property, assets, liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement or readjustment, or other similar application or proceeding affecting the Vendor or any of their assets; or
 - (iv) the sale, transfer or conveyance of any of the Sears Property or any interest therein to any party, whether now or hereafter having or acquiring an interest in any of the Sears Property.

2.6 Waiver

- (a) Notice of acceptance of this Indemnity, presentment, demand for payment, protest, notice of default or non-payment, notice of dishonour, notice of protest and all other notices and demands are hereby waived by the Vendor.
- (b) All rights and remedies afforded to the Purchaser by reason of this Indemnity are separate and cumulative rights and remedies and it is agreed that no one of such rights or remedies, whether exercised by the Purchaser or not, shall be deemed to be an exclusion of any other rights or remedies available to the Purchaser and shall not limit or prejudice any other legal or equitable right or remedy which the Purchaser may have.

2.7 Continuing Indemnity

The Vendor hereby acknowledges and agrees that this Indemnity is a continuing indemnity and that the obligations of the Vendor hereunder are and shall be absolute under any and all circumstances.

**ARTICLE 3
GENERAL****3.1 Further Assurances**

The Vendor covenants and agrees to execute all such further assignments and other documents and to do all such further acts and things, which are required by the Purchaser, from time to time, to give effect to this Indemnity.

3.2 Enurement

This Indemnity shall enure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

3.3 Notices

Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Indemnity shall be in writing and shall be sufficiently given or made if delivered to the party for whom it is intended, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail, at or to the following respective addresses:

- (a) in the case of the Vendor:

290 Yonge Street
Suite 700
Toronto, Ontario
M5B 2C3

Attention: Legal Department
Facsimile: 416-941-2321
e-mail: franco.perugini@sears.ca

(b) in the case of the Purchaser:

1095 West Pender Street
9th Floor
Vancouver, British Columbia
V6E 2M6
Attention: Vice President and Chief Financial Officer
Facsimile: (604) 895-8296
e-mail: dennis.au-yeung@concordadex.com

Any of the parties hereto may, from time to time, change its address or stipulate another address from the address described above in the manner provided in this paragraph. The date of receipt of any such notice, demand, request, consent, agreement or approval, if delivered, shall be deemed to be the date of delivery thereof, or if mailed as aforesaid, the fourth business day following the date of mailing.

3.4 Amendments

This Indemnity may not be modified or amended except with the written consent of the parties.

3.5 Assignment

The Purchaser may assign, transfer, negotiate, pledge or otherwise hypothecate this Indemnity to a purchaser of the Purchaser's interest in the Sears Property. Otherwise, neither party shall assign this Indemnity or any interest herein.

3.6 Severability

Any term, condition or provision of this Indemnity which is or is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom, be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.

3.7 Governing Law

This Indemnity, and the interpretation, construction, application and enforcement of this Indemnity, shall be governed by and construed, in all respects, exclusively in accordance with the laws of the Province of Alberta.

3.8 Headings

The insertion in this Indemnity of headings is for the convenience of reference only and shall not affect the construction or interpretation of this Indemnity.

3.9 Number and Gender

All nouns and personal pronouns relating thereto shall be read and construed as the number and gender may require and the verb shall be read and construed as agreeing with the noun and pronoun.

3.10 Receipt of Copy

The Vendor acknowledges receipt of a copy of this Indemnity.

3.11 Counterpart

This Indemnity may be executed in counterparts and by electronic transmission and all counterparts taken together shall constitute an executed copy of this Indemnity.

IN WITNESS WHEREOF the parties hereto have executed this Indemnity on the date first above written.

SEARS CANADA INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
We have authority to bind the Corporation.

CONCORD PACIFIC INVESTMENTS INC.

Per: _____
Name: Dennis Au-Yeung
Title: Vice-President
I have authority to bind the Corporation.

SCHEDULE "A"
SEARS PROPERTY

PLAN 8210266
BLOCK 21
EXCEPTING THEREOUT ALL MINES AND MINERALS

21768005.2

SCHEDULE "D"
FORM OF TERMINATION AGREEMENT

MUTUAL RELEASE AND TERMINATION AGREEMENT

THIS AGREEMENT is dated for reference as of [REDACTED], 2015.

AMONG:

SEARS CANADA INC.
(the "Vendor")

- and -

CONCORD KINGSWAY PROJECT LIMITED PARTNERSHIP
(the "Burnaby Purchaser")

-and-

CONCORD PACIFIC INVESTMENTS INC.
(the "Original Calgary Purchaser")

and

CONCORD NORTH HILL LIMITED PARTNERSHIP
(the "Calgary Purchaser")

-and-

CONCORD DEVELOPMENT LIMITED PARTNERSHIP
(the "Burnaby Development Manager")

-and-

CONCORD DEVELOPMENT (ALBERTA) LIMITED PARTNERSHIP
(the "Calgary Development Manager")

RECITALS:

- A. The Vendor and the Burnaby Purchaser entered into an agreement of purchase and sale dated October 15, 2013 pertaining to the acquisition by the Burnaby Purchaser from the Vendor of an undivided 50% interest in the property known municipally as 4750 Kingsway, Burnaby, British Columbia (the "**Burnaby Property**"), as amended by a Waiver and Amending Agreement dated November 22, 2013 and an Amending Agreement dated October 8, 2014 (collectively, the "**Burnaby Purchase Agreement**").
- B. The Vendor and the Original Calgary Purchaser entered into a letter agreement of purchase and sale signed by Concord Pacific Investments Inc. on June 11, 2014 and accepted by the Vendor on June 13, 2014, pertaining to the acquisition by Concord Pacific Investments Inc. from the Vendor of an undivided 50% interest in the property known municipally as 1616-14th Avenue North West, Calgary, Alberta (the "**Calgary Property**"), as amended by a Waiver and Amending Agreement dated October 8, 2014 (collectively, the "**Calgary Purchase Agreement**").
- C. The Original Calgary Purchaser assigned all of its right, title and interest in and to the Calgary Purchase Agreement to the Calgary Purchaser by an Assignment and Assumption of Purchase Agreement dated October 9, 2014.
- D. In connection with the Burnaby Purchase Agreement and the Calgary Purchase Agreement, the Vendor and the Burnaby Purchaser and Calgary Purchaser, respectively, entered into various other agreements, indemnities, instruments, documents and arrangements pursuant to the Burnaby Purchase Agreement and the Calgary Purchase Agreement or related to the transactions contemplated thereby (the "**Related Burnaby Agreements**" and "**Related Calgary Agreements**", respectively).
- E. Pursuant to the Burnaby Purchase Agreement, the Vendor and the Burnaby Development Manager entered into a development management agreement dated November 22, 2013 (the "**Burnaby DMA**").
- F. Pursuant to the Calgary Purchase Agreement, the Vendor and the Calgary Development Manager entered into a development management agreement dated October 8, 2014 (the "**Calgary DMA**").
- G. The parties have agreed to terminate the Burnaby Purchase Agreement, the Related Burnaby Agreements, the Calgary Purchase Agreement, the Related Calgary Agreements, the Burnaby DMA and the Calgary DMA and to release each other from any and all claims with respect to such agreements (existing now or in the future) subject to the terms set out herein.

NOW THEREFORE, in consideration of the sum of \$1.00 and other good and valuable consideration (the receipt and sufficiency of which is hereby mutually acknowledged), the parties agree as follows:

- 1. The Burnaby Purchase Agreement, the Related Burnaby Agreements, the Calgary Purchase Agreement and the Related Calgary Agreements together with any and all addendums thereto or amendments thereof, are hereby terminated and of no further force or effect.

2. The Burnaby DMA is terminated pursuant to Section 6.1(a) thereof and shall have no further force or effect.
3. The Calgary DMA is terminated pursuant to Section 6.1(a) thereof and shall have no further force or effect.
4. The Burnaby Purchaser acknowledges and agrees that no deposit has been paid by the Burnaby Purchaser to the Vendor as of the date hereof.
5. The Calgary Purchaser acknowledges and agrees that no deposit has been paid by the Calgary Purchaser to the Vendor as of the date hereof.
6. The Vendor and the Burnaby Purchaser mutually release each other and each of their respective heirs, executors, administrators, successors and assigns, from any and all obligations and liabilities under or in respect of the Burnaby Purchase Agreement (and any and all addendums thereto or amendments thereof) and the Related Burnaby Agreements and from and against any and all costs, damages, actions, proceedings, demands and/or claims whatsoever which either of the parties now has, or may have, against the other party, by reason of, or in connection with, the Burnaby Purchase Agreement (and any and all addendums thereto or amendments thereof) and/or the Related Burnaby Agreements and/or the termination thereof pursuant to the foregoing provisions.
7. The Vendor, the Calgary Purchaser and the Original Calgary Purchaser mutually release each other and each of their respective heirs, executors, administrators, successors and assigns, from any and all obligations and liabilities under or in respect of the Calgary Purchase Agreement (and any and all addendums thereto or amendments thereof) and the Related Calgary Agreements and from and against any and all costs, damages, actions, proceedings, demands and/or claims whatsoever which either of the parties now has, or may have, against the other party, by reason of, or in connection with, the Calgary Purchase Agreement (and any and all addendums thereto or amendments thereof) and/or the Related Calgary Agreements and/or the termination thereof pursuant to the foregoing provisions.
8. The Vendor and the Burnaby Development Manager mutually release each other and each of their respective heirs, executors, administrators, successors and assigns, from any and all obligations and liabilities under or in respect of the Burnaby DMA and from and against any and all costs, damages, actions, proceedings, demands and/or claims whatsoever which either of the parties now has, or may have, against the other party, by reason of, or in connection with, the Burnaby DMA (and any and all addendums thereto or amendments thereof) and/or the termination thereof pursuant to the foregoing provisions.
9. The Vendor and the Calgary Development Manager mutually release each other and each of their respective heirs, executors, administrators, successors and assigns, from any and all obligations and liabilities under or in respect of the Calgary DMA and from and against any and all costs, damages, actions, proceedings, demands and/or claims

whatsoever which either of the parties now has, or may have, against the other party, by reason of, or in connection with, the Calgary DMA (and any and all addendums thereto or amendments thereof) and/or the termination thereof pursuant to the foregoing provisions.

- 10. Upon the execution of this Agreement, all of the estate, right, title and interest of the Burnaby Purchaser in and to the Burnaby Property (both at law and in equity, and whether in possession, expectancy or otherwise) as a result of the Burnaby Purchase Agreement shall be automatically released and quit-claimed to and in favour of the Vendor and its successors and assigns forever.
- 11. Upon the execution of this Agreement, all of the estate, right, title and interest of the Original Calgary Purchaser and the Calgary Purchaser in and to the Calgary Property (both at law and in equity, and whether in possession, expectancy or otherwise) as a result of the Calgary Purchase Agreement shall be automatically released and quit-claimed to and in favour of the Vendor and its successors and assigns forever.
- 12. This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, administrators, successors and assigns.
- 13. This Agreement shall be read and construed with all changes of gender and/or number as may be required by the context, and if more than one individual comprises the Purchaser, then all of the foregoing covenants and agreements of the Purchaser shall be deemed and construed to be joint and several covenants and agreements thereof.
- 14. This Agreement may be executed by means of facsimile or email. This Agreement may also be executed by the parties in one or more counterparts, each of which shall be deemed to be an original but, when taken together, shall constitute one and the same instrument.

IN WITNESS whereof, the parties have executed this Agreement.

SEARS CANADA INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

We have authority to bind the Corporation.

**CONCORD KINGSWAY PROJECT
LIMITED PARTNERSHIP, by its General
Partner, CONCORD KINGSWAY
PROJECT GP LTD.**

Per: _____
Name: Dennis Au-Yeung
Title: Authorized Signing Officer
I have authority to bind the Corporation.

**CONCORD NORTH HILL LIMITED
PARTNERSHIP, by its General Partner,
CONCORD NORTH HILL GP LTD.**

Per: _____
Name: Dennis Au-Yeung
Title: Authorized Signing Officer
I have authority to bind the Corporation.

**CONCORD DEVELOPMENT LIMITED
PARTNERSHIP, by its General Partner,
CONCORD DEVELOPMENT GP LTD.**

Per: _____
Name: Dennis Au-Yeung
Title: Authorized Signing Officer
I have authority to bind the Corporation.

**CONCORD DEVELOPMENT (ALBERTA)
LIMITED PARTNERSHIP, by its General
Partner, CONCORD DEVELOPMENT
(ALBERTA) GP LTD.**

Per: _____
Name: Dennis Au-Yeung
Title: Authorized Signing Officer
I have authority to bind the Corporation.

CONCORD PACIFIC INVESTMENTS INC.

Per: _____
Name: Dennis Au-Yeung
Title: Authorized Signing Officer
I have authority to bind the Corporation.

