Seritage Growth Properties
Form S-11
April 01, 2015
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As filed with the Securities and Exchange Commission on April 1, 2015

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-11

FOR REGISTRATION

Under

THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

Seritage Growth Properties

(Exact Name of Registrant as Specified in Its Governing Instruments)

Seritage Growth Properties

3333 Beverly Road

Hoffman Estates, Illinois 60179

(847) 286-2500

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Robert A. Riecker

c/o Sears Holdings Corporation

3333 Beverly Road

Hoffman Estates, Illinois 60179

(847) 286-2500

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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3333 Beverly Road

Hoffman Estates, Illinois 60179

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement of the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Subscription rights to purchase common shares of beneficial interest, par value $0.01 per share	N/A	N/A(1)
Common shares of beneficial interest, par value $0.01 per share, underlying the subscription rights	$100,000,000(2)	$11,620

(1) The subscription rights are being issued without consideration. Pursuant to Rule 457(g), no separate registration fee is payable.
(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended. Represents the estimated maximum aggregate gross proceeds from the exercise of the

maximum number of subscription rights that may be issued.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This registration statement has been prepared on a prospective basis on the assumption that, among other things, the rights offering (as described in the prospectus which is a part of this registration statement) and the related transactions (including the negotiation, execution and performance of the agreements referred to in the prospectus) and approvals contemplated to occur prior to or contemporaneously with the rights offering will be consummated as contemplated by the prospectus. There can be no assurance, however, that any or all of such transactions will occur or will occur as so contemplated. Any significant modifications to or variations in the transactions contemplated will be reflected in an amendment or supplement to this registration statement.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 1, 2015

PRELIMINARY PROSPECTUS

Seritage Growth Properties

Up to Common Shares Issuable Upon the Exercise of Subscription Rights at $ Per Share

Subscription Rights to Purchase Common Shares

This prospectus is being furnished to you as a holder of common stock of Sears Holdings Corporation (together with its subsidiaries, Sears Holdings or SHC) in connection with the planned distribution by Sears Holdings to each holder of its common stock as of the close of business on , 2015 (the record date), at no charge, transferable subscription rights (the subscription rights) to purchase up to an aggregate of common shares of beneficial interest, par value $0.01 per share (the common shares), of Seritage Growth Properties, a Maryland real estate investment trust (Seritage Growth), at a price of $ per whole share (the rights offering). Sears Holdings will distribute to each holder of its common stock as of the record date one subscription right for each full share of common stock owned by that stockholder as of the record date. Each subscription right will entitle its holder to purchase common shares of Seritage Growth. Additionally, holders of subscription rights who fully exercise all of their basic subscription rights, after giving effect to any purchases or sales of subscription rights by them prior to such exercise, may also make a request to purchase additional Seritage Growth common shares through the exercise of an over-subscription privilege, although over-subscriptions may not be filled.

In this prospectus, we refer to the acquisition of properties from Sears Holdings by Seritage Growth, the rights offering, and the related transactions described in this prospectus as the Transaction. In connection with the Transaction, we have entered into or will enter into various agreements with Sears Holdings which, among other things, govern the principal transactions relating to this offering, the sale to a subsidiary of Seritage Growth of 254 properties owned (or, in a few cases, ground-leased) by Sears Holdings, the leaseback of most of these properties to Sears Holdings, and the sale to a subsidiary of Seritage Growth by Sears Holdings of its 50% interest in a joint venture (the GGP JV) that owns an additional 12 properties.

The subscription rights will expire if they are not exercised by 5:00 p.m., New York City time, on , 2015, the business day following the distribution of the rights. We are requiring an overall minimum subscription to complete the rights offering. In addition, Sears Holdings has the right to withdraw and cancel the rights offering if, at any time prior to its expiration, the board of directors of Sears Holdings determines, in its sole discretion, that the rights offering is not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the rights offering.

We intend to elect and qualify to be taxed as a real estate investment trust (REIT) for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. To assist us in qualifying to be taxed as a REIT, among other purposes, Seritage Growth s declaration of trust contains certain restrictions relating to the ownership and transfer of Seritage Growth common shares, including a provision generally restricting shareholders from owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of Seritage Growth shares of beneficial interest, including the common shares, without the prior consent of the Seritage Growth Board of Trustees. In addition, Seritage Growth s declaration of trust also provides for restrictions on such ownership or transfer that would cause rents received or accrued from Sears Holdings to be treated as non-qualifying rent for purposes of the REIT gross-income requirements. See Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer for a detailed description of the ownership and transfer restrictions applicable to Seritage Growth common shares.

As of the date of this prospectus, ESL Investments, Inc. and its affiliates, including Edward S. Lampert (collectively, ESL) beneficially own approximately % of the outstanding common stock of Sears Holdings, and Fairholme Capital Management, L.L.C. and related entities (collectively, Fairholme and, together with ESL, the 10% Stockholders) beneficially own approximately % of the outstanding common stock of Sears Holdings. ESL has advised Seritage Growth that it intends to exercise its subscription rights, although it is under no obligation to do so and it has agreed to exchange a portion of its subscription rights for interests in a subsidiary of Seritage Growth, as more fully described in this prospectus.

General Growth Properties, Inc., the owner of the remaining 50% interest in the GGP JV, has agreed to acquire common shares at a purchase price per share equal to the subscription price for the rights offering set forth above in a private placement that will close concurrently with the closing of the rights offering.

We are an emerging growth company, as that term is used in the Jumpstart Our Business Startups Act of 2012, and, as such, we will be subject to reduced public company reporting requirements compared to other public companies. See Prospectus Summary Our Status as an Emerging Growth Company.

You should carefully consider whether to exercise your subscription rights before the rights offering expires. All exercises of subscription rights are irrevocable.

Exercising the rights and investing in Seritage Growth common shares involves risks. We urge you to carefully read the section entitled Risk Factors beginning on page 28 of this prospectus, and all other information in this prospectus in its entirety before you decide whether to exercise your rights. Neither Sears Holdings nor Seritage Growth, nor their respective boards, is making any recommendation regarding your exercise of the subscription rights.

The subscription rights are transferable during the course of the subscription period, until , 2015, the business day prior to the expiration of the rights offering, and we intend to apply to list the rights for trading on the under the symbol ; however, we cannot assure you that a market for the subscription rights will develop. We intend to apply to list the Seritage Growth common shares for trading on the under the symbol . No public market currently exists for the Seritage Growth common shares or for the subscription rights.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2015

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You should rely only on information contained in this prospectus or in any prospectus supplement or free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not authorized anyone to provide you with additional or different information. Neither this prospectus nor any prospectus supplement or free writing prospectus constitutes an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. The information contained in this prospectus or any prospectus supplement or free writing prospectus is accurate only as of the date of this prospectus or such prospectus supplement or free writing prospectus, as applicable.

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MARKET AND INDUSTRY DATA

Although we are responsible for all of the disclosure contained in this prospectus, this prospectus contains industry, market and competitive position data that are based on industry publications and studies conducted by third parties. The industry publications and third-party studies generally state that the information that they contain has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe the industry, market and competitive position information included in this prospectus is generally reliable, such information is inherently imprecise.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment decision to purchase Seritage Growth common shares in this offering. You should read the entire prospectus carefully, including the section entitled Risk Factors, our consolidated financial statements and the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus, before making an investment decision to purchase Seritage Growth common shares.

Seritage Growth Properties

Our Company

Seritage Growth Properties (Seritage Growth) is a newly organized entity that was formed in Maryland on December 18, 2014. Seritage Growth conducts its operations through Seritage Growth Properties, L.P. (Operating Partnership), a Delaware limited partnership, formed on , 2015. In this prospectus, we refer to our business, including Seritage Growth and Operating Partnership, as PropCo or as we, our or us. Our principal office are currently located at 3333 Beverly Road, Hoffman Estates, Illinois 60179, and our main telephone number is currently (847) 286-2500. We expect to change our principal offices and main telephone number prior to the completion of the Transaction. Seritage Growth intends to elect to be treated as a real estate investment trust (REIT) for federal income tax purposes commencing with our taxable year ending December 31, 2015.

Following the Transaction, Seritage Growth will be a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in Operating Partnership. Initially, Operating Partnership s portfolio will consist of 254 properties (the Acquired Properties) that are owned (or, in a few cases, ground-leased) by Sears Holdings Corporation (together with its subsidiaries, Sears Holdings or SHC), as well as a 50% joint venture interest in an additional 12 properties (the JV Properties) that is owned by Sears Holdings, as of the date of this prospectus, each of which will be sold to Operating Partnership in the Transaction. Operating Partnership will then lease (or sublease) a substantial majority of the space at all but eleven of the Acquired Properties back to Sears Holdings under a master lease agreement (the Master Lease), with the remainder of such space leased to third-party tenants. These eleven properties, which do not currently contain a Sears Holdings store, will not have any space leased to Sears Holdings, and will instead be leased solely to third-party tenants. A substantial majority of the space at the JV Properties is also leased to Sears Holdings by GS Portfolio Holdings LLC (the GGP JV), a joint venture between Sears Holdings and a subsidiary of General Growth Properties, Inc. (together with its other subsidiaries, GGP) in which we will acquire a 50% interest, under a separate master lease (the JV Master Lease).

We expect to generate revenues primarily by leasing our properties to tenants, including both Sears Holdings and third-party tenants, who will operate retail stores (and potentially other uses) in the leased premises, a business model common to many publicly traded REITs. In addition to revenues generated under the Master Lease through rent payments from Sears Holdings, we expect to generate revenue through leases to third-party tenants under existing and future leases for space at our properties, including the Acquired Properties. In addition, we will have an interest in the JV Properties through our 50% interest in the GGP JV. The Master Lease provides us with the right to recapture up to approximately 50% of the space within the Sears or Kmart stores located at the Acquired Properties (the Stores) (subject to certain exceptions), in addition to all of any automotive care centers which are free-standing or attached as appendages to the Stores, and all outparcels or outlots, as well as certain portions of parking areas and common areas, at the Acquired Properties leased to Sears Holdings under the Master Lease, allowing us to reconfigure and rent the recaptured space to third-party tenants on potentially superior terms determined by us and for our own account. The JV Master Lease provides the GGP JV with a similar right in respect of the JV Properties. We also have the right to recapture 100% of the space

within the Sears Holdings main store located on each of the 22 identified Acquired Properties by making a specified lease termination payment to Sears Holdings, after which we expect to be able to reposition and re-lease those stores and potentially generate additional revenue. See Certain Relationships and Related Transactions The Master Lease.

Our initial portfolio of 254 Acquired Properties, consisting of approximately 40.3 million square feet of building space, will be broadly diversified by location across 49 states and Puerto Rico. These Acquired Properties will consist of 85 properties operated under the Kmart brand, 158 operated under the Sears brand, and eleven properties leased entirely to third parties. At certain of the Acquired Properties, third parties under existing leases occupy a portion of the overall leasable space alongside Sears Holdings. Third-party tenants will initially represent approximately 6.6% of our overall portfolio of Acquired Properties as a percentage of total leasable space and approximately % of existing rent. The amount of space leased to third-party tenants, and the resulting revenue, are expected to increase as we recapture space under the Master Lease and then re-lease it to such third-party tenants.

In addition, through our 50% interest in the GGP JV (the GGP JV Interest), we will have an interest in the JV Properties, which consist of 12 properties formerly owned or leased by Sears Holdings and currently leased back to Sears Holdings under the JV Master Lease, as well as to certain third parties under third-party leases. Except with respect to the rent amounts and the properties covered and certain additional matters described below, the general format of the JV Master Lease is similar to the Master Lease.

To maintain REIT status, Seritage Growth must meet a number of organizational and operational requirements, including a requirement that Seritage Growth distribute annually to Seritage Growth shareholders at least 90% of Seritage Growth s REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. See U.S. Federal Income Tax Considerations.

The Transaction

Seritage Growth is a recently formed entity that will, in connection with this offering and through Operating Partnership, purchase the 254 Acquired Properties that are currently owned (or, in a few cases, ground-leased) by Sears Holdings and lease all but eleven of them back to Sears Holdings, and also purchase the GGP JV Interest. This offering and the related transactions described in this prospectus (the Transaction) will include a series of interim steps summarized below:

- On December 18, 2014, Seritage Growth, a Maryland REIT that will be structured as an umbrella partnership real estate investment trust (commonly referred to as an UPREIT), was formed;

- On , 2015, Seritage Growth formed Operating Partnership, a Delaware limited partnership;

- Sears Holdings has agreed with us to have Operating Partnership purchase for cash from Sears Holdings the Acquired Properties, representing 254 of Sears Holdings fee-owned or ground leased real estate assets, and the GGP JV Interest, for an aggregate purchase price in excess of approximately $2,500 million (a value, with respect to the Acquired Properties, determined by Sears Holdings with the assistance of a third-party appraisal process, taking into account all the terms of the Master Lease and other relevant factors);

Sears Holdings and PropCo will enter into the Master Lease pursuant to which a substantial majority of the Acquired Properties or certain space therein would be leased (or subleased) back to Sears Holdings, and Sears Holdings will assign existing third-party leases in the Acquired Properties to Operating Partnership, except for certain minor leases, agreements, concessions, licenses or departments within the Sears Holdings stores and the Lands End lease agreements, which will be treated as described in Certain Relationships and Related Transactions The Master Lease;

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For purposes of funding the purchase price for the Acquired Properties and the GGP JV Interest:

Seritage Growth has entered into an agreement with Sears Holdings for Sears Holdings to subscribe for rights to purchase Seritage Growth common shares from Seritage Growth and Sears Holdings will distribute such rights to its stockholders in the rights offering;

Seritage Growth has agreed to issue and sell to GGP in a private placement Seritage Growth common shares at a purchase price per share equal to the subscription price in the rights offering, for an aggregate purchase price of $33.3 million (the GGP Private Placement);

Operating Partnership is expected to engage in a private placement of Operating Partnership units to each of the participating 10% Stockholders in exchange for subscription rights that if exercised would result in the 10% Stockholder receiving in excess of 9.8% of the Seritage Growth common shares (as calculated for certain federal income tax purposes) and cash (the OP Private Placement), with the Operating Partnership units received by each participating 10% Stockholder entitling such 10% Stockholder to receive in the aggregate, the aggregate amount of dividends and other distributions such 10% Stockholder would have been entitled to had it been able, and elected, to exercise such rights and receive such excess common shares;

Operating Partnership or one or more of its subsidiaries will incur approximately $ of indebtedness (the Financing) at the closing of the Transaction and enter into an additional facility in the amount of $ to provide liquidity following the closing; and

At the closing of the Transaction, Seritage Growth and Operating Partnership will use the proceeds from the rights offering, the GGP Private Placement, the OP Private Placement and the Financing to purchase the Acquired Properties and the GGP JV Interest from Sears Holdings and pay related fees and expenses, and we and Sears Holdings will enter into the Master Lease.

Our Relationship with Sears Holdings

In connection with the Transaction, we and Sears Holdings will enter into: (i) a subscription, distribution and purchase and sale agreement governing the sale of the Acquired Properties and the GGP JV Interest to Operating Partnership, and pursuant to which Sears Holdings will subscribe for Seritage Growth common shares and distribute such subscription rights to its stockholders (the Subscription, Distribution and Purchase and Sale Agreement), (ii) the Master Lease, pursuant to which Operating Partnership, as landlord, will lease to Sears Holdings, as tenant, most of the Acquired Properties, and (iii) an agreement pursuant to which Sears Holdings will provide certain services to PropCo (the Services Agreement). The agreements between Sears Holdings and PropCo will be established by Sears Holdings with the intention of producing sustainable and fair terms consistent with the respective business plans of both Sears Holdings and PropCo following the Transaction. Because these agreements will be negotiated in the context of the Transaction, they necessarily will involve negotiations between affiliated entities. Accordingly, the terms of these agreements may have different terms than would have resulted from negotiations with one or more unrelated third parties. See Certain Relationships and Related Transactions.

Financing

In connection with the Transaction, Operating Partnership expects to enter into the Financing. The proceeds from the Financing will be used, together with the proceeds of the rights offering, the GGP Private Placement and the OP Private Placement, to purchase the Acquired Properties and the GGP JV Interest from Sears Holdings and pay related fees and expenses.

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Restrictions on Ownership and Transfer of Seritage Growth Shares

To assist Seritage Growth in complying with the limitations on the concentration of ownership of REIT shares imposed by the Internal Revenue Code of 1986, as amended (the Code), among other purposes, Seritage Growth s declaration of trust will provide for restrictions on ownership and transfer of its common shares, including, subject to certain exceptions, prohibitions on any person actually or constructively owning more than 9.8% in value or in number, whichever is more restrictive, of the outstanding shares of any class or series of Seritage Growth shares of beneficial interest, including the common shares. A person that did not acquire more than 9.8% of Seritage Growth s outstanding common shares may become subject to its declaration of trust restrictions if repurchases by Seritage Growth cause such person s holdings to exceed 9.8% of its outstanding common shares. Under certain circumstances, the Board of Trustees of Seritage Growth may waive the ownership limits if it determines that Seritage Growth will not fail to qualify as a REIT and certain other conditions are satisfied. Seritage Growth s declaration of trust provides that shares of beneficial interest of Seritage Growth acquired or held in excess of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary, and that any person who acquires shares of beneficial interest of Seritage Growth in violation of the ownership limits will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the market price on the day the shares were transferred to the trust or the amount realized from the sale. Seritage Growth or its designee will have the right to purchase the shares from the trustee at this calculated price as well. In addition, a transfer of shares of beneficial interest of Seritage Growth in violation of the restrictions on ownership and transfer in the declaration of trust may be void under certain circumstances. Seritage Growth s 9.8% ownership limits may have the effect of delaying, deferring or preventing a change in control of Seritage Growth, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for Seritage Growth s shareholders or otherwise be in their best interest. See Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer.