21756597.1

SCHEDULE "E"
TOYS 'R' US ESTOPPEL CERTIFICATE

TENANT ESTOPPEL CERTIFICATE

TO: Concord Pacific Investments Inc. (the "Purchaser"),
its successors and assigns

AND TO: Any lender to the Purchaser (the "Lender"), its successors and assigns

RE: Lease between Sears Canada Inc., as landlord, and Toys 'R' Us (Canada) Ltd., as
tenant, dated May 19, 1994, as amended by a letter amending agreement dated
August 9, 1994 (collectively, the "Lease")

PREMISES: Toys 'R' Us Store, 4750 Kingsway, Burnaby, British Columbia (the "Premises")

The undersigned, being the tenant under the Lease, hereby certifies that:

1. The Lease is unmodified and is in full force and effect. The undersigned has not assigned the Lease except as set out above or sublet any portion of the Premises, except as follows:

2. The basic annual rent under the Lease is [REDACTED] payable monthly, in advance, on the first day of each and every month. The original term of the Lease expired on October 28, 2009, and was renewed pursuant to Section 3(c) of the Lease for 5 years expiring on October 28, 2014, and was renewed for a further 5 years expiring October 28, 2019. The undersigned is entitled to four additional 5-year renewal terms, the last of which would expire on October 28, 2039 if all such renewal rights are exercised.
3. The current monthly payment on account of realty taxes and operating costs being paid to the landlord is [REDACTED].
4. There is no prepaid rent, deposit or security deposit under the Lease, except for the following: _____

5. The Lease represents the entire agreement between the landlord and the undersigned in respect of the Premises and the undersigned has no charge, lien or right of set-off in respect of the rents payable thereunder.
6. To the best of the undersigned's knowledge, the landlord is not in default of any of its obligations under the Lease and no other event or condition exists permitting the undersigned to terminate the Lease or withhold payment of rent.
7. The undersigned has taken possession of the Premises. All improvements to the Premises which are the landlord's responsibility have been completed. There are no tenant inducements, tenant allowances or other incentives payable or to be performed by the landlord outstanding in connection with the Lease.

- 8. The undersigned is not in default of any of its obligations under the Lease.
- 9. At no time during the term of the Lease has any part of the Premises been used for a residential purpose.
- 10. The undersigned tenant confirms and acknowledges that the statements contained herein are true and accurate and may be relied upon as being true and accurate by the Purchaser, its successors and assigns and the Lender, its successors and assigns in connection with the sale and purchase of the Premises and any financing by the Purchaser, its successors and assigns, of its purchase of the Premises and that the Purchaser is acquiring the Premises based and relying upon this certificate as to the status of the Lease at the date hereof. If any Lender requires a specific confirmation of the statements contained herein, the undersigned tenant shall provide such confirmation to the extent such statements remain true.

IN WITNESS WHEREOF the undersigned tenant has caused this Certificate to be executed under the hand(s) of its proper signing officer(s) this [] day of [], 2015.

TENANT: TOYS 'R' US (CANADA) LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the tenant.

**APPENDIX “B”
(see attached)**

McCarthy Tétrault LLP
 Suite 4000
 421-7th Avenue S.W.
 Calgary AB T2P 4K9
 Canada
 Tel: 403-260-3500
 Fax: 403-260-3501

Sean F. Collins
 Direct Line: (403) 260-3531
 Email: scollins@mccarthy.ca

Assistant: Katie Doran
 Direct Line: (403) 260-3560
 Email: kdoran@mccarthy.ca

**mccarthy
 tetrault**

February 27, 2019

Via Email (alan.merskey@nortonrosefulbright.com)

Mr. Alan B. Merskey
 Partner
 Norton Rose Fulbright Canada LLP
 Suite 3800 Royal Bank Plaza, South Tower
 200 Bay Street
 P.O. Box 84
 Toronto ON M5J 2Z4

Dear Mr. Merskey:

Re: In the matter of the *Companies' Creditors Arrangement Act* proceedings involving Sears Canada Inc. ("Sears Canada") et al Joint Plan of Compromise and Arrangement dated February 15, 2019 (the "CCAA Plan") Amended Environmental Protection Order No. EPO-2018/01-SSR issued by Alberta Environment and Parks under and pursuant to the *Environmental Protection and Enhancement Act*, RSA 2000, chapter E-12 ("EPEA") against Sears Canada, Concord North Hill GP Ltd. ("Concord"), and Suncor Energy Inc. ("Suncor") (the "EPO") in respect of the environmentally contaminated site at the former Sears Canada location at the North Hill Mall in Calgary, Alberta ("North Hill Mall")

We are counsel to Suncor in relation to the EPO. We write to you in your capacity as counsel to the Monitor in the ongoing Sears Canada CCAA proceedings.

As discussed in our telephone conversation of February 22, 2019, Suncor takes issue with the current formulation of Sears Canada's CCAA Plan inasmuch as the CCAA Plan fails to address the requirement under law that Sears Canada's estate comply with the EPO. The compliance required includes the continued implementation of the remediation plan dated December 17, 2018 prepared by Clifton Associates Ltd., on behalf of Sears Canada (the "**Remediation Plan**"). Instead, the CCAA Plan purports to distribute funds to Sears Canada's creditors without complying with the EPO and to release Sears Canada, its estate, and its officers and directors from the requirement under law that the North Hill Mall site be remediated. Suncor's position is that by virtue of this fact, the CCAA Plan in its current formulation is incapable of being sanctioned by the court and, as such, the CCAA Plan must either be amended or other arrangements need to be made prior to the creditors' meeting in a fashion to make the CCAA Plan compliant with the law; specifically, the Supreme Court of Canada's January 31, 2019

judgment in *Orphan Well Association and Alberta Energy Regulator v Grant Thornton Limited and ATB Financial*¹ ("**Redwater**").

Factual Background

The EPO relates to environmental contamination at the Sears Canada gas station and automotive centre located at the North Hill Mall. The EPO was issued on February 28, 2018 naming Sears Canada and Concord (as successor in legal and beneficial interest to Sears Canada in the North Hill Mall location) as "person[s] responsible" under the EPEA. The EPO requires Sears Canada to, among other things, submit a remediation plan in respect of the environmental contamination and thereafter undertake the remediation work. The EPO was twice amended, the second amendment occurred on October 11, 2018 wherein the director of the EPEA (the "**Director**") purported to add Suncor as a "person responsible" with the corresponding obligation on the part of Suncor to comply with the EPO. Suncor has appealed the Director's order and was granted a partial stay of the operation of the EPO pending determination of the appeal.

Sears Canada has complied with the provision of the EPO by submitting the Remediation Plan. The Remediation Plan contains a proposed remediation schedule, a copy of which we assume is in the Monitor's possession. We draw to the Monitor's attention the fact that the proposed remediation schedule includes material steps to be undertaken in connection with the remediation beyond April, 2019. Such steps include continued removal of contaminants, installation of a permeable reactive barrier, ongoing plume monitoring and risk management.

The Sears Canada CCAA Plan contemplates distributing monies to creditors without making provision for compliance by the Sears Canada estate with the EPO. The distribution of monies combined with the broad releases in the CCAA Plan are such that there is no intention whatsoever to require the Sears Canada estate to comply with the EPO; quite to the contrary, the intention is that the implementation of the Sears Canada CCAA Plan will relieve the Sears Canada Estate from all continuing obligations in connection with the EPO and associated environmental contamination at the North Hill Mall site.

Suncor's Contingent Claim

Suncor is entitled to be indemnified by Sears Canada for the losses and damages it sustains in connection with complying with the EPO. As indicated, the bulk of Suncor's claim is contingent upon it undertaking steps to comply with the EPO. Suncor disputes that it is a proper party to the EPO and has undertaken an appeal of the Director's decision to add Suncor as "person responsible" with the corresponding obligation to comply with the EPO.

To be clear, the matter of Suncor's contingent claim is in addition to Suncor's contention that the Sears Canada CCAA Plan must make provision for the Sears Canada estate to comply with the EPO. The ultimate determination of the amount of Suncor's contingent claim must not be conflated with the Director's status in this matter. The Director, in Suncor's view, is not a creditor of the Sears Canada estate. Moreover, the fact that Suncor will submit a contingent claim does not in any way obviate the legal requirement of the Sears Canada estate to comply with the EPO. For the time being, Suncor places the Monitor on notice that it will lodge a contingent claim seeking contribution and indemnity from Sears Canada. As discussed in our telephone conversation of February 22, 2019, Suncor will request that the Monitor exercise the discretion

¹ 2019 SCC 5.

afforded to it under the Claims Procedure Order to admit Suncor's contingent claim notwithstanding the passage of the claim's bar date pursuant to legal principles applicable to admitting late claims.

Impact of Redwater

The Supreme Court of Canada decision in *Redwater* represents a sea-change in the fashion by which environmental claims must be treated in CCAA plans. Prior to the *Redwater* decision, the axiom was that environmental claims such as the EPO were intrinsically financial and as such constitute provable claims subject to the priority regime prescribed by the *Bankruptcy and Insolvency Act*² (the "BIA").

The majority decision of the Supreme Court of Canada in *Redwater* provides insight and clarification in connection with the formulation of the *Abitibi* test.³ In particular, at paragraphs 121-122 of *Redwater*, Chief Justice Wagner, on behalf of the majority, notes the concerns expressed by environmental regulators that the "creditor" step of the *Abitibi* test has been interpreted too broadly by lower courts including by the Ontario Court of Appeal in *Nortel*,⁴ and the application of the sufficient certainty arm of the *Abitibi* test has been undertaken in a fashion that has resulted in virtually all regulatory orders issued by environmental regulators being classified as general creditor claims. In response to these concerns the Supreme Court of Canada held that *Abitibi* should not be taken as standing for the proposition that a regulator is always a creditor when it exercises its statutory enforcement powers against a debtor. Additionally, in *Redwater*, the record failed to disclose that the regulator would ultimately perform the environmental remediation and submit a claim for reimbursement. While the Supreme Court of Canada noted that the first arm of the *Abitibi* test had not been met (i.e. that the regulator was a creditor), the Court nevertheless provided additional guidance surrounding the fact that in the absence of a clear record that the applicable regulatory body will in fact undertake environmental remediation work, the sufficient certainty arm of the *Abitibi* test will not be met.

In *Redwater*, the majority applied and adopted the test from the 1991 Alberta Court of Appeal decision in *Northern Badger*⁵ which stands for the proposition that the enforcement of environmental regulation by an environmental regulatory authority does not constitute the recovery of money or of a judgment for money but rather the enforcement of general law. As a result, the enforcing authority does not become a creditor of the citizen on whom such duty is imposed. In the *Redwater* case, the Court held that the regulator was not a creditor and that the end-of-life environmental obligations that the regulator in the *Redwater* case sought to enforce against Redwater are public duties and that neither the regulator nor the Government of Alberta stood to benefit financially from the enforcement of such obligations. The Court stated that such public duties are owed "not to a creditor, but, rather to fellow citizens, and are therefore, outside the scope of 'provable claims' ". The effect of such ruling was that the reclamation obligations in *Redwater* were determined not to be claims provable in bankruptcy and as such there was no conflict with the general priority scheme mandated by the BIA. The court held that on a proper application of the *Abitibi* test, the Redwater estate must comply with ongoing environmental obligations that are not claims provable in bankruptcy.

² RSC 1985, c B-3.

³ *Newfoundland and Labrador v AbitibiBowater Inc.*, 2012 SCC 67.

⁴ *Re Nortel Networks Corporation*, 2015 ONCA 681.

⁵ *PanAmericana de Bienes y Servicios v Northern Badger Oil & Gas Limited*, 1991 ABCA 181.

Conclusions on Redwater and Application to the Sears Canada CCAA Plan

The circumstance of the Sears Canada case including the EPO is on all fours with the *Redwater* decision and, indeed, is arguably even a more compelling situation where the regulatory authority is not acting in its capacity as a creditor but rather enforcing a duty owed to the public by Sears Canada. The EPO requires Sears Canada to remediate and provide ongoing monitoring, reporting and oversight to the remediation of the environmental contamination. Sears Canada has provided a proposed remediation schedule that extends well beyond the proposed implementation of the CCAA Plan. There is no hint or scintilla of evidence that the Director will undertake any of the work under the EPO.

Accordingly, and in accordance with the principles laid down by the Supreme Court of Canada in *Redwater*, the Sears Canada liquidation must make adequate provision for the Sears Canada estate to continue to comply with its obligations under the EPO.

Conclusions and Path Forward

Suncor welcomes the opportunity to engage in a constructive dialogue with the Monitor, Sears Canada and other materially-affected stakeholders to arrive at a solution that will at once provide a solution to the issue that presents and will allow the Sears Canada CCAA Plan to be implemented. Accordingly, Suncor looks forward to receiving the Monitor's advice pertaining to the steps it intends to take to cause the Sears Canada liquidation to comply with *Redwater*. Given the fact that the creditor meeting is scheduled for a month from to, Suncor would request the Monitor to provide its position in the immediate near future and, in any event, by no later than March 7, 2019. If the Monitor does not accede to Suncor's position, then Suncor will be required to seek the intervention of the CCAA court.

Suncor looks forward to hearing from the Monitor.

Yours truly,

McCarthy Tétrault LLP

Sean F. Collins

SFC/md

c: Suncor Energy Inc.
Osler, Hoskin & Harcourt LLP, counsel to Sears Canada *et al*
Dentons Canada LLP, counsel to Concord
Blakes LLP, counsel to Bentall Kennedy

**APPENDIX “C”
(see attached)**

September 12, 2019

File No.: 00141934
 EPO-2018/01-SSR

Mr. Greg Paliouras
 Divisional Vice-President
 Construction, Energy and Maintenance
 Sears Canada Inc.
 700 – 290 Younge Street
 Toronto, ON M5B 2C3

Dear Mr. Paliouras:

Subject: Revised Remediation Plan Hounsfield Heights and Mall Areas, Calgary

Alberta Environment and Parks (AEP) has reviewed the Revised Remediation Plan Hounsfield Heights and Mall Areas, Calgary (the "Revised Remediation Plan") dated August 13, 2019. The Revised Remediation Plan was provided by Sears Canada Inc. to satisfy requirements contained within the Environmental Protection Order No. EPO-2018/01-SSR (the "EPO"), as amended, which was issued jointly to Sears Canada Inc., Concord North Hill GP Ltd. and Suncor Energy Inc. (the "Parties of the EPO").