Seritage Growth s Tax Status

Seritage Growth intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes, currently expected to occur commencing with the taxable year ending December 31, 2015. Seritage Growth s qualification as a REIT depends upon its ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of Seritage Growth s gross income, the composition and value of its assets, its distribution levels and the diversity of ownership of its shares. Seritage Growth believes that, at the time of the Transaction, it will be organized in conformity with the requirements for qualification and taxation as a REIT under the Code and that its intended manner of operation will enable Seritage Growth to meet the requirements for qualification and taxation as a REIT.

So long as Seritage Growth qualifies to be taxed as a REIT, it generally will not be required to pay U.S. federal income tax on its net REIT taxable income that it distributes currently to its shareholders. If Seritage Growth fails to qualify to be taxed as a REIT in any taxable year and does not qualify for certain statutory relief provisions, it would be subject to U.S. federal income tax at regular corporate rates and would be precluded from re-electing to be taxed as a REIT for the subsequent four taxable years following the year during which it lost REIT qualification. Even if Seritage Growth qualifies to be taxed as a REIT, it may be subject to certain U.S. federal, state, local and foreign taxes on its income or property, and the income of its taxable REIT subsidiaries (TRSs), if any, will be subject to taxation at regular corporate rates. See U.S. Federal Income Tax Considerations.

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Our Status as an Emerging Growth Company

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, since we meet certain specifications under the JOBS Act such as having total annual gross revenue of under $1.0 billion. As an emerging growth company, we have chosen to take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. We have taken advantage of reduced disclosure regarding executive compensation arrangements and the presentation of certain historical financial information in this prospectus, and we may in the future choose to take advantage of some or all of the reduced reporting obligations, which include exceptions from requirements to provide an auditor s attestation report on the effectiveness of our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), comply with certain audit firm rotation and audit rule requirements, provide certain disclosure regarding executive compensation and hold advisory votes on executive compensation, among other things. If we do, the information we may provide to shareholders may be different than what you may receive from other public companies in which you hold stock. We will remain an emerging growth company until the earlier of:

- the last day of the fiscal year (i) following the fifth anniversary of the completion of the Transaction or (ii) in which we have total annual gross revenue of at least $1.0 billion; or

- the date on which Seritage Growth is deemed to be a large accelerated filer, which would occur if the market value of Seritage Growth common shares that are held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter; or

- the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

See Risk Factors Risks Related to Our Business and Operations For as long as we are an emerging growth company and while remaining a non-accelerated filer, we will not be required to comply with certain reporting requirements that apply to other public companies.

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QUESTIONS AND ANSWERS ABOUT THE COMPANY AND THE RIGHTS OFFERING

Set forth below are examples of what we anticipate will be commonly asked questions about the rights offering and the transactions contemplated thereby. The answers are based on selected information included elsewhere in this prospectus. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus contains more detailed descriptions of the terms and conditions of the rights offering and provides additional information about us and our business, including potential risks related to the rights offering, Seritage Growth common shares and our business.

Exercising the rights and investing in Seritage Growth common shares involves risks. We urge you to carefully read the section entitled Risk Factors beginning on page 28 of this prospectus and all other information in this prospectus in its entirety before you decide whether to exercise your rights.

What is the rights offering?

Sears Holdings is distributing, at no charge, to holders of shares of its common stock as of the record date, transferable subscription rights to purchase Seritage Growth common shares in the amount of one subscription right for each full share of common stock of Sears Holdings owned by that stockholder as of the record date, except that holders of Sears Holdings restricted stock that is unvested as of the record date will receive cash awards in lieu of subscription rights. Each subscription right will entitle its holder to purchase from Seritage Growth Seritage Growth common shares. Each subscription right entitles the holder to a basic subscription right and an over-subscription privilege, as described below. We intend to apply to list the Seritage Growth common shares to be issued upon exercise of the subscription rights for trading on the under the ticker symbol .

What is Seritage Growth?

Seritage Growth is a newly organized REIT that was formed in Maryland on December 18, 2014. Its principal offices are currently located at 3333 Beverly Road, Hoffman Estates, Illinois 60179. Its main telephone number is currently (847) 286-2500. Seritage Growth expects to change its principal offices and main telephone number prior to the completion of the Transaction. Seritage Growth intends to elect to be treated as a REIT under the Code.

Following the Transaction, Seritage Growth will be a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in Operating Partnership. Initially, Operating Partnership s portfolio will consist of 254 Acquired Properties that are owned (or, in a few cases, ground-leased) by Sears Holdings, as well the GGP JV Interest that is owned by Sears Holdings, as of the date of this prospectus. Operating Partnership will then lease (or sublease) most of the Acquired Properties back to Sears Holdings under the Master Lease, with the remainder of such space leased to third-party tenants. A substantial majority of the space at the JV Properties is also leased by the GGP JV to Sears Holdings under the JV Master Lease. In addition, we will lease all of certain Acquired Properties and certain spaces within other Acquired Properties to third parties pursuant to leases under which Sears Holdings currently is the lessor and which will be assigned to us, along with certain redevelopment and other obligations under such leases. Lease agreements pursuant to which Sears Holdings currently leases space at certain of the Acquired Properties to Lands End will be treated as described in Certain Relationships and Related Transactions The Master Lease. The Master Lease will provide Operating Partnership with the right to recapture up to approximately 50% of the space within the Stores (subject to certain exceptions), in addition to all of any automotive care centers which are free-standing or attached as appendages to the Stores, and all outparcels or outlots, as well as certain portions of parking areas and common areas, at the Acquired Properties leased to Sears Holdings under the Master Lease. Upon exercise of this recapture right, we must pay all costs and expenses for the separation of the recaptured

space from the remaining Sears Holdings space and will have the right to reconfigure and rent such space to third-party tenants on terms we agree to with such third parties. The JV Master Lease provides the GGP JV with a similar right in respect of the JV Properties. We will also have the further right to recapture 100% of the space within the Sears Holdings main store located on each of 22 identified Acquired Properties, subject to a specified lease termination payment made to Sears Holdings. However, Sears Holdings will have the right to terminate the lease as to an Acquired Property or a JV Property if its earnings before interest, taxes, depreciation, amortization and rent costs (EBITDAR) for the twelve-month period ending as of the most recent fiscal quarter end attributable to such Acquired Property or JV Property is less than the rent attributable to it. Sears Holdings ability to exercise this termination right will be limited so that the aggregate base rent under the Master Lease in any lease year does not decline by more than 20% as a result of such terminations or, in the case of the JV Properties, so that the JV Master Lease is not terminated as to more than four JV Properties in any lease year.

Prior to the closing of this offering, we have not operated as a business; instead the Acquired Properties that make up our business were generally used in Sears Holdings retail operations and the GGP JV Interest was owned by Sears Holdings. Following the closing of this offering and subscription for common shares of Seritage Growth, we will be a publicly traded company independent from Sears Holdings, and Sears Holdings will not have any ownership interest in us.

In connection with the Transaction, we have entered into or will enter into various agreements with Sears Holdings that, among other things, govern the principal transactions relating to this offering and certain aspects of our relationship with Sears Holdings following the Transaction. These agreements were made or will be made in the context of our current relationship with Sears Holdings and were or will be negotiated in the overall context of the Transaction. Accordingly, the terms of these agreements may be different than those we could have negotiated with unaffiliated parties. For more information regarding the agreements between us and Sears Holdings, see Certain Relationships and Related Transactions.

What is a REIT?

Following the Transaction, Seritage Growth intends to qualify and elect to be taxed as a REIT under Sections 856 through 859 of the Code, which election is currently expected to occur commencing with the taxable year ending December 31, 2015. As a REIT, Seritage Growth generally will not be required to pay U.S. federal income tax on REIT taxable income it distributes to its shareholders. Seritage Growth s qualification as a REIT depends upon its ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of Seritage Growth s gross income, the composition and value of its assets, its distribution levels and the diversity of ownership of its shares. Seritage Growth believes that, at the time of the Transaction, it will be organized in conformity with the requirements for qualification and taxation as a REIT under the Code and that its intended manner of operation will enable Seritage Growth to meet the requirements for qualification and taxation as a REIT. Seritage Growth anticipates that distributions we make to shareholders generally will be taxable to shareholders as ordinary income, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital. For a more complete discussion of the U.S. federal income tax treatment of distributions to Seritage Growth shareholders, see U.S. Federal Income Tax Considerations.

What is the OP Private Placement?

As of the date of this prospectus, ESL Investments, Inc. and its affiliates, including Edward S. Lampert (collectively, ESL) beneficially own approximately % of the outstanding common stock of Sears Holdings (% excluding shares issuable upon the exercise of warrants held by ESL), and Fairholme Capital Management, L.L.C. and related entities (collectively, Fairholme and, together with ESL, the 10% Stockholders) beneficially own approximately % of the outstanding common stock of Sears Holdings (%

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excluding shares issuable upon the exercise of warrants held by Fairholme). In light of the restrictions on ownership in Seritage Growth s declaration of trust, we expect to enter into agreements with ESL and, if Fairholme determines to participate, Fairholme to exchange each of their subscription rights that if exercised would result in the 10% Stockholder receiving in excess of 9.8% of the Seritage Growth common shares (as calculated for certain federal income tax purposes) for the right to subscribe for Operating Partnership units in the OP Private Placement. We expect the participating 10% Stockholders to exercise their remaining subscription rights. This arrangement is designed to allow the 10% Stockholders to receive the economic benefits of their rights, while operating within the ownership restrictions set forth in Seritage Growth s declaration of trust that are intended to protect Seritage Growth s REIT status. Shares with respect to the rights exchanged in the OP Private Placement will not be sold in this offering and will not be available as part of the over-subscription process.

What is the GGP Private Placement?

In connection with the agreement to enter into the GGP JV, GGP agreed to acquire Seritage Growth common shares at a price of $ per share (the subscription price for the rights offering), for an aggregate purchase price of $33.3 million, in the GGP Private Placement. Seritage Growth will issue and sell these Seritage Growth common shares to GGP concurrently with the closing of the rights offering, subject to the satisfaction of certain other related closing conditions. The shares to be issued and sold in the GGP Private Placement are not registered as part of, and are in addition to the Seritage Growth common shares offered in, the rights offering. If requested by us, GGP may also elect to invest an additional $66.7 million in indebtedness of Operating Partnership or one or more of its subsidiaries in connection with the Financing.

What is the basic subscription right?

Holders of the basic subscription rights will have the opportunity to purchase from Seritage Growth, in the aggregate, Seritage Growth common shares at a subscription price of $ per whole share. Sears Holdings has granted to you, as a stockholder of record on the record date, one subscription right for every share of Sears Holdings common stock you owned at that time. Fractional shares or cash in lieu of fractional shares will not be issued in the rights offering. Instead, the number of shares issuable upon the exercise of the basic subscription right will be rounded down to the nearest whole share. The subscription rights are contractual obligations of Seritage Growth.

You may exercise all or a portion of your basic subscription right or you may choose not to exercise any subscription rights at all. However, if you exercise less than your full basic subscription right, you will not be entitled to purchase Seritage Growth common shares pursuant to the over-subscription privilege. In light of the restrictions on ownership in Seritage Growth s declaration of trust described in this prospectus, we expect to enter into agreements with each of the participating 10% Stockholders to exchange its subscription rights that if exercised would result in the 10% Stockholder receiving in excess of 9.8% of the Seritage Growth common shares (as calculated for certain federal income tax purposes) for the right to subscribe in the OP Private Placement for Operating Partnership units. If you are a registered holder of Sears Holdings common stock, the number of Seritage Growth common shares you may purchase pursuant to your basic subscription right is indicated on the enclosed rights certificate. If you hold your shares in the name of a broker, dealer, custodian bank or other nominee that uses the services of the Depository Trust Company (DTC), you will not receive a rights certificate. Instead, DTC will electronically issue one subscription right to your nominee record holder for every share of Sears Holdings common stock that you own as of the record date. If you are not contacted by your nominee, you should contact your nominee as soon as possible.

What is the over-subscription privilege and how will Seritage Growth common shares be allocated in the rights offering?

If you purchase all of the Seritage Growth common shares available to you pursuant to your basic subscription rights, you may also choose to purchase from Seritage Growth a portion of any common shares that

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other holders of subscription rights do not purchase through the exercise of their basic subscription rights. Only holders who fully exercise all of their basic subscription rights, after giving effect to any purchases or sales of subscription rights prior to the time of such exercise, may participate in the over-subscription privilege. The 10% Stockholders may participate in the over-subscription privilege; however, in light of the restrictions on ownership in Seritage Growth s declaration of trust, the 10% Stockholders will exchange their subscription rights that if exercised would result in them receiving in excess of 9.8% of the outstanding Seritage Growth common shares (as calculated for certain federal income tax purposes) for the right to subscribe for Operating Partnership units in the OP Private Placement. Shares with respect to the rights exchanged in the OP Private Placement will not be sold in this offering and will not be available as part of the over-subscription process. However, in no circumstance will any holder be allocated common shares pursuant to the over-subscription privilege to the extent such allocation would result in such holder beneficially owning 9.8% or more of the outstanding Seritage Growth common shares (as calculated for certain federal income tax purposes), nor will any holder, other than the 10% Stockholders, participate in the OP Private Placement. See Certain Relationships and Related Transactions OP Private Placement Agreement.

If you wish to exercise your over-subscription privilege, you must indicate on your rights certificate, or the form provided by your nominee if your Sears Holdings shares are held in the name of a nominee, how many additional common shares you would like to purchase pursuant to your over-subscription privilege, and provide payment as described below.

Seritage Growth common shares will be allocated in the rights offering as follows:

First, shares will be allocated to holders of rights who exercise their basic subscription rights for a whole common share per exercised subscription right.

Second, any remaining shares that were eligible to be purchased in the rights offering will be allocated among the holders of rights who exercise the over-subscription privilege, in accordance with the following formula:

Each holder who exercises the over-subscription privilege will be allocated a percentage of the remaining shares equal to the percentage that results from dividing (i) the number of basic subscription rights which that holder exercised by (ii) the number of basic subscription rights which all holders who wish to participate in the over-subscription privilege exercised. Such percentage could result in the allocation of more or fewer over-subscription shares than the holder requested to purchase through the exercise of the over-subscription privilege.

For example, if Stockholder A holds 200 subscription rights and Stockholder B holds 300 subscription rights and they are the only two stockholders who exercise the over-subscription privilege, Stockholder A will be allocated 40% and Stockholder B will be allocated 60% of all remaining shares available. (Example A)

Third, if the allocation of remaining shares pursuant to the formula described above in the second step would result in any holder receiving a greater number of common shares than that holder subscribed for pursuant to the over-subscription privilege, then such holder will be allocated only that number of shares for which the holder over-subscribed.

For example, if Stockholder A is allocated 100 shares pursuant to the formula described above but subscribed for only 40 additional shares pursuant to the over-subscription privilege, Stockholder A s allocation would be reduced to 40 shares. (Example B)

Fourth, any common shares that remain available as a result of the allocation described above being greater than a holder s over-subscription request (the 60 additional shares in Example B above) will be allocated among all remaining holders who exercised the over-subscription privilege and whose initial allocations were less than the number of shares they requested. This second allocation will be made pursuant to the same formula described above and repeated, if necessary, until all available Seritage Growth common shares have been allocated or all over-subscription requests have been satisfied in full.

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However, in no circumstance will any holder be allocated common shares pursuant to the over-subscription privilege to the extent such allocation would result in such holder beneficially owning 9.8% or more of the outstanding Seritage Growth common shares (as calculated for certain federal income tax purposes), nor will any holder, other than the 10% Stockholders, participate in the OP Private Placement. See Certain Relationships and Related Transactions Private Placement Agreement. Seritage Growth common shares that would have been issued to the 10% Stockholders if they would have been able to exercise their rights will not be sold in the offer and will not be available as a part of the over-subscription process.

To properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege before the rights offering expires. Because we will not know the total number of unsubscribed common shares before the rights offering expires, if you wish to maximize the number of Seritage Growth common shares you purchase pursuant to your over-subscription privilege, you will need to deliver payment in an amount equal to the aggregate subscription price for the maximum number of shares that could be available to you at the time you exercise your basic subscription rights (*i.e.*, the aggregate payment for both your basic subscription right and for all additional shares you desire to purchase pursuant to your over-subscription request). See The Rights Offering The Subscription Rights Over-subscription Privilege. Any excess subscription payments received by the subscription agent, including payments for additional shares you requested to purchase pursuant to the over-subscription privilege but which were not allocated to you will be returned, without interest or penalty, promptly following the expiration of the rights offering.