I hereby accept the Revised Remediation Plan and authorize the Parties of the EPO to implement the Revised Remediation Plan as of the date of this letter.

Please note that AEP wishes to provide the Parties of the EPO with the following review comments. Although an updated Remediation Plan including a response to AEP's comments is not being requested, AEP requests that the review comments be incorporated into the refinement and implementation of the remediation plan going forward.

1. Based on the comments of section 5.3.3 which identifies variable 1,2 DCA plume stability and the inability to further delineate in Unit 3 due to it truncating, it is recommended that the monitoring wells to the south be used as "sentinel wells" to monitor if the 1,2 DCA plume migrates further. This in conjunction with the addition of the permeable reactive barrier, will provide some certainty of limiting the potential expansion of the plume any further south.
2. As new data in the mall area has the potential to influence soil vapour guidelines previously calculated for this area, the decision was made to use AEP Tier 1 vapour inhalation guideline pathways. AEP accepts this as a conservative approach. Soil vapour guidelines should be recalculated once sufficient data has been collected in the mall area or should exceedances of AEP Tier 1 vapour inhalation guidelines be observed.
3. Please revise component 4. Risk Management, under the four primary components of the Revised Remediation Plan, to make it clear that groundwater monitoring will also be an ongoing requirement.
4. In regards of the proposed remedial actions for the Mall area, the Revised Remediation

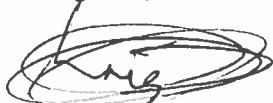
Plan proposes monitoring to determine if natural attenuation is occurring in the dissolved phase plume. Although this is not active remedial approach, it could easily be revised to active depending on results of trend analysis. The Revised Remediation Plan denotes significant decreases in soil and groundwater concentrations in the mall area. The levels are below vapour concerns and currently do not pose a human health risk. The only groundwater pathway exceedance is for the domestic use aquifer (DUA) pathway, which is currently not being utilized as a drinking water source within the City of Calgary.

5. The Parties of the EPO shall have discussions with the Mall Owners regarding the proposed remedial approach and the outcome be reported back to AEP.
6. Rationale must be provided to support reducing groundwater sampling to a semi-annual program. The text must also specify, and provide rationale for, when semi-annual sampling will occur.
7. Please indicate whether the number of groundwater samples recommended for laboratory analysis is consistent with previous years. Rationale must be provided for any proposed changes.

Based on the fact that AEP is not aware of any current risk to human health posed by the soil and groundwater contamination from vapour migration; and the only active exposure pathway at this time is the DUA (groundwater is not currently being used as a drinking water source within the City of Calgary), I do not see any reasonable rationale that would prevent me from accepting the Revised Remediation Plan.

If you have any questions, please feel free to contact myself at 403-297-8294.

Regards,



Craig Knaus
Compliance Manager

cc: Calvin Chan, Concord North Hill GP Ltd.
Paul Gordon, Suncor Energy Products Partnership
Stephen d'Abadie, Clifton Associates
Barbara McEwen, Alberta Environment and Parks
Rick McClelland, Alberta Environment and Parks

**APPENDIX “D”
(see attached)**

From: Merskey, Alan
Sent: September 17, 2019 10:01 AM
To: Cassidy, Paul R (PCASSIDY@mccarthy.ca); Collins, Sean F. (scollins@MCCARTHY.CA); Howard, Kimberly J. (KHOWARD@mccarthy.ca); bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com); Lee Plumb; Vivienne Ball (vivienne.ball@gov.ab.ca)
Cc: Taylor, Stephen; Bissell, Steven; Johnston, Kellie
Subject: Sears - Calgary North Hills motions for directions
Attachments: Revised Remediation Plan Acceptance.pdf

Counsel,

As some of you may be aware, the Director of Alberta Environment and Parks has confirmed the acceptability of the Revised Remediation Plan (**RRP**) proposed by Sears to satisfy the requirements of the Environmental Protection Order (**EPO**) (see attached correspondence).

Suncor, among other parties to the EPO, has expressed the view that the Redwater decision precludes distributions from the estate of the funds that might be required to complete the EPO. As you are aware, the Monitor disagrees. Assuming the opposition is maintained, the Monitor will be bringing a motion to the CCAA court for directions (**Redwater Motion**).

The Monitor has previously postponed CCAA Plan voting and distribution of dividends to allow for negotiations on this issue and finalization of the RRP. There is no reasonable prospect of a commercial resolution at this juncture and the RRP has now been finalized. Accordingly, to avoid further delay to the estate, and the thousands of pensioners, former employees and other creditors awaiting the limited distribution, the Monitor intends to move the Redwater Motion forward.

As a starting point, the Monitor wishes to establish a reserve amount for the funds necessary to conduct the RRP while the Redwater Motion is before the court, in order to proceed with Plan steps and distribution. With the parameters of the RRP now established, the amounts necessary to conduct it are well understood. The cost estimates to conduct the RRP have been disclosed in detail to each of Concord and Suncor. The Monitor will provide an update to those cost estimates by the end of the week, and wishes to obtain the agreement of your clients' to that estimate, as the basis for the reserve amount. If agreement cannot be obtained. In this regard please be advised that the Monitor has booked time on Nov 4th before Justice Hailey for either confirming or, in the event of dispute, determining, the appropriate reserve amount (**Reserve Motion**). If, on receipt of the updated RRP cost estimate you have any questions with respect to the basis for its establishment, we would be happy to consider them. In the event you have, or intend to retain Ontario counsel for the present purposes, please have them contact me or add them to this email so I may include them for coordination purposes.

Please call or email me if you have any questions.

Best regards

Alan Merskey
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
222 Bay Street, Suite 3000, P.O. Box 53, Toronto ON M5K 1E7 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

**APPENDIX “E”
(see attached)**

From: Merskey, Alan
Sent: September 20, 2019 3:21 PM
To: Vivienne Ball
Cc: Taylor, Stephen; Bissell, Steven; Johnston, Kellie; Cassidy, Paul R (PCASSIDY@mccarthy.ca); Howard, Kimberly J. (KHOWARD@mccarthy.ca); bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com); Lee Plumb; Collins, Sean F. (scollins@MCCARTHY.CA)
Subject: RE: Sears - Calgary North Hills motions for directions (RRP estimate attached)
Attachments: North Hill Environmental Remediation Estimate v2 (09202019).xlsx

In response to Vivienne's question, the Monitor recognizes that the outcome of the EPO appeals will be of relevance to both the Director and the CCAA court. Accordingly, we generally intend to seek a date for the hearing of the Redwater Motion in late February or March 2020, in the expectation that timing would allow for the receipt of the outcome of the December 3-5 hearing. We understand that the ultimate decision date is within the discretion of the Minister but intend to ask the Board to deliver their decision at their earliest possible convenience.

Further to my email of Tuesday I am attaching the costing for the RRP. In brief, the Monitor proposes reserving \$7,341,000 for completion of the RRP from January 2019 forward. The build up for the estimate is provided in backup sheets in the spreadsheet. The first tab, entitled summary, presents the overview. We note the following:

1. No funds are reserved for work prior to January 2019 because it is assumed those works will be paid for before a distribution occurs;
2. We have included a general contingency factor and an allowance for costs of administration on top of the NPV estimate;
3. The individual NPV estimate already includes individual contingency items; and
4. Under certain scenarios, detailed at tabs "Scenario 1 – Red Monitor Wells" and "Scenario Two – DUA decision" the NPV drops by up to \$3 million.

Subject to any questions you may have I would appreciate hearing from you with your positions on the Monitor's proposed reserve amount, if any, by September 26, to allow us to determine the contents of our court materials.

Best regards

Alan Merskey
 Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
 222 Bay Street, Suite 3000, P.O. Box 53, Toronto ON M5K 1E7 Canada
 T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Vivienne Ball <vivienne.ball@gov.ab.ca>
Sent: September 19, 2019 11:05 AM
To: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Cc: Taylor, Stephen <stephen.taylor@nortonrosefulbright.com>; Bissell, Steven <Steven.Bissell@fticonsulting.com>; Johnston, Kellie <kellie.johnston@nortonrosefulbright.com>; Cassidy, Paul R (PCASSIDY@mccarthy.ca) <PCASSIDY@mccarthy.ca>; Howard, Kimberly J. (KHOWARD@mccarthy.ca) <KHOWARD@mccarthy.ca>; bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com) <cindy.cheuk@dentons.com>; Lee Plumb <Lee.Plumb@gov.ab.ca>; Collins, Sean F. (scollins@MCCARTHY.CA) <scollins@MCCARTHY.CA>; Vivienne Ball

<vivienne.ball@gov.ab.ca>

Subject: RE: Sears - Calgary North Hills motions for directions

Good morning,

Would you please continue to provide all motion materials in this matter to me and my colleague Lee Plumb.

Further to your first paragraph, what is your anticipated scheduling of the Redwater Motion?

Regards,

Vivienne M Ball

Barrister and Solicitor

Alberta Justice – Environmental Law

Legal Counsel to Environment and Parks | Agriculture and Forestry (Forestry Division)

Direct: 780.638-4139 | Fax: 780.427.4343 | General: 780-427-3496

8th Floor, Oxbridge Place | 9820 - 106th Street | Edmonton, Alberta, Canada | T5K 2J6

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From: Merskey, Alan <alan.merskey@nortonrosefulbright.com>

Sent: Tuesday, September 17, 2019 8:01 AM

To: Cassidy, Paul R (PCASSIDY@mccarthy.ca) <PCASSIDY@mccarthy.ca>; Collins, Sean F. (scollins@MCCARTHY.CA) <scollins@MCCARTHY.CA>; Howard, Kimberly J. (KHOWARD@mccarthy.ca) <KHOWARD@mccarthy.ca>; bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com) <cindy.cheuk@dentons.com>; Lee Plumb <Lee.Plumb@gov.ab.ca>; Vivienne Ball <vivienne.ball@gov.ab.ca>

Cc: Taylor, Stephen <stephen.taylor@nortonrosefulbright.com>; Bissell, Steven <Steven.Bissell@fticonsulting.com>; Johnston, Kellie <kellie.johnston@nortonrosefulbright.com>

Subject: Sears - Calgary North Hills motions for directions

Counsel,

As some of you may be aware, the Director of Alberta Environment and Parks has confirmed the acceptability of the Revised Remediation Plan (RRP) proposed by Sears to satisfy the requirements of the Environmental Protection Order (EPO) (see attached correspondence).

Suncor, among other parties to the EPO, has expressed the view that the Redwater decision precludes distributions from the estate of the funds that might be required to complete the EPO. As you are aware, the Monitor disagrees. Assuming the opposition is maintained, the Monitor will be bringing a motion to the CCAA court for directions (**Redwater Motion**).

The Monitor has previously postponed CCAA Plan voting and distribution of dividends to allow for negotiations on this issue and finalization of the RRP. There is no reasonable prospect of a commercial resolution at this juncture and the RRP has now been finalized. Accordingly, to avoid further delay to the estate, and the thousands of pensioners, former employees and other creditors awaiting the limited distribution, the Monitor intends to move the Redwater Motion forward.

As a starting point, the Monitor wishes to establish a reserve amount for the funds necessary to conduct the RRP while the Redwater Motion is before the court, in order to proceed with Plan steps and distribution. With the parameters of the RRP now established, the amounts necessary to conduct it are well understood. The cost estimates to conduct the RRP have been disclosed in detail to each of Concord and Suncor. The Monitor will provide an update to those cost estimates by the end of the week, and wishes to obtain the agreement of your clients' to that estimate, as the basis for the reserve amount. If agreement cannot be obtained. In this regard please be advised that the Monitor has booked time on Nov 4th before Justice Haينه for either confirming or, in the event of dispute, determining, the appropriate reserve amount

(Reserve Motion). If, on receipt of the updated RRP cost estimate you have any questions with respect to the basis for its establishment, we would be happy to consider them. In the event you have, or intend to retain Ontario counsel for the present purposes, please have them contact me or add them to this email so I may include them for coordination purposes.

Please call or email me if you have any questions.

Best regards

Alan Merskey
Partner

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North Hill Total Remediation Estimate

Task No.	Description	Sears Canada Costs			Estimated Cost Reserve
		Actual		Total	2020 - 2049 (NPV)
		Jan. - Sep. 2019	Sep. - Dec. 2019		
Task 1	Q1 Spring Groundwater Monitoring	73,487	-	73,487	1,257,000
Task 2	Q2 Summer Soil Vapour Monitoring	80,000	-	80,000	786,000
Task 3	Q3 Fall Groundwater Monitoring	17,190	80,000	97,190	1,257,000
Task 4	Q4 Winter Soil Vapour Monitoring	36,086	50,000	86,086	786,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	63,690	15,000	78,690	1,180,000
Task 6	DPVE Utility Budget	8,035	4,150	12,185	197,000
Task 7	DPVE Retrofit	80,235	-	80,235	82,000
Task 8	Annual Report	17,788	-	17,788	200,000
Task 9	PlumeStop Remediation Budget	1,152,012	-	1,152,012	-
Task 10	Contingency: Periodic Borehole Repair and/or Additional Site Delineation	120,392	-	120,392	52,000
Task 11	Contingency: Consultant - Communication, Planning, Meetings, Misc. Budget	54,901	9,000	63,901	708,000
Task 12	Contingency: Plume Stop Installation (Task 9) + Other	-	50,750	50,750	63,000
Task 13	Decommissioning wells at the end of project	-	-	-	10,000
TOTAL - Base Case		1,703,814	208,900	1,912,714	6,578,000
Additional Contingency: 2020 - 2049 Estimated Costs				4%	263,000
Provision for Costs of Administration					500,000
TOTAL - Including Additional Contingency + Costs of Administration					7,341,000

Notes:

The Sears Base Case Estimate of Costs includes approximately \$1.1 million of contingent costs associated with incremental bore hole repair, site delineation, communications and plume stop implementation (see Tasks 10, 11 and 12 in table above).

Estimated on-going site monitoring and remediation tasks in the Base Case reflect existing standards of Alberta Environment and Parks, including ground water and soil vapor testing in line with the Province of Alberta's Domestic Use Aquifer ("DUA") guidelines which contemplate the potential installation of wells as a source of water. Under a scenario where the City of Calgary is no longer subject to the DUA initiative, forecast monitoring, testing and other tasks contemplated under the remediation action plan could be achieved on much more accelerated basis. For example, a reduction in the term of the remediation action plan of 15 years (i.e. results are achieved by 2034/35) would result in a cost savings of over \$4.0 million (NPV).

Base Case

\$ 8,490,714

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep 2019

Task	Description	Annual Estimate	Estimate Source	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sept 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton				\$ 6,976	\$ 32,628	\$ 23,883	\$ 10,000		
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton							\$ 80,000		
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton	\$ 17,190								
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton		\$ 16,750	\$ 11,120	\$ 248	\$ 3,541	\$ 4,426			
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid	\$ 2,449	\$ 6,076	\$ 1,057	\$ 9,274	\$ 13,820	\$ 16,609		\$ 14,405	
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 1,476	\$ 1,493.55	\$ 1,324	\$ 1,192.76	\$ 1,386.65	\$ 455.64	\$ 705.79		
Task 7	DPVE Retrofit	\$ 100,000	ENMAX									
Task 8	Annual Report	\$ 10,000	Clifton Bid				\$ 39,601	\$ 171	\$ 40,463			
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	\$ 2,598	\$ 257	\$ 728	\$ 1,713	\$ 3,981	\$ 43,267		\$ 971,485	\$ 127,984
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears						\$ 46,392	\$ 25,000	\$ 14,000	\$ 35,000
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton									
Task 12	Other	5% of Tasks 5, 7, 9	Sears	\$ 2,295	\$ 1,327	\$ 9,267	\$ 9,157	\$ 9,943	\$ 3,667	\$ 14,246	\$ -	\$ 5,000
Task 13	Decommissioning wells at the end of project	\$ -	Clifton									
All	2019 Actual Remediation Costs			\$ 26,008	\$ 25,903	\$ 25,888	\$ 68,332	\$ 65,470	\$ 179,163	\$ 129,951	\$ 1,015,115	\$ 167,984

Base Case

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sept 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton									
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton									
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton									
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton									
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid									\$ -
Task 6	DPVE Utility Budget	\$ 10,000	Sears									\$ -
Task 7	DPVE Retrofit	\$ 100,000	ENMAX								\$ 830.00	\$ 830.00
Task 8	Annual Report	\$ 10,000	Clifton Bid									
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton									
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears									
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton									
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears									\$ 50,000
Task 13	Decommissioning wells at the end of project	\$ -	Clifton									
All	2019 Projected Remediation Costs			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 830	\$ 50,830

Base Case

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2019	2020	2021	2022	2023	2024	2025	2026	2027
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton		\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595	\$ 88,326	\$ 90,093	\$ 91,895	\$ 93,733
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton		\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122	\$ 55,204	\$ 56,308	\$ 57,434	\$ 58,583
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton		\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595	\$ 88,326	\$ 90,093	\$ 91,895	\$ 93,733
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton		\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122	\$ 55,204	\$ 56,308	\$ 57,434	\$ 58,583
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton		\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946	\$ 66,245	\$ 67,570	\$ 68,921	\$ 70,300
Task 6	DPVE Utility Budget	\$ 10,000	Sears		\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717
Task 7	DPVE Retrofit	\$ 100,000	ENMAX									
Task 8	Annual Report	\$ 10,000	Clifton									
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis									
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears					\$ 16,236				
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton					\$ 38,203	\$ 39,747	\$ 40,542	\$ 41,353	\$ 42,180
Task 12	CONTINGENCY: Major Projects	5% of Task 5, 7, 9	Sears					\$ 3,184	\$ 3,247	\$ 3,312	\$ 3,378	\$ 3,446
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton									
All	Go forward Remediation Estimate			\$ -	\$ 386,580	\$ 394,312	\$ 402,198	\$ 426,478	\$ 418,447	\$ 426,816	\$ 435,352	\$ 444,059

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) YTD through and including September
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Plan (RRP) from October through to December
- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value of the future funds
- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled "Response to Comments on the Remediation Plan Hounsfield Heights and Mail Area Calgary, AB" that the project is considered long term which would be greater than 15 years
- In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, 12 an additional contingency of 4% (\$263k NPV) has been added to the overall go forward estimate
- In addition to the go forward estimate and additional contingency of 4%, a project administration expense has been added at \$24k per year as described above (total \$472k NPV)

Base Case

North Hill Total Remediation Estimate
Actual Remediation Costs Jan 2019 - Sep 20

Task	Description	Annual Estimate	Estimate Source	Oct 2019	Nov 2019	Dec 2019	TOTAL 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton				\$ 73,487
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton				\$ 80,000
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton				\$ 17,190
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton				\$ 36,086
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid				\$ 63,690
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX				\$ 8,035
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid				\$ 80,235
Task 8	Annual Report	\$ 10,000	Clifton				\$ 17,788
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton				\$ 1,152,012
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears				\$ 120,392
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton				\$ 54,901
Task 12	Other	5% of Tasks 5, 7, 9	Sears				\$ -
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears				\$ -
All	2019 Actual Remediation Costs			\$ -	\$ -	\$ -	\$ 1,705,814

Base Case

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source	Oct 2019	Nov 2019	Dec 2019	TOTAL 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton				\$ -
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton				\$ -
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton	\$ 80,000			\$ 80,000
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton		\$ 50,000		\$ 50,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 830,000	\$ 830,000	\$ 830,000	\$ 4,150
Task 7	DPVE Retrofit	\$ 100,000	ENMAX Clifton Bid				\$ -
Task 8	Annual Report	\$ 10,000	Clifton				\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton				\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears				\$ -
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	\$ 3,000	\$ 3,000	\$ 3,000	\$ 9,000
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears	\$ 250	\$ 250	\$ 250	\$ 50,750
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears				\$ -
All	2019 Projected Remediation Costs			\$ 89,080	\$ 59,080	\$ 9,080	\$ 206,900

Base Case

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	\$ 95,607	\$ 73,140	\$ 74,602	\$ 76,095	\$ 77,616	\$ 79,169	\$ 80,752	\$ 82,367	\$ 84,014	\$ 85,695
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	\$ 59,755	\$ 45,712	\$ 46,627	\$ 47,559	\$ 48,510	\$ 49,480	\$ 50,470	\$ 51,479	\$ 52,509	\$ 53,559
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	\$ 95,607	\$ 73,140	\$ 74,602	\$ 76,095	\$ 77,616	\$ 79,169	\$ 80,752	\$ 82,367	\$ 84,014	\$ 85,695
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	\$ 59,755	\$ 45,712	\$ 46,627	\$ 47,559	\$ 48,510	\$ 49,480	\$ 50,470	\$ 51,479	\$ 52,509	\$ 53,559
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ 71,706	\$ 73,140	\$ 74,602	\$ 76,095	\$ 77,616	\$ 79,169	\$ 80,752	\$ 82,367	\$ 84,014	\$ 85,695
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 11,951	\$ 12,190	\$ 12,434	\$ 12,682	\$ 12,936	\$ 13,195	\$ 13,459	\$ 13,728	\$ 14,002	\$ 14,282
Task 7	DPVE Retrofit	\$ 100,000	ENMAX										
Task 8	Annual Report	\$ 10,000	Clifton	\$ -	\$ 131,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Clifton	\$ 1,951	\$ 12,190	\$ 12,434	\$ 12,682	\$ 12,936	\$ 13,195	\$ 13,459	\$ 13,728	\$ 14,002	\$ 14,282
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Regenesis Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Sears	\$ 17,926	\$ -	\$ -	\$ -	\$ -	\$ 19,792	\$ -	\$ -	\$ -	\$ -
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Clifton	\$ 43,023	\$ 43,884	\$ 44,761	\$ 45,657	\$ 46,570	\$ 47,501	\$ 48,451	\$ 49,420	\$ 50,409	\$ 51,417
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton	\$ 3,585	\$ 10,252	\$ 3,730	\$ 3,805	\$ 3,881	\$ 3,958	\$ 4,038	\$ 4,118	\$ 4,201	\$ 4,285
All	Go forward Remediation Estimate			\$ 470,866	\$ 521,259	\$ 390,420	\$ 398,728	\$ 406,192	\$ 434,109	\$ 422,603	\$ 431,055	\$ 439,676	\$ 448,469

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) Y
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Estimate

- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Pre:

- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled "Area Calgary, AB" that the project is considered long term which would be greater than 15 years

- In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, forward estimate

- In addition to the go forward estimate and additional contingency of 4%, a project administrative

North Hill Total Remediation Estimate
Actual Remediation Costs Jan 2019 - Sep 20

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton
Task 12	Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Actual Remediation Costs		

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Base Case

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	\$ 87,409	\$ 66,868	\$ 68,205	\$ 69,569	\$ 70,960	\$ 72,380	\$ 73,827	\$ 75,304	\$ 76,810	\$ 78,346
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	\$ 54,630	\$ 41,792	\$ 42,628	\$ 43,481	\$ 44,350	\$ 45,237	\$ 46,142	\$ 47,065	\$ 48,006	\$ 48,966
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	\$ 87,409	\$ 66,868	\$ 68,205	\$ 69,569	\$ 70,960	\$ 72,380	\$ 73,827	\$ 75,304	\$ 76,810	\$ 78,346
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	\$ 54,630	\$ 41,792	\$ 42,628	\$ 43,481	\$ 44,350	\$ 45,237	\$ 46,142	\$ 47,065	\$ 48,006	\$ 48,966
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ 87,409	\$ 89,157	\$ 90,940	\$ 92,759	\$ 94,614	\$ 96,506	\$ 98,436	\$ 100,405	\$ 102,413	\$ 104,461
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 14,568	\$ 14,859	\$ 15,157	\$ 15,460	\$ 15,769	\$ 16,084	\$ 16,406	\$ 16,734	\$ 17,069	\$ 17,410
Task 7	DPVE Retrofit	\$ 100,000	ENMAX										
Task 8	Annual Report	\$ 10,000	Clifton										
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis										
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ 21,852					\$ 24,127				
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	\$ 52,445	\$ 53,494	\$ 54,564	\$ 55,655	\$ 56,768	\$ 57,904	\$ 59,062	\$ 60,243	\$ 61,448	\$ 62,677
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Sears	\$ 4,370	\$ 4,458	\$ 4,547	\$ 4,638	\$ 4,731	\$ 4,825	\$ 4,922	\$ 5,020	\$ 5,121	\$ 5,223
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton										
All	Go forward Remediation Estimate			\$ 479,291	\$ 394,168	\$ 402,030	\$ 410,071	\$ 418,273	\$ 450,765	\$ 435,171	\$ 443,674	\$ 452,752	\$ 461,807

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) Y
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Reme

- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Pre-
- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled Area Calgary, AB" that the project is considered long term which would be greater than 15 years
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- In addition to the go forward estimate and additional contingency of 4%, a project administrati

North Hill Total Remediation Estimate
Actual Remediation Costs Jan 2019 - Sep 20

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Actual Remediation Costs		

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Base Case

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2048	Ending March 2049	Total	NPV (5%)
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	x \$ 79,913	-	\$ 2,329,019	\$ 1,257,000
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	x \$ 49,946	-	\$ 1,455,637	\$ 786,000
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	x \$ 79,913	-	\$ 2,329,019	\$ 1,257,000
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	x \$ 49,946	-	\$ 1,455,637	\$ 786,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Sequoia	x \$ 106,551	x \$ 27,170	\$ 2,401,255	\$ 1,180,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears	x \$ 17,758	x \$ 4,528	\$ 400,209	\$ 197,000
Task 7	DPVE Retrofit	\$ 100,000	Clifton	-	-	\$ 131,899	\$ 82,000
Task 8	Annual Report	\$ 10,000	Clifton	x \$ 17,758	x \$ 18,114	\$ 413,794	\$ 200,000
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	-	-	\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton	-	-	\$ 99,934	\$ 52,000
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	x \$ 63,930	x \$ 16,302	\$ 1,440,753	\$ 708,000
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Sears	x \$ 5,328	x \$ 1,359	\$ 126,658	\$ 63,000
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton Sears	-	x \$ 43,473	\$ 43,473	\$ 10,000
All	Go forward Remediation Estimate			\$ 471,043	\$ 110,946	\$ 12,627,286	\$ 6,576,000