Computershare Trust Company, N.A., our subscription agent for the rights offering, will determine, in its sole discretion, the over-subscription allocation based on the formula described above.

What is the purpose of the Transaction?

Sears Holdings believes that the Transaction would provide, among other things, financial and operational benefits to both us and Sears Holdings, including but not limited to the following expected benefits:

Additional Liquidity and Financial Flexibility. The Transaction is intended to monetize a portion of Sears Holdings real estate assets in a manner that provides current value to Sears Holdings while allowing Sears Holdings to continue to operate in its existing store locations and creating significant flexibility and potential upside for both us and Sears Holdings. Specifically, the Transaction will allow Sears Holdings the ability to rationalize certain of its real estate holdings in a deliberate and considered manner, immediately gain increased liquidity, and subsequently rationalize a portion of its rental costs to the extent its stores become unprofitable below certain levels.

Additional Strategic Opportunities for PropCo. PropCo, through Operating Partnership, will immediately have an income stream from an existing tenant, with enhanced flexibility as a lessor due to the ability to recapture substantial amounts of space from Sears Holdings and diversify its tenant mix by leasing recaptured space to other tenants. As a REIT, Seritage Growth will generally not pay income taxes on income that is distributed to shareholders, and will be required to distribute at least 90% of its REIT taxable income to shareholders. Sears Holdings expects the Transaction to facilitate strategic expansion opportunities for PropCo by providing PropCo the ability to pursue transactions with other operators that would not pursue transactions with Sears Holdings as a current competitor and to diversify into different businesses.

Business-Appropriate Capital Structure. The Transaction will create an independent equity structure that will afford us direct access to capital markets and facilitate our ability to effect future real estate acquisitions utilizing Seritage Growth common shares and Operating Partnership units.

Focused Management. The Transaction will allow management of each of Sears Holdings and Seritage Growth to devote time and attention to the development and implementation of corporate strategies and policies that are based on the specific business characteristics of the respective companies, and to design more tailored compensation structures that better reflect these strategies, policies and business characteristics. Separate equity-based compensation arrangements for PropCo should more closely align the interests of management with the interests of shareholders and more directly incentivize the employees of PropCo and attract new talent.

Distinct Investment Opportunities. The Transaction will provide investors with two distinct and targeted investment opportunities. Since the subscription rights are being distributed at no charge to Sears Holdings existing stockholders, stockholders will have the choice to acquire a stake in PropCo in addition to retaining their existing Sears Holdings stake.

What is the GGP JV?

The GGP JV is a joint venture between Sears Holdings and GGP formed on March 31, 2015. The GGP JV entered into a sale-leaseback transaction with Sears Holdings with respect to the JV Properties, which consist of 12 properties formerly owned by Sears Holdings. The GGP JV currently owns the JV Properties and leases them to Sears Holdings under the JV Master Lease, as well as to certain third parties under third-party leases. Except with respect to the rent amounts and the properties covered, the general format of the JV Master Lease is similar to the Master Lease, including with respect to the lessor s right to recapture space leased to Sears Holdings and Sears Holdings right to terminate a portion of the lease as to certain properties. Under the JV Master Lease, the rent payable to the GGP JV by Sears Holdings for Lands End space is an amount equal to the rent required to be paid by Lands End under the Lands End leases, which amount will be paid to the GGP JV throughout the term and initial terms of the JV Master Lease (whether or not the Lands End leases continue), unless the JV Master Lease is terminated with respect to the applicable JV Property subject to a Lands End lease.

As of the date of this prospectus, each of GGP and Sears Holdings owns a 50% interest in the GGP JV. In the Transaction, Sears Holdings will sell to Operating Partnership its 50% interest in the GGP JV for a purchase price equal to the purchase price previously paid by GGP for its 50% interest in the GGP JV and the GGP JV will become a joint venture between Operating Partnership and GGP.

The GGP JV will be governed by an executive committee that consists of one representative designated by GGP and one representative that, following the Transaction, will be designated by us. Day-to-day operation of the GGP JV, and responsibility for leasing and redevelopment activities related to the JV Properties, are generally delegated to GGP, subject to certain exceptions and to mutual approval of major decisions relating to the JV Properties or the GGP JV, including approval of the venture s budget, certain capital calls and distributions, sales of properties, issuances of equity interests in the venture, incurrences of indebtedness, mergers and other extraordinary transactions, and key operational decisions regarding the GGP JV and the JV Properties, other than as previously agreed by Sears Holdings and GGP. Under certain circumstances, including if a party to the limited liability company agreement of the GGP JV is in default of that agreement, GGP or Operating Partnership may be removed from the executive committee and as managing member of the GGP JV and replaced by the other party (with the defaulting party thereafter having minimal governance rights). In addition, GGP will be entitled to certain fees in connection with the management, leasing and development of the JV Properties, except that if GGP fails to meet certain leasing performance conditions by March 31, 2018, Seritage Growth (assuming the GGP JV Interest has been transferred to it) will be entitled to assume primary responsibility for the GGP JV. In addition, at any time after March 31, 2018, we will have the right to cause GGP to purchase from the GGP JV any JV Property with respect to which a certain leasing threshold has been satisfied at the fair market value of the property, less certain mortgage loans and other debt in respect of such property and certain selling expenses, determined in accordance with the limited liability company agreement of the GGP JV. A substantial majority of the space at the JV Properties is leased by the GGP JV to Sears Holdings under the JV

Master Lease.

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How was the $ per share subscription price determined?

In determining the subscription price, the board of directors of Sears Holdings considered, among other things, (1) the desirability of broad participation in the rights offering by Sears Holdings stockholders and of the development of a trading market for both the subscription rights and Seritage Growth common shares, (2) the fair market value of the Acquired Properties and the GGP JV Interest purchased in the Transaction and (3) Seritage Growth s liquidity needs and the aggregate amount of proceeds to be paid to Sears Holdings pursuant to the rights offering if the rights offering were fully subscribed.

Am I required to exercise all of the subscription rights I receive in the rights offering?

No. You may exercise any number of your subscription rights or you may choose not to exercise any subscription rights. If you do not exercise any subscription rights, you will not receive any Seritage Growth common shares.

The number of shares of Sears Holdings common stock that you own, and your percentage ownership, will not change as a result of the rights offering. If you do not exercise your subscription rights to purchase Seritage Growth common shares, following the Transaction you will no longer retain an ownership interest in the assets and liabilities transferred to PropCo, as the common stock of Sears Holdings that you hold will no longer reflect the activities, assets or liabilities transferred to PropCo. In addition, the trading price of Sears Holdings common stock immediately following the rights offering may be higher or lower than immediately prior to the rights offering because the assets and liabilities transferred to PropCo will no longer be held by Sears Holdings, those assets and liabilities and related activities will no longer be reflected in Sears Holdings financial statements, and Sears Holdings will receive cash proceeds in excess of approximately $2,500 million as a result of the sale of the Acquired Properties and the GGP JV Interest to PropCo and will become obligated to pay rent (of $ million per year, initially) as well as other charges associated with the Acquired Properties pursuant to the Master Lease. See Certain Relationships and Related Transactions The Master Lease.

See Risk Factors Risks Related to the Rights Offering If you receive and exercise the subscription rights, you may be subject to adverse U.S. federal income tax consequences and Risk Factors Risks Related to the Rights Offering If you receive but do not sell or exercise the subscription rights before they expire, you may be subject to adverse U.S. federal income tax consequences.

How soon must I act to exercise my subscription rights?

If you received a rights certificate and elect to exercise any or all of your subscription rights, the subscription agent must receive your completed and signed rights certificate and payments before the rights offering expires on , 2015 at 5:00 p.m., New York City time. If you hold your shares of Sears Holdings common stock in the name of a broker, dealer, custodian bank or other nominee, your nominee may establish a deadline before the expiration of the rights offering by which you must provide it with your instructions to exercise your subscription rights. Although Sears Holdings may, in its discretion, extend the expiration date of the rights offering, it currently does not intend to do so. In addition, Sears Holdings may cancel the rights offering for various reasons. If the rights offering is cancelled, all subscription payments received will be returned, without interest or penalty, as soon as practicable. See The Rights Offering Conditions, Withdrawal and Cancellation.

Although we will make reasonable attempts to provide this prospectus to Sears Holdings stockholders, the rights offering and all subscription rights will expire on the expiration date, whether or not we have been able to locate each person entitled to subscription rights.

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May I transfer my subscription rights?