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) Y
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Reme

- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Pre:
- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled Area Calgary, AB" that the project is considered long term which would be greater than 15 years
- In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, forward estimate
- In addition to the go forward estimate and additional contingency of 4%, a project administrati

North Hill Total Remediation Estimate
Actual Remediation Costs Jan 2019 - Sep 20

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton
Task 12	Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Actual Remediation Costs		

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Base Case

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	Comments
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	Assumes monitoring and sampling of 110 wells at an estimated cost of \$700/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	Assumes monitoring and sampling of 40 wells at an estimated cost of \$1,250/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 80,000	Clifton	Assumes monitoring and sampling of 110 wells at an estimated cost of \$700/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 50,000	Clifton	Assumes monitoring and sampling of 40 wells at an estimated cost of \$1,250/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Sequoia	Estimated costs based on proposal provided by third-party (Sequoia) and includes other work done by Consultant. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX	Estimated cost based on average of actual costs incurred by Sears in the last 2 years increased for inflation. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 7	DPVE Retrofit	\$ 100,000	Clifton Sequoia	Estimated costs based on proposal provided by third-party (Sequoia) and includes other work done by Consultant. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 8	Annual Report	\$ 10,000	Clifton	Estimated costs are based on actual costs incurred by Sears. Going forward costs increased annually for inflation.
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	As per the draft Remediation Plan prepared by Sears and submitted to AEP on December 17, 2018, assumes the installation of a single plume-stop along 11th Ave.
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton	Existing wells are fairly new & will not require repairs for a few more years. Therefore we have budgeted for periodic repairs and/or site delineation every 5 years.
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	Estimated costs based on actual costs incurred by Sears which , on average have totaled approximately \$3,000 per month, increased annually for inflation.
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Sears	The budgeted contingency cost is forecast to be 5% of major projects including upgrades/operation of DPVE and installation of PlumeStop. The Groundwater/Soil Vapour/Annual reports are very well known and do not require additional contingency factor.
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Sears Clifton	Forecast cost to decommission 16 wells at an average current cost of \$1,500/well, increased annually for inflation. The decommissioning of wells on city property is covered by an agreement with the City of Calgary for which they hold \$270k as
All	Go forward Remediation Estimate		Sears	

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) Y
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Reme

- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Pre:
- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled Area Calgary, AB" that the project is considered long term which would be greater than 15 years
- In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, forward estimate
- In addition to the go forward estimate and additional contingency of 4%, a project administrati

Scenario 1 - Red Monitor Wells

\$ 8,256,714

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep 2019

Task	Description	Annual Estimate	Estimate Source	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	TOTAL 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ -	\$ -	\$ 6,976	\$ 30,628	\$ 23,883	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,487
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 90,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton	\$ 17,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,190
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton	\$ -	\$ 16,750	\$ 11,120	\$ 248	\$ 3,541	\$ 4,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,086
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid	\$ 2,449	\$ 6,076	\$ 1,057	\$ 9,274	\$ 15,820	\$ 16,609	\$ -	\$ 14,405	\$ -	\$ -	\$ -	\$ -	\$ 65,690
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 1,476	\$ 1,494	\$ 1,324	\$ 1,193	\$ 1,387	\$ 456	\$ 706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,035
Task 7	DPVE Retrofit	\$ 100,000	ENMAX Clifton Bid	\$ -	\$ -	\$ -	\$ 39,601	\$ 171	\$ 40,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,235
Task 8	Annual Report	\$ 10,000	Clifton	\$ -	\$ -	\$ 2,391	\$ 171	\$ -	\$ -	\$ -	\$ 15,225	\$ -	\$ -	\$ -	\$ -	\$ 17,788
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	\$ 2,588	\$ 257	\$ 728	\$ 1,713	\$ 3,981	\$ 43,267	\$ -	\$ 971,485	\$ 127,984	\$ -	\$ -	\$ -	\$ 1,157,012
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,392	\$ 25,000	\$ 14,000	\$ 35,000	\$ -	\$ -	\$ -	\$ 120,392
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	\$ 2,295	\$ 1,327	\$ 9,267	\$ 9,157	\$ 9,943	\$ 3,667	\$ 44,246	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 54,901
Task 12	Other	\$ 5% of tasks 5,7,9	Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 13	Decommissioning wells at the end of project	\$ -	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All	2019 Actual Remediation Costs			\$ 26,008	\$ 25,903	\$ 25,888	\$ 68,332	\$ 65,470	\$ 179,163	\$ 129,951	\$ 1,015,115	\$ 167,984	\$ -	\$ -	\$ -	\$ 1,769,814

Scenario 1 - Red Monitor Wells

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 76,500	\$ 78,030	\$ 79,591	\$ 81,182	\$ 82,806	\$ 84,462	\$ 86,151	\$ 87,874	\$ 89,632	\$ 91,425	\$ 93,254	\$ 95,118
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 48,450	\$ 49,419	\$ 50,407	\$ 51,416	\$ 52,444	\$ 53,493	\$ 54,563	\$ 55,654	\$ 56,767	\$ 57,902	\$ 59,059	\$ 60,238
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 76,500	\$ 78,030	\$ 79,591	\$ 81,182	\$ 82,806	\$ 84,462	\$ 86,151	\$ 87,874	\$ 89,632	\$ 91,425	\$ 93,254	\$ 95,118
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 48,450	\$ 49,419	\$ 50,407	\$ 51,416	\$ 52,444	\$ 53,493	\$ 54,563	\$ 55,654	\$ 56,767	\$ 57,902	\$ 59,059	\$ 60,238
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ -	\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946	\$ 66,245	\$ 67,570	\$ 68,921	\$ 70,300	\$ 71,706	\$ 73,140	\$ 74,602	\$ 76,095
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ -	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951	\$ 12,190	\$ 12,434	\$ 12,682
Task 7	DPVE Retrofit	\$ 100,000	ENMAX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 8	Annual Report	\$ 10,000	Sequoia	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Clifton	\$ -	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951	\$ 12,190	\$ 12,434	\$ 12,682
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget.	\$ 36,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 12	CONTINGENCY: Major Projects	\$ 5%	Clifton	\$ -	\$ 36,720	\$ 37,454	\$ 38,203	\$ 38,968	\$ 39,747	\$ 40,542	\$ 41,353	\$ 42,180	\$ 43,023	\$ 43,884	\$ 44,761	\$ 45,657
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton	\$ -	\$ 3,060	\$ 3,121	\$ 3,184	\$ 3,247	\$ 3,312	\$ 3,378	\$ 3,446	\$ 3,515	\$ 3,585	\$ 3,655	\$ 3,726	\$ 3,800
All	Go forward Remediation Estimate	\$ -		\$ -	\$ 371,280	\$ 378,706	\$ 386,290	\$ 410,242	\$ 401,885	\$ 409,223	\$ 418,122	\$ 426,484	\$ 435,240	\$ 444,499	\$ 454,145	\$ 464,289
	Additional Contingency	4% of total	Sears	\$ -	\$ 14,851	\$ 15,148	\$ 15,451	\$ 16,410	\$ 16,075	\$ 16,397	\$ 16,725	\$ 17,059	\$ 18,118	\$ 18,302	\$ 18,657	\$ 19,013
ALL	Go forward Remediation + Admin Estimate	\$ -		\$ -	\$ 410,611	\$ 418,823	\$ 427,200	\$ 452,630	\$ 444,459	\$ 453,348	\$ 462,415	\$ 471,662	\$ 481,103	\$ 490,740	\$ 499,740	\$ 509,102
	Project Administration Costs	\$ 24,000	Sears	\$ -	\$ 24,480	\$ 24,970	\$ 25,469	\$ 25,978	\$ 26,498	\$ 27,028	\$ 27,568	\$ 28,120	\$ 28,682	\$ 29,256	\$ 29,841	\$ 30,438
	Go fwd Item + Admin + Adm Cont Est	\$ -		\$ -	\$ 395,760	\$ 403,675	\$ 411,790	\$ 436,220	\$ 428,383	\$ 436,951	\$ 445,690	\$ 454,604	\$ 463,801	\$ 473,297	\$ 483,081	\$ 493,168

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) YTD
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Plan (RRP)
- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value of the future funds
- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled "Response to Comments on the Remediation Plan Hounsfield Heights and Mall Area Calgary, AB" that the project is considered long term which would be greater than 15 years
- In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, 12 an additional contingency of 4% (\$263k NPV) has been added to the overall go forward estimate
- In addition to the go forward estimate and additional contingency of 4%, a project administration expense has been added at \$24k per year as described above (total \$472k NPV)
- This estimate assumes AEP accepts Cliftons proposal to reduce the monitoring of wells as proposed in their 2019 Spring Groundwater monitoring report dated Sept 29, 2019. The savings represent \$7,500/event x 2 events per year over 29 years
- This is based on a reduction of 33 wells which have not shown exceedences over numerous years of sampling events
- The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring and Sampling Report"

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears
Task 7	DPVE Retrofit	\$ 100,000	ENMAX Clifton
Task 8	Annual Report	\$ 10,000	Clifton Bid
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Regenesis Clifton
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Sears
Task 12	Other	5% of tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton
All	2019 Actual Remediation Costs		Sears

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regensis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Scenario 1 - Red Monitor Wells

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ 72,765	\$ 74,221	\$ 75,705	\$ 77,219	\$ 78,764	\$ 80,339	\$ 81,946	\$ 83,588	\$ 85,264	\$ 86,972	\$ 88,711	\$ 90,481	\$ 92,281	\$ 94,111
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ 46,085	\$ 47,006	\$ 47,947	\$ 48,905	\$ 49,884	\$ 50,881	\$ 51,899	\$ 52,937	\$ 53,994	\$ 55,070	\$ 56,165	\$ 57,279	\$ 58,411	\$ 59,561
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ 72,765	\$ 74,221	\$ 75,705	\$ 77,219	\$ 78,764	\$ 80,339	\$ 81,946	\$ 83,588	\$ 85,264	\$ 86,972	\$ 88,711	\$ 90,481	\$ 92,281	\$ 94,111
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ 46,085	\$ 47,006	\$ 47,947	\$ 48,905	\$ 49,884	\$ 50,881	\$ 51,899	\$ 52,937	\$ 53,994	\$ 55,070	\$ 56,165	\$ 57,279	\$ 58,411	\$ 59,561
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ 77,616	\$ 79,169	\$ 80,752	\$ 82,367	\$ 84,014	\$ 85,695	\$ 87,409	\$ 89,157	\$ 90,940	\$ 92,759	\$ 94,614	\$ 96,506	\$ 98,436	\$ 100,405
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 12,936	\$ 13,195	\$ 13,459	\$ 13,728	\$ 14,002	\$ 14,282	\$ 14,568	\$ 14,859	\$ 15,157	\$ 15,460	\$ 15,769	\$ 16,084	\$ 16,406	\$ 16,734
Task 7	DPVE Retrofit	\$ 100,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 8	Annual Report	\$ 10,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regensis	\$ 12,936	\$ 13,195	\$ 13,459	\$ 13,728	\$ 14,002	\$ 14,282	\$ 14,568	\$ 14,859	\$ 15,157	\$ 15,460	\$ 15,769	\$ 16,084	\$ 16,406	\$ 16,734
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget.	\$ 36,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 12	CONTINGENCY: Major Projects	\$ 5% of Tasks 5, 7, 9	Clifton	\$ 46,570	\$ 47,500	\$ 48,451	\$ 49,420	\$ 50,409	\$ 51,417	\$ 52,445	\$ 53,494	\$ 54,564	\$ 55,655	\$ 56,768	\$ 57,904	\$ 59,062	\$ 60,243
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton	\$ 3,881	\$ 3,958	\$ 4,038	\$ 4,118	\$ 4,201	\$ 4,286	\$ 4,370	\$ 4,458	\$ 4,547	\$ 4,638	\$ 4,731	\$ 4,825	\$ 4,921	\$ 5,020
All	Go forward Remediation Estimate	\$ 391,639		\$ 391,639	\$ 419,264	\$ 407,462	\$ 415,611	\$ 423,923	\$ 432,402	\$ 442,202	\$ 381,610	\$ 389,242	\$ 397,027	\$ 404,867	\$ 412,763	\$ 421,238	\$ 429,755
Additional Contingency				\$ 15,686	\$ 16,771	\$ 16,298	\$ 16,624	\$ 16,957	\$ 17,296	\$ 18,516	\$ 19,264	\$ 19,881	\$ 20,511	\$ 21,148	\$ 21,796	\$ 22,454	\$ 23,122
4% of Total				\$ 438,352	\$ 467,702	\$ 456,061	\$ 465,182	\$ 474,486	\$ 483,976	\$ 516,381	\$ 482,537	\$ 441,188	\$ 450,011	\$ 459,012	\$ 468,284	\$ 477,556	\$ 487,107
ALL				\$ 438,352	\$ 467,702	\$ 456,061	\$ 465,182	\$ 474,486	\$ 483,976	\$ 516,381	\$ 482,537	\$ 441,188	\$ 450,011	\$ 459,012	\$ 468,284	\$ 477,556	\$ 487,107
Project Administration Costs				\$ 31,047	\$ 31,667	\$ 32,301	\$ 32,947	\$ 33,606	\$ 34,278	\$ 34,963	\$ 35,663	\$ 36,376	\$ 37,104	\$ 37,846	\$ 38,602	\$ 39,375	\$ 40,160
Go fwd Item + Admin + Add Cont Est				\$ 422,686	\$ 450,932	\$ 439,762	\$ 448,558	\$ 457,529	\$ 466,679	\$ 497,865	\$ 417,273	\$ 425,618	\$ 434,130	\$ 442,813	\$ 451,796	\$ 461,033	\$ 470,517