Yes. The subscription rights are transferable during the course of the subscription period and we intend to apply to list the subscription rights for trading on the under the symbol . We currently expect that the subscription rights will begin to trade on the first business day following the distribution of the subscription rights, and will continue to trade until 4:00 p.m., New York City time, on , 2015 the business day prior to the scheduled expiration date of the rights offering (or, if the offer is extended, on the business day immediately prior to the extended expiration date). As a result, you may transfer or sell your subscription rights if you do not want to exercise them to purchase Seritage Growth common shares. However, the subscription rights are a new issue of securities with no prior trading market, and there may be insufficient liquidity in any trading market for the subscription rights or the market value of the subscription rights may be lower than expected.

If you hold your Sears Holdings common shares through a broker, custodian bank or other nominee, you may sell your subscription rights by contacting your broker, custodian bank or other nominee until the close of business on the business day preceding the expiration date of this rights offering. To sell your subscription rights, in addition to any other procedures your broker, custodian bank or other nominee may require, you must deliver your order to sell to your broker, custodian bank or other nominee such that it will be actually received prior to 4:00 p.m., New York City time, on , 2015 the business day prior to the expiration date of this rights offering. If you are a record holder of a subscription rights certificate, you may take your subscription rights certificate to a broker who can sell your subscription rights for you. To do so, you must deliver your properly executed subscription rights certificate, with appropriate instructions, and any additional documentation required by the broker. Commissions and applicable taxes or broker fees may apply if you sell your subscription rights. See The Rights Offering Transferability of Subscription Rights.

What is the effect of transferring subscription rights?

You may transfer or sell your subscription rights if you do not want to exercise them to purchase Seritage Growth common shares. However, if you transfer all or a portion of your subscription rights, you will be unable to purchase the Seritage Growth common shares underlying such transferred rights. In addition, if you transfer all or a portion of your subscription rights, you will not be entitled to exercise the over-subscription privilege with respect to the portion of your rights so transferred.

What is the effect of purchasing subscription rights?

If you purchase subscription rights prior to the expiration of the subscription period, you may exercise such subscription rights and the over-subscription privilege related thereto or further transfer such subscription rights in accordance with the terms set forth in this prospectus. If Sears Holdings cancels the rights offering, the subscription rights will be void, of no value and will cease to be exercisable for Seritage Growth common shares. If you purchase subscription rights during the subscription period and Sears Holdings cancels the rights offering, you will lose the entire purchase price paid to acquire such subscription rights in the market; however any subscription payments received by the subscription agent will be returned to you, without interest or penalty, as soon as practicable. See Risk Factors Risks Related to the Rights Offering Sears Holdings may cancel the rights offering at any time prior to the expiration of the rights offering and in such case neither Sears Holdings nor the subscription agent will have any obligation to you except to return your exercise payments.

Is Sears Holdings requiring a minimum subscription to complete the rights offering?

Yes. Sears Holdings is requiring an overall minimum subscription to complete the offering. If this offering does not raise the overall minimum aggregate gross proceeds of $ million, the rights offering will be terminated unless the Sears Holdings board of directors, in its sole discretion, waives the minimum subscription requirement. If the rights offering is terminated, any money received from subscribing stockholders will be refunded promptly, without interest or deduction.

Are there any conditions to closing the rights offering?

Yes. Sears Holdings obligation to close the rights offering and to distribute the Seritage Growth common shares subscribed for in the rights offering is conditioned upon the satisfaction or waiver of certain conditions, including that the board of directors of Sears Holdings does not determine, in its sole discretion, that the rights offering is not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the rights offering (which could occur if, among other things, we do not receive sufficient proceeds from the GGP Private Placement, the OP Private Placement or the Financing). See The Rights Offering Conditions, Withdrawal and Cancellation.

Can Sears Holdings cancel or extend the rights offering?

The rights offering is subject to the satisfaction or waiver of certain conditions. In addition, Sears Holdings has the right to withdraw and cancel the rights offering if, at any time prior to its expiration, the board of directors of Sears Holdings determines, in its sole discretion, that the rights offering is not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the rights offering. If the rights offering is cancelled, any money received from subscribing holders of rights will be returned, without interest or penalty, as soon as practicable. If Sears Holdings cancels the rights offering, the subscription rights will be void, of no value and will cease to be exercisable for Seritage Growth common shares. If you purchase rights during the subscription period and Sears Holdings cancels the rights offering, you will lose the entire purchase price paid to acquire such subscription rights in the market; however any subscription payments received by the subscription agent will be returned to you, without interest or penalty, as soon as practicable. Sears Holdings may also extend the rights offering for additional periods ending no later than , 2015, although it does not presently intend to do so.

You should discuss with your tax advisor the tax consequences of receiving subscription rights if Sears Holdings subsequently cancels the rights offering. See What are the material U.S. federal income tax consequences if I receive a subscription right from Sears Holdings and Sears Holdings subsequently cancels the rights offering?

Will Sears Holdings directors and officers and Seritage Growth s trustees and officers be able to exercise their subscription rights?

Sears Holdings directors and officers and Seritage Growth s trustees and officers that hold shares of Sears Holdings common stock, excluding shares of Sears Holdings restricted stock that is unvested as of the record date, may participate in the rights offering at the same subscription price per share as all other holders of subscription rights, but none of Sears Holdings directors and officers nor our trustees and officers is obligated to participate.

Holders of Sears Holdings restricted stock that is unvested as of the record date will receive a cash award, to be paid on the applicable vesting date, in lieu of any right such holder may have to receive subscription rights with respect to such unvested restricted stock. Such cash awards will represent the right to receive, on the applicable vesting date, a cash payment from Sears Holdings equal to the value of the subscription rights that would have been distributed to such holder had such holder s unvested restricted stock been unrestricted shares of Sears Holdings common stock, calculated on the basis of the volume-weighted average trading price per subscription right for the 10 trading-day period beginning on the first day on which the subscription rights trade

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on . The subscription rights are expected to begin to trade on on the first business day following the distribution of the subscription rights.

Has the Sears Holdings board of directors made a recommendation to Sears Holdings stockholders regarding the rights offering?

No. Neither Sears Holdings nor Seritage Growth, nor their respective boards, is making any recommendation regarding the exercise of the subscription rights or the purchase, retention or sale of Sears Holdings common stock or Seritage Growth common shares. Stockholders who exercise subscription rights will incur investment risk on new money invested. Neither we nor Sears Holdings can predict the price at which Seritage Growth common shares will trade after the offering. The market price for Seritage Growth common shares may be below the subscription price, and if you purchase common shares at the subscription price, you may not be able to sell the shares in the future at the same price or a higher price. You should make your decision based on your assessment of our business and financial condition, our prospects for the future, the terms of the rights offering and the information contained in this prospectus. See Risk Factors for a discussion of some of the risks involved in investing in Seritage Growth common shares.

ESL beneficially owns approximately % of Sears Holdings outstanding shares of common stock as of the date of this prospectus (% excluding shares issuable upon the exercise of warrants held by ESL). Edward S. Lampert is the Chairman of the Board and Chief Executive Officer of Sears Holdings and Chairman and Chief Executive Officer of ESL. You should not view the intentions of ESL or Mr. Lampert as a recommendation or other indication, by them or any member of the Sears Holdings or Seritage Growth boards, regarding whether the exercise of the subscription rights is or is not in your best interests.

How do I exercise my subscription rights if I am a registered holder of Sears Holdings Common Stock?

If you are a registered holder of Sears Holdings common stock and you wish to participate in the rights offering, you must take the following steps:

- deliver payment (as set forth below) to the subscription agent before 5:00 p.m., New York City time, on , 2015; and

- deliver a properly completed and duly executed rights certificate to the subscription agent before 5:00 p.m., New York City time, on , 2015.

In certain cases, you may be required to provide additional documentation or signature guarantees. For example, your signature on the rights certificate must be guaranteed by an eligible institution unless you provide on the rights certificate that shares are to be delivered to you as record holder of those subscription rights or you are an eligible institution. See The Rights Offering for more information.

Please follow the delivery instructions on the rights certificate. Do not deliver subscription documents, the rights certificate or payment to Sears Holdings or to us. The risk of delivery to the subscription agent of your subscription documents, rights certificate and payment is borne by you, and not by us, Sears Holdings or the subscription agent. You should allow sufficient time for delivery of your subscription materials to the subscription agent so that the subscription agent receives them prior to 5:00 p.m., New York City time, on , 2015.

You must timely pay the full subscription price in U.S. dollars for the full number of Seritage Growth common shares you wish to acquire in the rights offering, including any shares you wish to acquire pursuant to the over-subscription privilege. You must deliver to the subscription agent payment in full, by cashier s or certified check drawn upon a United States bank payable to the subscription agent at the address set forth below, before the expiration of the rights offering period. Personal checks and wire transfers will not be accepted.

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How do I participate in the rights offering if my shares are held in the name of a broker, dealer, custodian bank or other nominee?