NOTES: Estimate Consists Of:
 - Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) YTD
 - Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Plan
 - 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value
 - The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled "Response"
 - In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, 12 and add
 - In addition to the go forward estimate and additional contingency of 4%, a project administration expense
 - This estimate assumes AEP accepts Cliftons proposal to reduce the monitoring of wells as proposed in the
 - This is based on a reduction of 33 wells which have not shown exceedences over numerous years of sampl
 - The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring and Safr"

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears
Task 7	DPVE Retrofit	\$ 100,000	ENMAX Clifton
Task 8	Annual Report	\$ 10,000	Clifton Bid
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton
Task 12	Other	5% of tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton
All	2019 Actual Remediation Costs		Sears

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regensis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Scenario 1 - Red Monitor Wells

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2046	2047	2048	Ending March 2049	Total	NPV (5%)
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 73,449	\$ -	\$ 74,938	\$ 2,183,455	\$ 1,179,000
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 46,518	\$ -	\$ 47,448	\$ 1,382,855	\$ 747,000
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 73,449	\$ -	\$ 74,938	\$ 2,183,455	\$ 1,179,000
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 46,518	\$ -	\$ 47,448	\$ 1,382,855	\$ 747,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ -	\$ 104,461	\$ -	\$ 106,551	\$ 2,401,255	\$ 1,180,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ -	\$ -	\$ -	\$ 27,170	\$ 400,209	\$ 197,000
Task 7	DPVE Retrofit	\$ 100,000	ENMAX	\$ -	\$ 17,410	\$ -	\$ 17,758	\$ 131,899	\$ 82,000
Task 8	Annual Report	\$ 10,000	Sequoia	\$ -	\$ -	\$ -	\$ -	\$ 413,794	\$ 200,000
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis	\$ 17,069	\$ 17,410	\$ 17,758	\$ 18,114	\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ 99,934	\$ 52,000
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget.	\$ 36,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ 1,440,753	\$ 708,000
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Sears	\$ 61,448	\$ 62,677	\$ 63,906	\$ 65,135	\$ 126,658	\$ 63,000
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Sears	\$ 5,121	\$ 5,223	\$ 5,328	\$ 5,433	\$ 43,473	\$ 10,000
All	Go forward Remediation Estimate			\$ 438,350	\$ 447,117	\$ 456,059	\$ 464,916	\$ 12,190,595	\$ 6,344,000

Task	Description	Estimate	Estimate Source	2046	2047	2048	Ending March 2049	Total	NPV (5%)
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 73,449	\$ -	\$ 74,938	\$ 2,183,455	\$ 1,179,000
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 46,518	\$ -	\$ 47,448	\$ 1,382,855	\$ 747,000
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 73,449	\$ -	\$ 74,938	\$ 2,183,455	\$ 1,179,000
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 46,518	\$ -	\$ 47,448	\$ 1,382,855	\$ 747,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ -	\$ 104,461	\$ -	\$ 106,551	\$ 2,401,255	\$ 1,180,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ -	\$ -	\$ -	\$ 27,170	\$ 400,209	\$ 197,000
Task 7	DPVE Retrofit	\$ 100,000	ENMAX	\$ -	\$ 17,410	\$ -	\$ 17,758	\$ 131,899	\$ 82,000
Task 8	Annual Report	\$ 10,000	Sequoia	\$ -	\$ -	\$ -	\$ -	\$ 413,794	\$ 200,000
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis	\$ 17,069	\$ 17,410	\$ 17,758	\$ 18,114	\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ 99,934	\$ 52,000
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget.	\$ 36,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ 1,440,753	\$ 708,000
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Sears	\$ 61,448	\$ 62,677	\$ 63,906	\$ 65,135	\$ 126,658	\$ 63,000
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Sears	\$ 5,121	\$ 5,223	\$ 5,328	\$ 5,433	\$ 43,473	\$ 10,000
All	Go forward Remediation Estimate			\$ 438,350	\$ 447,117	\$ 456,059	\$ 464,916	\$ 12,190,595	\$ 6,344,000

Task	Description	Estimate	Estimate Source	2046	2047	2048	Ending March 2049	Total	NPV (5%)
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 73,449	\$ -	\$ 74,938	\$ 2,183,455	\$ 1,179,000
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 46,518	\$ -	\$ 47,448	\$ 1,382,855	\$ 747,000
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	\$ -	\$ 73,449	\$ -	\$ 74,938	\$ 2,183,455	\$ 1,179,000
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	\$ -	\$ 46,518	\$ -	\$ 47,448	\$ 1,382,855	\$ 747,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ -	\$ 104,461	\$ -	\$ 106,551	\$ 2,401,255	\$ 1,180,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ -	\$ -	\$ -	\$ 27,170	\$ 400,209	\$ 197,000
Task 7	DPVE Retrofit	\$ 100,000	ENMAX	\$ -	\$ 17,410	\$ -	\$ 17,758	\$ 131,899	\$ 82,000
Task 8	Annual Report	\$ 10,000	Sequoia	\$ -	\$ -	\$ -	\$ -	\$ 413,794	\$ 200,000
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis	\$ 17,069	\$ 17,410	\$ 17,758	\$ 18,114	\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ 99,934	\$ 52,000
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget.	\$ 36,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ 1,440,753	\$ 708,000
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Sears	\$ 61,448	\$ 62,677	\$ 63,906	\$ 65,135	\$ 126,658	\$ 63,000
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Sears	\$ 5,121	\$ 5,223	\$ 5,328	\$ 5,433	\$ 43,473	\$ 10,000
All	Go forward Remediation Estimate			\$ 438,350	\$ 447,117	\$ 456,059	\$ 464,916	\$ 12,190,595	\$ 6,344,000

NOTES: Estimate Consists Of:
 - Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) YTD
 - Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Plan
 - 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value
 - The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled "Response"
 - In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, 12 and add
 - In addition to the go forward estimate and additional contingency of 4%, a project administration expense
 - This estimate assumes AEP accepts Cliftons proposal to reduce the monitoring of wells as proposed in the
 - This is based on a reduction of 33 wells which have not shown exceedences over numerous years of sampl
 - The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring and Sair"

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears
Task 7	DPVE Retrofit	\$ 100,000	ENMAX Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton
Task 12	Other	5% of tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Actual Remediation Costs		

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regensis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Scenario 1 - Red Monitor Wells

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	Comments
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	Assumes monitoring and sampling of 110 wells at an estimated cost of \$700/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	Assumes monitoring and sampling of 40 wells at an estimated cost of \$1,250/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 75,000	Clifton	Assumes monitoring and sampling of 110 wells at an estimated cost of \$700/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 47,500	Clifton	Assumes monitoring and sampling of 40 wells at an estimated cost of \$1,250/well. Further, assumes that the # of wells sampled will reduce by 25% in yr 10 followed by a further decrease of 25% in yr 20 due to declining contaminants
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Sequoia	Estimated costs based on proposal provided by third-party (Sequoia) and includes other work done by Consultant. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 6	DPVE Utility Budget	\$ 10,000	Sears	Estimated cost based on average of actual costs incurred by Sears in the last 2 years increased for inflation. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 7	DPVE Retrofit	\$ 100,000	Clifton ENMAX	Estimated costs based on proposal provided by third-party (Sequoia) and includes other work done by Consultant. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 8	Annual Report	\$ 10,000	Clifton Sequoia	Estimated costs are based on actual costs incurred by Sears. Going forward costs increased annually for inflation.
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	As per the draft Remediation Plan prepared by Sears and submitted to AEP on December 17, 2018, assumes the installation of a single PlumeStop along 41th Ave.
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton	Existing wells are fairly new & will not require repairs for a few more years. Therefore we have budgeted for periodic repairs and/or site delineation every 5 years.
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget.	\$ 36,000	Clifton Sears	Estimated costs based on actual costs incurred by Sears which, on average have totaled approximately \$3,000 per month, increased annually for inflation.
Task 12	CONTINGENCY: Major Projects	5% of Task 5, 7, 9	Clifton Sears	The budgeted contingency cost is forecast to be 5% of major projects including upgrades/operation of DPVE and installation of PlumeStop. The Groundwater/Soil Vapour/Annual reports are very well known and do not require additional contingency factor.
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton Sears	Forecast cost to decommission 16 wells at an average current cost of \$1,500/well, increased annually for inflation. The decommissioning of wells on city property is covered by an agreement with the City of Calgary for which they hold \$270K as
All	Go forward Remediation Estimate			

Additional Contingency	4% of Total	Sears Sears	Assumes 4% of additional contingency for all tasks and activities of the remediation estimate
Go forward Remediation + Admin Estimate			
Project Administration Costs	\$ 24,000	Sears Sears	Assumes 10 administrative (@\$20/hr) + 20 mgmt (@\$50/hr) + 8 sr mgmt hours (@ \$100/hr) per month
Go fwd Rem + Admin + Add Cont Est			

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) YTD
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Plan
- 29 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value
- The overall timeframe of 30 years is based on the Clifton opinion letter dated May 1, 2019 titled "Response"
- In addition to the go forward estimate which includes contingency of \$823k NPV in tasks 10, 11, 12 and add
- In addition to the go forward estimate and additional contingency of 4%, a project administration expense
- This estimate assumes AEP accepts Cliftons proposal to reduce the monitoring of wells as proposed in the
- This is based on a reduction of 33 wells which have not shown exceedences over numerous years of sampl
- The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring and Sair"

Scenario 2 - DUA Decision

\$ 4,202,714

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep 2019

Task	Description	Annual Estimate	Estimate Source	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ -	\$ -	\$ 6,976	\$ 32,628	\$ 23,883	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton	\$ 17,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ -	\$ 16,750	\$ 11,120	\$ 248	\$ 3,541	\$ 4,426	\$ -	\$ -	\$ -	\$ -	\$ -
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 2,449	\$ 6,076	\$ 1,057	\$ 9,274	\$ 13,820	\$ 16,609	\$ -	\$ 14,405	\$ -	\$ -	\$ -
Task 7	DPVE Retrofit	\$ 100,000	ENMAX	\$ 1,476	\$ 1,494	\$ 1,324	\$ 1,193	\$ 1,387	\$ 456	\$ 706	\$ -	\$ -	\$ -	\$ -
Task 8	Annual Report	\$ 10,000	Clifton	\$ -	\$ -	\$ -	\$ 39,601	\$ 171	\$ 40,463	\$ -	\$ -	\$ -	\$ -	\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis	\$ -	\$ -	\$ 2,391	\$ 171	\$ -	\$ -	\$ -	\$ 15,225	\$ -	\$ -	\$ -
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Clifton	\$ 2,598	\$ 257	\$ 728	\$ 1,713	\$ 3,981	\$ 43,267	\$ -	\$ 971,485	\$ 127,984	\$ -	\$ -
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,392	\$ 25,000	\$ 14,000	\$ 35,000	\$ -	\$ -
Task 12	Other	5% of Tasks 5, 7, 9	Sears	\$ 2,295	\$ 1,327	\$ 9,267	\$ 9,157	\$ 9,943	\$ 3,667	\$ 14,246	\$ -	\$ 5,000	\$ -	\$ -
Task 13	Decommissioning wells at the end of project	\$ -	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All	2019 Actual Remediation Costs		Sears	\$ 26,008	\$ 25,903	\$ 25,888	\$ 68,332	\$ 65,470	\$ 179,163	\$ 129,951	\$ 1,015,115	\$ 167,984	\$ -	\$ -

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 830	\$ 830	\$ 830
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 8	Annual Report	\$ 10,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 11	CONTINGENCY: Consultant- Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + Ot	5% of Tasks 5, 7, 9	Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All	2019 Projected Remediation Costs			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 830	\$ 50,830	\$ 89,080	\$ 59,080

Scenario 2 - DUA Decision

Remediation Estimate 2020 - 2049

		Inflation Index		Annually		Plume Stops		Rem. Yrs:						
		2.00%		1		30								
Task	Description	Estimate	Estimate Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton		\$ 19,125	\$ 19,508	\$ 19,888	\$ 20,296	\$ 20,702	\$ 21,116	\$ 21,538	\$ 21,969	\$ 22,408	\$ 17,142
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton		\$ 12,113	\$ 12,355	\$ 12,602	\$ 12,854	\$ 13,111	\$ 13,373	\$ 13,641	\$ 13,913	\$ 14,192	\$ 10,857
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton		\$ 19,125	\$ 19,508	\$ 19,888	\$ 20,296	\$ 20,702	\$ 21,116	\$ 21,538	\$ 21,969	\$ 22,408	\$ 17,142
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton		\$ 12,113	\$ 12,355	\$ 12,602	\$ 12,854	\$ 13,111	\$ 13,373	\$ 13,641	\$ 13,913	\$ 14,192	\$ 10,857
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton		\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946	\$ 66,245	\$ 67,570	\$ 68,921	\$ 70,300	\$ 71,706	\$ 73,140
Task 6	DPVE Utility Budget	\$ 10,000	Sears		\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951	\$ 12,190
Task 7	DPVE Retrofit	\$ 100,000	Clifton		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 8	Annual Report	\$ 10,000	Sequoia		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Clifton		\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951	\$ 12,190
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 12	CONTINGENCY: Major Projects	\$ 5% of Tasks 5, 7, 9	Sears		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All	Go forward Remediation Estimate	\$ -	Sears		\$ 183,855	\$ 187,532	\$ 191,283	\$ 211,945	\$ 190,011	\$ 202,991	\$ 207,051	\$ 211,192	\$ 213,942	\$ 330,552

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO) YTD
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Plan (RRP)
- 15 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value of the future funds. See below for rationale to reduce the timeframe
- In addition to the go forward estimate which includes contingency of \$51.8k NPV in tasks 10, 11, 12 an additional contingency of 4% (\$91k NPV) has been added to the overall go forward estimate
- In addition to the go forward estimate and additional contingency of 4%, a project administration expense has been added at \$24k per year as described above (total \$295k NPV)
- This estimate assumes AEP accepts Cliftons proposal to reduce the monitoring of wells as proposed in their 2019 Spring Groundwater monitoring report dated Sept 29, 2019. The savings represent \$7,500/event x 2 events per year over 29 years
- This is based on a reduction of 33 wells which have not shown exceedences over numerous years of sampling events
- The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring and Sampling Report"
- This estimate also includes an assumption that if AEP accepts the removal of the domestic use aquifer (DUA) for this site, the sampling events would reduce in scope/cost by 75% and the timeframe to complete the remediation plan would reduce to 15 years
- The basis for this reduction is from Clifton's email to me on Sept 16, 2019 titled "Revised Remediation Plan Acceptance"

North Hill Total Remediation Estimate

Actual Remediation Costs Jan 2019 - Sep.

Task	Description	Annual Estimate	Estimate Source	Dec 2019	TOTAL 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ 73,487
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton	\$ -	\$ 80,000
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ 17,190
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton	\$ -	\$ 36,086
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ -	\$ 63,690
Task 6	DPVE Utility Budget	\$ 10,000	Sears Bid	\$ -	\$ 8,035
Task 7	DPVE Retrofit	\$ 100,000	ENMAX	\$ -	\$ 80,235
Task 8	Annual Report	\$ 10,000	Clifton Bid	\$ -	\$ 17,788
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	\$ -	\$ 1,152,012
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ 120,392
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	\$ -	\$ 54,901
Task 12	Other	5% of Tasks 5, 7, 9	Sears	\$ -	\$ -
Task 13	Decommissioning wells at the end of project	\$ -	Clifton	\$ -	\$ -
All	2019 Actual Remediation Costs			\$ -	\$ 1,709,814

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source	Dec 2019	TOTAL 2019
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton	\$ -	\$ -
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton		\$ -
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton		\$ 80,000
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton		\$ 50,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid	\$ 5,000	\$ 15,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX	\$ 830	\$ 4,150
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid	\$ -	\$ -
Task 8	Annual Report	\$ 10,000	Clifton		
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton		\$ -
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears	\$ 3,000	\$ 9,000
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + OI	15% of Tasks 5, 7, 9	Sears	\$ 250	\$ 50,750
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears	\$ -	\$ -
All	2019 Projected Remediation Costs			\$ 9,000	\$ 208,900

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton	\$ 17,485	\$ 17,835	\$ 18,191	\$ 18,555	\$ 18,926							
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton	\$ 11,074	\$ 11,295	\$ 11,521	\$ 11,752	\$ 11,987							
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton	\$ 17,485	\$ 17,835	\$ 18,191	\$ 18,555	\$ 18,926							
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton	\$ 11,074	\$ 11,295	\$ 11,521	\$ 11,752	\$ 11,987							
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton	\$ 74,602	\$ 76,095	\$ 77,616	\$ 79,169	\$ 80,752	\$ 20,592						
Task 6	DPVE Utility Budget	\$ 10,000	Sears	\$ 12,434	\$ 12,682	\$ 12,936	\$ 13,195	\$ 13,459	\$ 3,432						
Task 7	DPVE Retrofit	\$ 100,000	Clifton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Task 8	Annual Report	\$ 10,000	Clifton	\$ 12,434	\$ 12,682	\$ 12,936	\$ 13,195	\$ 13,459	\$ 13,728						
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears	\$ -	\$ -	\$ -	\$ 19,792	\$ -	\$ -						
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton	\$ 44,761	\$ 45,657	\$ 46,570	\$ 47,501	\$ 48,451	\$ 12,355						
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Clifton	\$ 3,730	\$ 3,805	\$ 3,881	\$ 3,958	\$ 4,038	\$ 1,030						
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Sears	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,473						
All	Go forward Remediation Estimate			\$ 205,079	\$ 209,181	\$ 213,364	\$ 237,424	\$ 221,984	\$ 94,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO)
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Budget
- 15 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value discount rate
- In addition to the go forward estimate which includes contingency of \$518k NPV in tasks 10, 11, 12, 13
- In addition to the go forward estimate and additional contingency of 4%, a project administration contingency
- This estimate assumes AEP accepts Clifton's proposal to reduce the monitoring of wells as per the approved Remediation Budget
- This is based on a reduction of 33 wells which have not shown exceedences over numerous years
- The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring Budget"
- This estimate also includes an assumption that if AEP accepts the removal of the domestic monitoring wells at the end of project (16 Wells - Bentall & Concord)
- The basis for this reduction is from Clifton's email to me on Sept 16, 2019 titled "Revised Remediation Budget"

North Hill Total Remediation Estimate
Actual Remediation Costs Jan 2019 - Sep .

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton
Task 12	Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton
All	2019 Actual Remediation Costs		Sears

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + O&M	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	2042	2043	2044	2045	2046	2047	2048	Ending March 2049	Total	NPV (5%)
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton									\$ 294,692	\$ 208,000
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton									\$ 186,638	\$ 132,000
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton									\$ 294,692	\$ 208,000
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton									\$ 186,638	\$ 132,000
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Sequoia									\$ 1,078,949	\$ 738,000
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX									\$ 179,825	\$ 123,000
Task 7	DPVE Retrofit	\$ 100,000	Clifton Sequoia									\$ 131,899	\$ 82,000
Task 8	Annual Report	\$ 10,000	Clifton									\$ 190,121	\$ 128,000
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton									\$ -	\$ -
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton									\$ 53,955	\$ 35,000
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears									\$ 647,369	\$ 443,000
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Clifton Sears									\$ 60,542	\$ 41,000
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Clifton Sears									\$ 43,473	\$ 20,000
All	Go forward Remediation Estimate			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,348,793	\$ 2,290,000

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO)
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Remediation Budget
- 15 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net Present Value (NPV) discount rate
- In addition to the go forward estimate which includes contingency of \$518k NPV in tasks 10, 11, 12, 13
- In addition to the go forward estimate and additional contingency of 4%, a project administration contingency
- This estimate assumes AEP accepts Cliftons proposal to reduce the monitoring of wells as per the approved Remediation Budget
- This is based on a reduction of 33 wells which have not shown exceedences over numerous years
- The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft Monitoring Budget"
- This estimate also includes an assumption that if AEP accepts the removal of the domestic u
- The basis for this reduction is from Clifton's email to me on Sept 16, 2019 titled "Revised Re

North Hill Total Remediation Estimate
Actual Remediation Costs Jan 2019 - Sep .

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	Other	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Actual Remediation Costs		

Remediation Estimate Sept 2019 - Dec 2019

Task	Description	Annual Estimate	Estimate Source
Task 1	Q1 Spring Groundwater Monitoring	\$ 80,000	Clifton
Task 2	Q2 Summer Soil Vapour Monitoring	\$ 50,000	Clifton
Task 3	Q3 Fall Groundwater Monitoring	\$ 80,000	Clifton
Task 4	Q4 Winter Soil Vapour Monitoring	\$ 50,000	Clifton
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Bid
Task 6	DPVE Utility Budget	\$ 10,000	Sears ENMAX
Task 7	DPVE Retrofit	\$ 100,000	Clifton Bid
Task 8	Annual Report	\$ 10,000	Clifton
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears
Task 12	CONTINGENCY: Plume Stop Installation (Task 9) + O&M	5% of Tasks 5, 7, 9	Sears
Task 13	Decommissioning wells at the end of project	\$ -	Clifton Sears
All	2019 Projected Remediation Costs		

Remediation Estimate 2020 - 2049

Task	Description	Estimate	Estimate Source	Comments
Task 1	Q1 Spring Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton	Assumes monitoring and sampling of 110 wells at an estimated cost of \$700/well. Further, assumes that the # of wells sampled will reduce by 25% in yr.10 followed by a further decrease of 25% in yr. 20 due to declining contaminants
Task 2	Q2 Summer Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton	Assumes monitoring and sampling of 40 wells at an estimated cost of \$1,250/well. Further, assumes that the # of wells sampled will reduce by 25% in yr.10 followed by a further decrease of 25% in yr. 20 due to declining contaminants
Task 3	Q3 Fall Groundwater Monitoring and Sampling (110 Wells)	\$ 18,750	Clifton	Assumes monitoring and sampling of 110 wells at an estimated cost of \$700/well. Further, assumes that the # of wells sampled will reduce by 25% in yr.10 followed by a further decrease of 25% in yr. 20 due to declining contaminants
Task 4	Q4 Winter Soil Vapour Monitoring (40 Wells)	\$ 11,875	Clifton	Assumes monitoring and sampling of 40 wells at an estimated cost of \$1,250/well. Further, assumes that the # of wells sampled will reduce by 25% in yr.10 followed by a further decrease of 25% in yr. 20 due to declining contaminants
Task 5	DPVE Operational Budget (Maintenance / Repairs)	\$ 60,000	Clifton Sequoia	Estimated costs based on proposal provided by third-party (Sequoia) and includes other work done by Consultant. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 6	DPVE Utility Budget	\$ 10,000	Sears	Estimated costs based on average of actual costs incurred by Sears in the last 2 years increased for inflation. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 7	DPVE Retrofit	\$ 100,000	Clifton	Estimated costs based on proposal provided by third-party (Sequoia) and includes other work done by Consultant. If DPVE is not required after 2029, the operating + utility + retrofit budget could be available to fund other remediation technique
Task 8	Annual Report	\$ 10,000	Clifton	Estimated costs are based on actual costs incurred by Sears. Going forward costs increased annually for inflation.
Task 9	PlumeStop Remediation Budget	\$ 1,050,000	Regenesis Clifton	As per the draft Remediation Plan prepared by Sears and submitted to AEP on December 17, 2018, assumes the installation of a single plume-stop along 11th Ave.
Task 10	CONTINGENCY: Periodic Borehole Repair and/or Additional Site Delineation	\$ 15,000	Sears Clifton	Existing wells are fairly new & will not require repairs for a few more years. Therefore we have budgeted for periodic repairs and/or site delineation every 5 years.
Task 11	CONTINGENCY: Consultant - Communication, Planning, Meetings, Misc. Budget	\$ 36,000	Clifton Sears	Estimated costs based on actual costs incurred by Sears which, on average have totaled approximately \$3,000 per month, increased annually for inflation.
Task 12	CONTINGENCY: Major Projects	5% of Tasks 5, 7, 9	Clifton	The budgeted contingency cost is forecast to be 5% of major projects including upgrades/operation of DPVE and installation of PlumeStop. The Groundwater/Soil Vapour/Annual reports are very well known and do not require additional contingency factor.
Task 13	Decommissioning wells at the end of project (16 Wells - Bentall & Concord)	\$ 24,000	Sears	Forecast cost to decommission 16 wells at an average current cost of \$1,500/well, increased annually for inflation. The decommissioning of wells on city property is covered by an agreement with the City of Calgary for which they hold \$270k as
All	Go forward Remediation Estimate			

NOTES: Estimate Consists Of:

- Actual 2019 Costs incurred by Sears to comply with the Environmental Protection Order (EPO)
- Estimated 2019 Costs to continue with the EPO in accordance with the approved Revised Re-15 Year estimate to continue the approved RRP assuming a 2% inflation index and a 5% Net f
- In addition to the go forward estimate which includes contingency of \$518k NPV in tasks 10,
- In addition to the go forward estimate and additional contingency of 4%, a project administr
- This estimate assumes AEP accepts Clifton's proposal to reduce the monitoring of wells as pr
- This is based on a reduction of 33 wells which have not shown exceedences over numerous y
- The basis for this reduction is from Clifton's email to me on Sept 12, 2019 titled "Draft: Moni
- This estimate also includes an assumption that if AEP accepts the removal of the domestic u
- The basis for this reduction is from Clifton's email to me on Sept 16, 2019 titled "Revised Re

**APPENDIX “F”
(see attached)**

From: Vivienne Ball <vivienne.ball@gov.ab.ca>
Sent: October 2, 2019 3:04 PM
To: Merskey, Alan; bernard.roth@dentons.com; Collins, Sean F. (scollins@MCCARTHY.CA)
Cc: Lee Plumb; Vivienne Ball
Subject: RE: Sears - Calgary North Hills motions for directions (RRP estimate attached)

Good afternoon,

I am writing to respond to your enquiries about the Director's position.