If you hold your shares of Sears Holdings common stock in the name of a broker, dealer, custodian bank or other nominee, then your nominee is the record holder of the shares you own. The record holder must exercise the subscription rights on your behalf in accordance with your instructions. If you wish to purchase Seritage Growth common shares through the rights offering, you should contact your broker, dealer, custodian bank or nominee as soon as possible. Please follow the instructions of your nominee. Your nominee may establish a deadline that may be before the expiration date of the rights offering.

How do I exercise subscription rights that were purchased during the subscription period?

If you purchased subscription rights during the subscription period through a broker, dealer, custodian bank or other nominee, you will not receive a rights certificate. Instead, your broker, dealer, custodian bank or other nominee must exercise the subscription rights on your behalf. If you wish to exercise your subscription rights and purchase Seritage Growth common shares through the rights offering, you should contact your nominee as soon as possible. Please follow the instructions of your nominee. Your nominee may establish a deadline that may be before the expiration date of the rights offering.

If you purchased subscription rights during the subscription period directly from a registered holder of Sears Holdings common stock, you should contact the subscription agent as soon as possible regarding the exercise of your subscription rights. Please follow the instructions of the subscription agent in order to properly exercise your subscription rights. See The Rights Offering Method of Exercising Subscription Rights.

When will I receive my subscription rights certificate?

Promptly after the date of this prospectus, the subscription agent will send a subscription rights certificate to each registered holder of Sears Holdings common stock on the record date, based on the stockholder registry maintained by the transfer agent for Sears Holdings common stock. If you hold your shares of common stock in the name of a broker, dealer, custodian bank or other nominee, you will not receive an actual subscription rights certificate. Instead, DTC will electronically issue one subscription right to your nominee record holder for every share of Sears Holdings common stock that you beneficially own as of the record date.

What form of payment must I use to pay the subscription price?

You must timely pay the full subscription price in U.S. dollars for the full number of Seritage Growth common shares you wish to acquire in the rights offering, including any shares you wish to acquire pursuant to the over-subscription privilege. You must deliver to the subscription agent payment in full, by cashier s or certified check drawn upon a United States bank payable to the subscription agent at the address set forth below, before the expiration of the rights offering period. Personal checks and wire transfers will not be accepted.

If you send a subscription payment that is insufficient to purchase the number of Seritage Growth common shares you requested, or if the number of shares you requested is not specified in the rights certificate or subscription documents, the payment received will be applied to exercise your subscription rights to the fullest extent possible based on the amount of the payment received, subject to the availability of common shares under the over-subscription privilege and the elimination of fractional shares.

If you send a subscription payment that exceeds the amount necessary to purchase the number of Seritage Growth common shares for which you have indicated an intention to purchase, then the remaining amount will be returned to you by the subscription agent, without interest or penalty, as soon as practicable following the expiration of the rights offering.

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What is the record date for the rights offering?

Record ownership will be determined as of the close of business on , 2015 (the record date).

When will I receive my Seritage Growth common shares?

The distribution of the Seritage Growth common shares will be made by way of direct registration in book-entry form. No share certificates will be issued. If you purchase Seritage Growth common shares in the rights offering, as soon as practicable after the closing of the rights offering and the valid exercise of subscription rights pursuant to the basic subscription right and over-subscription privilege, and after all allocations and adjustments contemplated by the terms of the rights offering have been effected, the subscription agent will (i) credit your account or the account of your record holder with the number of Seritage Growth common shares that you purchased pursuant to the basic subscription right and the over-subscription privilege and (ii) mail to each holder of subscription rights who exercises the over-subscription privilege any excess amount, without interest or penalty, received in payment of the subscription price for excess Seritage Growth common shares that are subscribed for by such holder of subscription rights but not allocated to such holder of subscription rights pursuant to the over-subscription privilege.

After I exercise my subscription rights and send in my payment, may I withdraw or cancel my exercise of subscription rights?

No. All exercises of subscription rights are irrevocable unless the rights offering is cancelled, even if you later learn information that you consider to be unfavorable to the exercise of your subscription rights. You should not exercise your subscription rights unless you are certain that you wish to purchase Seritage Growth common shares at a price of $ per whole share.

What effect does the rights offering have on the outstanding common stock of Sears Holdings?

The issuance of Seritage Growth common shares in the rights offering will not affect the number of shares of Sears Holdings common stock you own or your percentage ownership of Sears Holdings. If you do not exercise your subscription rights to purchase Seritage Growth common shares, following the Transaction you will no longer retain an ownership interest in the assets and liabilities transferred to PropCo, as the common stock of Sears Holdings that you hold will no longer reflect the activities, assets or liabilities transferred to PropCo. In addition, the trading price of Sears Holdings common stock immediately following the rights offering may be higher or lower than immediately prior to the rights offering because the assets and liabilities transferred to PropCo will no longer be held by Sears Holdings, those assets and liabilities and related activities will no longer be reflected in Sears Holdings financial statements, and Sears Holdings will receive cash proceeds in excess of approximately $2,500 million as a result of the sale of the Acquired Properties and the GGP JV Interest to PropCo and will become obligated to pay rent (of $ million per year, initially) as well as other charges associated with the Acquired Properties pursuant to the Master Lease. See Certain Relationships and Related Transactions The Master Lease.

What is the expected distribution policy of Seritage Growth?

Seritage Growth intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes. U.S. federal income tax law generally requires, among other things, that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, and that it pay regular corporate rates to the extent that it annually distributes less than 100% of its taxable income.

Seritage Growth currently intends to pay quarterly distributions in cash. For purposes of satisfying the minimum distribution requirement to qualify for and maintain REIT status, Seritage Growth s taxable income

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will be calculated without reference to its cash flow. Consequently, under certain circumstances, Seritage Growth may not have available cash to pay its required distributions and may distribute a portion of its dividends in the form of its common shares. In either event, a shareholder of Seritage Growth will be required to report dividend income to the extent of current or accumulated earnings and profit as a result of such distributions even though Seritage Growth distributed only nominal amounts of cash to such shareholder. The Internal Revenue Service (the IRS) has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in shares as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but Seritage Growth could request a similar ruling from the IRS. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/share dividends, but that revenue procedure does not apply to Seritage Growth s taxable year ending December 31, 2015 and future taxable years. Accordingly, is it unclear whether and to what extent Seritage Growth will be able to make taxable dividends payable in-kind. For more information, see U.S. Federal Income Tax Considerations. Seritage Growth currently believes that it will have sufficient available cash to pay its required distribution for 2015 in cash but there can be no assurance that this will be the case.

It presently is anticipated that acquisitions, investment and redevelopment activities with respect to our properties will be financed through internally generated cash flow, borrowings under the debt agreements to be entered into by Operating Partnership in connection with the Transaction, other debt financing or the issuance of equity securities. To the extent that those sources of funds are insufficient to meet all such cash needs, or the cost of such financing exceeds the cash flow generated by our properties for any period, cash available for distribution could be reduced. In that event, we may also borrow funds, liquidate or sell a portion of our properties or investments or find another source of funds, such as the issuance of equity securities, in order to pay its required distributions. See Risk Factors Risk Related to Status as a REIT.

Seritage Growth anticipates that its distributions generally will be taxable as ordinary income to its shareholders, although a portion of the distributions may be designated by Seritage Growth as qualified dividend income or capital gain or may constitute a return of capital. Seritage Growth will furnish annually to each Seritage Growth shareholder a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain. For a more complete discussion of the U.S. federal income tax treatment of distributions to shareholders of Seritage Growth, see U.S. Federal Income Tax Considerations.

Are there risks in exercising my subscription rights?

Yes. Exercising the rights and investing in Seritage Growth common shares involves risks. We urge you to carefully read the section entitled Risk Factors beginning on page 28 of this prospectus, and all other information in this prospectus in its entirety before you decide whether to exercise your rights.

If the rights offering is not completed, will my subscription payment be refunded to me?

The subscription agent will hold all funds it receives in escrow in a segregated bank account until completion of the rights offering. If the rights offering is not completed, all subscription payments received by the subscription agent will be returned, without interest or penalty, as soon as practicable. If you own shares of Sears Holdings common stock in the name of a broker, dealer, custodian bank or other nominee, it may take longer for you to receive your subscription payment because the subscription agent will return payments through the nominee record holder of your shares. If you purchase rights during the subscription period and Sears Holdings cancels the rights offering, you will lose the entire purchase price paid to acquire such subscription rights in the market; however any subscription payments received by the subscription agent will be returned to you, without interest or penalty, as soon as practicable. See   Risk Factors   Risks Related to the Rights

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Offering Sears Holdings may cancel the rights offering at any time prior to the expiration of the rights offering and in such case neither Sears Holdings nor the subscription agent will have any obligation to you except to return your exercise payments.