I can advise that:

- The Director takes no position on the proposed reserve amount or the Monitor's plan for limited distribution. As such, the Director does not intend to appear at the Reserve Motion referred to below;
- The Director's position is that the *Redwater* decision applies to Environmental Protection Order No. EPO-2018/01-SSR (EPO) in the context of Sears' CCAA proceeding.

Sears, Concord and Suncor are each parties to the EPO, and each has appealed its issuance to the Environmental Appeals Board. In these circumstances and as it relates only to the proposed timing of the hearing of the Reserve Motion and the Redwater Motion, the Director takes no position. However, if circumstances change, the Director may reconsider his position.

Regards,

Vivienne M Ball

Barrister and Solicitor
Alberta Justice – Environmental Law
Legal Counsel to Environment and Parks | Agriculture and Forestry (Forestry Division)
Direct: 780.638-4139 | Fax: 780.427.4343 | General: 780-427-3496
8th Floor, Oxbridge Place | 9820 - 106th Street | Edmonton, Alberta, Canada | T5K 2J6

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From: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Sent: Friday, September 20, 2019 1:21 PM
To: Vivienne Ball <vivienne.ball@gov.ab.ca>
Cc: Taylor, Stephen <stephen.taylor@nortonrosefulbright.com>; Bissell, Steven <Steven.Bissell@fticonsulting.com>; Johnston, Kellie <kellie.johnston@nortonrosefulbright.com>; Cassidy, Paul R (PCASSIDY@mccarthy.ca) <PCASSIDY@mccarthy.ca>; Howard, Kimberly J. (KHOWARD@mccarthy.ca) <KHOWARD@mccarthy.ca>; bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com) <cindy.cheuk@dentons.com>; Lee Plumb <Lee.Plumb@gov.ab.ca>; Collins, Sean F. (scollins@MCCARTHY.CA) <scollins@MCCARTHY.CA>
Subject: RE: Sears - Calgary North Hills motions for directions (RRP estimate attached)

In response to Vivienne's question, the Monitor recognizes that the outcome of the EPO appeals will be of relevance to both the Director and the CCAA court. Accordingly, we generally intend to seek a date for the hearing of the Redwater Motion in late February or March 2020, in the expectation that timing would allow for the receipt of the outcome of the

December 3-5 hearing. We understand that the ultimate decision date is within the discretion of the Minister but intend to ask the Board to deliver their decision at their earliest possible convenience.

Further to my email of Tuesday I am attaching the costing for the RRP. In brief, the Monitor proposes reserving \$7,341,000 for completion of the RRP from January 2019 forward. The build up for the estimate is provided in backup sheets in the spreadsheet. The first tab, entitled summary, presents the overview. We note the following:

1. No funds are reserved for work prior to January 2019 because it is assumed those works will be paid for before a distribution occurs;
2. We have included a general contingency factor and an allowance for costs of administration on top of the NPV estimate;
3. The individual NPV estimate already includes individual contingency items; and
4. Under certain scenarios, detailed at tabs "Scenario 1 – Red Monitor Wells" and "Scenario Two – DUA decision" the NPV drops by up to \$3 million.

Subject to any questions you may have I would appreciate hearing from you with your positions on the Monitor's proposed reserve amount, if any, by September 26, to allow us to determine the contents of our court materials.

Best regards

Alan Merskey
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
222 Bay Street, Suite 3000, P.O. Box 53, Toronto ON M5K 1E7 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Vivienne Ball <vivienne.ball@gov.ab.ca>
Sent: September 19, 2019 11:05 AM
To: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Cc: Taylor, Stephen <stephen.taylor@nortonrosefulbright.com>; Bissell, Steven <Steven.Bissell@fticonsulting.com>; Johnston, Kellie <kellie.johnston@nortonrosefulbright.com>; Cassidy, Paul R (<PCASSIDY@mccarthy.ca>) <PCASSIDY@mccarthy.ca>; Howard, Kimberly J. (<KHOWARD@mccarthy.ca>) <KHOWARD@mccarthy.ca>; bernard.roth@dentons.com; Cheuk, Cindy (<cindy.cheuk@dentons.com>) <cindy.cheuk@dentons.com>; Lee Plumb <Lee.Plumb@gov.ab.ca>; Collins, Sean F. (<scollins@MCCARTHY.CA>) <scollins@MCCARTHY.CA>; Vivienne Ball <vivienne.ball@gov.ab.ca>
Subject: RE: Sears - Calgary North Hills motions for directions

Good morning,

Would you please continue to provide all motion materials in this matter to me and my colleague Lee Plumb.

Further to your first paragraph, what is your anticipated scheduling of the Redwater Motion?

Regards,

Vivienne M Ball
Barrister and Solicitor
Alberta Justice – Environmental Law
Legal Counsel to Environment and Parks | Agriculture and Forestry (Forestry Division)
Direct: 780.638-4139 | Fax: 780.427.4343 | General: 780-427-3496
8th Floor, Oxbridge Place | 9820 - 106th Street | Edmonton, Alberta, Canada | T5K 2J6

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From: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Sent: Tuesday, September 17, 2019 8:01 AM
To: Cassidy, Paul R (PCASSIDY@mccarthy.ca) <PCASSIDY@mccarthy.ca>; Collins, Sean F. (scollins@MCCARTHY.CA) <scollins@MCCARTHY.CA>; Howard, Kimberly J. (KHOWARD@mccarthy.ca) <KHOWARD@mccarthy.ca>; bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com) <cindy.cheuk@dentons.com>; Lee Plumb <Lee.Plumb@gov.ab.ca>; Vivienne Ball <vivienne.ball@gov.ab.ca>
Cc: Taylor, Stephen <stephen.taylor@nortonrosefulbright.com>; Bissell, Steven <Steven.Bissell@fticonsulting.com>; Johnston, Kellie <kellie.johnston@nortonrosefulbright.com>
Subject: Sears - Calgary North Hills motions for directions

Counsel,

As some of you may be aware, the Director of Alberta Environment and Parks has confirmed the acceptability of the Revised Remediation Plan (**RRP**) proposed by Sears to satisfy the requirements of the Environmental Protection Order (**EPO**) (see attached correspondence).

Suncor, among other parties to the EPO, has expressed the view that the Redwater decision precludes distributions from the estate of the funds that might be required to complete the EPO. As you are aware, the Monitor disagrees. Assuming the opposition is maintained, the Monitor will be bringing a motion to the CCAA court for directions (**Redwater Motion**).

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Please call or email me if you have any questions.

Best regards

Alan Merskey
Partner

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NORTON ROSE FULBRIGHT

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**APPENDIX “G”
(see attached)**

From: Howard, Kimberly J. <KHOWARD@mccarthy.ca>
Sent: October 7, 2019 2:36 PM
To: Merskey, Alan
Cc: Taylor, Stephen; Bissell, Steven; Johnston, Kellie; Cassidy, Paul R; bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com); Lee Plumb; Collins, Sean F.; Cassidy, Paul R; 'Louis Biancolin (lbiancolin@suncor.com)'; Vivienne Ball
Subject: RE: Sears - Calgary North Hills motions for directions (RRP estimate attached)

Alan,

Following a review of the Monitor’s proposed reserve amount, Suncor provides the following comments:

- The amounts identified in Tasks 10 to 12 as “contingent” are, in Suncor’s experience, not contingent but a forecast of costs reasonably expected to be incurred.
 - For example, Task 10 is a “contingency” for periodic borehole repair and additional site delineation which are costs almost always incurred over time with a contaminated site.
- The Task 9 PlumeStop Remediation Budget does not contemplate future (2020-2049) PlumeStop injections. It is possible that a future PlumeStop injection will be required and a contingency should be added.
- The additional contingency of 4% is insufficient based on Suncor’s experience with similar projects. It is Suncor’s position that a 10% contingency is more reasonable. This is especially so given that Tasks 10 to 12 are likely expected costs and not true contingencies.
- Historical remedial excavation of the neighboring Bentall property included ex-situ remediation of contaminated soil on site, which was then used to backfill excavation. All or a significant portion of that soil likely exceeds current applicable standards. If or when Bentall decides to redevelop the site, this contaminated soil may have to be addressed. It is Suncor’s position that a contingency be included for future remediation of the Bentall property.

For these reasons, it is Suncor’s position that the reserve amount is insufficient to cover the future remediation costs for the North Hill site.

Regards,

Kim



Kimberly Howard
Partner | Associée
Energy / Environmental
T: 403-260-3575
C: 403-807-2865
E: khoward@mccarthy.ca

McCarthy Tétrault LLP
Suite 4000
421 - 7th Avenue SW
Calgary AB T2P 4K9

Please, think of the environment before printing this message.



From: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Sent: Friday, September 20, 2019 1:21 PM
To: Vivienne Ball <vivienne.ball@gov.ab.ca>
Cc: Taylor, Stephen <stephen.taylor@nortonrosefulbright.com>; Bissell, Steven <Steven.Bissell@fticonsulting.com>; Johnston, Kellie <kellie.johnston@nortonrosefulbright.com>; Cassidy, Paul R <PCASSIDY@mccarthy.ca>; Howard, Kimberly J. <KHOWARD@mccarthy.ca>; bernard.roth@dentons.com; Cheuk, Cindy (cindy.cheuk@dentons.com) <cindy.cheuk@dentons.com>; Lee Plumb <Lee.Plumb@gov.ab.ca>; Collins, Sean F. <scollins@MCCARTHY.CA>
Subject: RE: Sears - Calgary North Hills motions for directions (RRP estimate attached)

In response to Vivienne's question, the Monitor recognizes that the outcome of the EPO appeals will be of relevance to both the Director and the CCAA court. Accordingly, we generally intend to seek a date for the hearing of the Redwater Motion in late February or March 2020, in the expectation that timing would allow for the receipt of the outcome of the December 3-5 hearing. We understand that the ultimate decision date is within the discretion of the Minister but intend to ask the Board to deliver their decision at their earliest possible convenience.

Further to my email of Tuesday I am attaching the costing for the RRP. In brief, the Monitor proposes reserving \$7,341,000 for completion of the RRP from January 2019 forward. The build up for the estimate is provided in backup sheets in the spreadsheet. The first tab, entitled summary, presents the overview. We note the following:

1. No funds are reserved for work prior to January 2019 because it is assumed those works will be paid for before a distribution occurs;
2. We have included a general contingency factor and an allowance for costs of administration on top of the NPV estimate;
3. The individual NPV estimate already includes individual contingency items; and
4. Under certain scenarios, detailed at tabs "Scenario 1 – Red Monitor Wells" and "Scenario Two – DUA decision" the NPV drops by up to \$3 million.

Subject to any questions you may have I would appreciate hearing from you with your positions on the Monitor's proposed reserve amount, if any, by September 26, to allow us to determine the contents of our court materials.

Best regards

Alan Merskey
 Partner

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alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

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Sent: September 19, 2019 11:05 AM
To: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
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Subject: Sears - Calgary North Hills motions for directions

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Please call or email me if you have any questions.

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Partner

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Law around the world
nortonrosefulbright.com

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Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, ON M5K 1E6

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) MONDAY, THE 4th DAY OF
)
JUSTICE HAINEY) NOVEMBER, 2019

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA INC., 9370-2751 QUÉBEC INC., 191020 CANADA INC., THE CUT INC., SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., 9845488 CANADA INC., INITIUM TRADING AND SOURCING CORP., SEARS FLOOR COVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741 CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041 ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC., AND 3339611 CANADA INC.

(the "**Applicants**")

**ORDER
(Environmental Reserve)**

THIS MOTION made by FTI Consulting Canada Inc., in its capacity as Court-appointed monitor (the "**Monitor**") in the proceedings of the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36 as amended (the "**CCAA**"), was heard this day at Toronto, Ontario.

ON READING the Notice of Motion of the Monitor and the Thirty-Third Report of the Monitor dated October 23, 2019 (the "**Thirty-Third Report**"), filed, and on hearing the submissions of counsel for the Monitor, and such other counsel as were present, filed, no one else appearing although duly served as appear from the affidavit of Catherine Ma, filed,

1 **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Thirty-Third Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2 **THIS COURT ORDERS** that that the Reserve, as defined in the Notice of Motion and Thirty-Third Report, be set in the amount of \$7,736,000.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED

Court File No.: CV-17-11846-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SEARS CANADA INC., et al.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**ORDER
(Environmental Reserve)**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000
P.O. Box 53
Toronto, Ontario M5K 1E7

Orestes Pasparakis, LSO#: 36851T

Tel: 416.216.4815

Virginie Gauthier, LSO#: 41097D

Tel: 416.216.4853

Alan Merskey, LSO#: 41377I

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Lawyers to the Monitor, FTI Consulting Canada Inc.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED

Court File No.: CV-17-11846-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS
CANADA INC., et al.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**MOTION RECORD OF THE MONITOR
(returnable November 4, 2019)**

NORTON ROSE FULBRIGHT CANADA LLP

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