Will the rights be listed on a securities exchange?

The subscription rights are transferable during the course of the subscription period and we intend to apply to list the subscription rights for trading on under the symbol . No public market currently exists for the subscription rights. We currently expect that they will begin to trade on the first business day following the distribution of the subscription rights, and will continue to trade until 4:00 p.m., New York City time, on , 2015, the business day prior to the scheduled expiration date of this rights offering (or if the offer is extended, on the business day immediately prior to the extended expiration date). As a result, you may transfer or sell your subscription rights if you do not want to purchase any Seritage Growth common shares through the rights offering. However, the subscription rights are a new issue of securities with no prior trading market, and we cannot provide you with any assurances as to the liquidity of any trading market for the subscription rights or the market value of the subscription rights.

Will the Seritage Growth common shares be listed on a securities exchange?

We intend to apply to list the Seritage Growth common shares on under the symbol and expect that trading will begin the first trading day after the completion of this offering. Currently, there is no public market for Seritage Growth common shares. We cannot predict the trading prices for the common shares or whether an active trading market for the common shares will develop. See Risk Factors Risks Related to the Rights Offering There is currently no public market for Seritage Growth common shares. An active trading market for Seritage Growth common shares may not develop following this offering, and you may be unable to sell your shares at a price above the initial public offering price or at all.

What will happen to the listing of Sears Holdings shares?

Sears Holdings shares will continue to be traded on the NASDAQ Global Select Market under the symbol SHLD.

What if I want to sell my Sears Holdings common stock or my Seritage Growth common shares?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. Neither Sears Holdings nor Seritage Growth, nor their respective boards, is making any recommendation regarding the exercise of the subscription rights or the purchase, retention or sale of Sears Holdings common stock or Seritage Growth common shares. In addition, the trading price of Sears Holdings common stock immediately following the rights offering may be higher or lower than immediately prior to the rights offering because the assets and liabilities of PropCo will no longer be held by Sears Holdings, those assets and liabilities and related activities will no longer be reflected in Sears Holdings financial statements and Sears Holdings will receive cash proceeds in excess of approximately $2,500 million as a result of the sale of the Acquired Properties and the GGP JV Interest to PropCo and will become obligated to pay rent (of $ million per year, initially) as well as other charges associated with the properties pursuant to the Master Lease. See Certain Relationships and Related Transactions The Master Lease.

If you decide to sell any shares of Sears Holdings common stock before the record date, you will not receive any subscription rights described in this prospectus in respect of the shares sold. If you own Sears Holdings common stock on the record date and sell those shares after the record date, you will still receive the subscription rights that you would be entitled to receive in respect of the Sears Holdings common stock you owned on the record date.

What fees or charges apply if I purchase Seritage Growth common shares in the rights offering?

Sears Holdings is not charging any fee or sales commission to issue subscription rights to you or to deliver shares to you if you exercise your subscription rights. If you exercise your subscription rights through your broker, dealer, custodian bank or other nominee, you are responsible for paying any fees your intermediary may charge you.

What are the material U.S. federal income tax consequences if I receive and exercise a subscription right?

You should discuss with your tax advisor the tax consequences of receiving and exercising a subscription right, however, if you receive a subscription right and exercise that right, you should generally expect to have (1) taxable dividend income equal to the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings and (2) no additional income upon the exercise of the subscription right. You will need to fund any tax resulting from the receipt of the subscription right with cash from other sources. For a detailed discussion, see U.S. Federal Income Tax Considerations.

What are the material U.S. federal income tax consequences if I receive and sell a subscription right?

You should discuss the tax consequences of receiving and selling a subscription right with your tax advisor; however, if you receive a subscription right and sell that right, you should generally expect to have (1) taxable dividend income equal to the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings and (2) short-term capital gain or loss on the sale of the subscription right equal to the difference between the proceeds received upon the sale and the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings. It is possible that the sale proceeds received upon a sale of the subscription rights will be less than any tax resulting from your receipt of the subscription right. In this event, you will generally need to fund the remaining portion of any tax with cash from other sources. For a detailed discussion, see U.S. Federal Income Tax Considerations.

What are the material U.S. federal income tax consequences if I receive and do not sell or exercise the right before it expires?

You should discuss with your tax advisor the tax consequences of receiving a subscription right and neither selling nor exercising that right, however, if you receive a subscription right from Sears Holdings and do not sell or exercise that right before it expires, you should generally expect to have (1) taxable dividend income equal to the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings and (2) a short-term capital loss upon the expiration of such right in an amount equal to your adjusted tax basis (if any) in such right. In general, capital losses are available to offset only capital gains and may not be used to offset dividend or other income (except, to the extent of up to $3,000 of capital loss per year, in the case of a non-corporate U.S. shareholder). Accordingly, if you receive a subscription right from Sears Holdings and take no action, you may owe tax and need to fund that tax with cash from other sources. See Risk Factors Risks Related to the Rights Offering If you receive but do not sell or exercise the subscription rights before they expire, you may be subject to adverse U.S. federal income tax consequences. For a detailed discussion, see U.S. Federal Income Tax Considerations.

How will I be impacted if the distribution of rights to me is subject to withholding tax?

In certain circumstances, withholding tax or backup withholding tax may apply to the distribution by Sears Holdings of the subscription rights. If withholding tax or backup withholding tax applies to the distribution of the subscription rights to you, your broker (or other applicable withholding agent) will be required to remit any such withholding tax or backup withholding tax in cash to the IRS. Depending on the circumstances, the broker (or other applicable withholding agent) may obtain the funds necessary to remit any such withholding tax by asking

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you to provide the funds, by using funds in your account with the broker or by selling (on your behalf) all or a portion of the subscription rights or by another means (if any) available. For a detailed discussion, see U.S. Federal Income Tax Considerations.

What are the material U.S. federal income tax consequences if I receive a subscription right from Sears Holdings and Sears Holdings subsequently cancels the rights offering?

You should discuss with your tax advisor the tax consequences of receiving a subscription right if Sears Holdings subsequently cancels the rights offering. There are limited authorities addressing the tax consequences that would apply to you in this circumstance. Certain of the authorities suggest that in this circumstance you may not have taxable dividend income upon the receipt of the subscription rights if you do not sell or otherwise dispose of the rights and if the receipt and cancellation occur in the same taxable year. However, the scope of those authorities is unclear and Sears Holdings (and any other applicable withholding agent) is likely to take the position, for information reporting and withholding purposes, that you have taxable dividend income upon the receipt of the subscription rights even if Sears Holdings subsequently cancels the rights offering. If withholding tax is withheld from you in this event, you may wish to seek a refund of such amount from the IRS.

If you do have taxable dividend income upon the receipt of a subscription right even though Sears Holdings subsequently cancels the rights offering, you should generally expect to have a short-term capital loss upon the cancellation of the subscription right in an amount equal to your adjusted tax basis (if any) in such right. In general, capital losses are available to offset only capital gains and may not be used to offset dividend or other income (except, to the extent of up to $3,000 of capital loss per year, in the case of a non-corporate U.S. shareholder). For a detailed discussion, see U.S. Federal Income Tax Considerations.

How do I exercise my subscription rights if I live outside of the United States and Canada or have an army post office or fleet post office address?

The subscription agent will hold rights certificates for holders of Sears Holdings common stock having an address outside the United States and Canada, or who have an Army Post Office (APO) address or Fleet Post Office (FPO) address. In order to exercise subscription rights, such stockholders must notify the subscription agent and timely follow the additional procedures described under the heading The Rights Offering Foreign Stockholders.

To whom should I send my forms and payment?

If your Sears Holdings shares are held in the name of a broker, dealer or other nominee, you should send your subscription documents and subscription payment to that nominee.

If you are the record holder, you should send your subscription documents, rights certificate and subscription payment by first class mail, hand delivery or courier service to:

By first class mail:	*By hand or overnight courier:*

The risk of delivery to the subscription agent of subscription documents, rights certificates and subscription payments is borne by the holders of subscription rights, and not by us, Sears Holdings or the subscription agent. You should allow sufficient time for delivery of your subscription materials to the subscription agent.

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How will the rights offering affect participants of the savings plans sponsored within the Sears Holdings controlled group of corporations?

The Sears Holdings Savings Plan and the Sears Holdings Puerto Rico Savings Plan (collectively, the Savings Plans) offer an employer stock fund through which participants (current and former Sears Holdings employees) may invest in Sears Holdings common stock. The applicable trust of each Savings Plan will, on behalf of each participant, receive one subscription right for each full share of Sears Holdings common stock held in the Sears Holdings stock fund under the applicable Savings Plan as of the record date. Sears Holdings intends to apply to the U.S. Department of Labor requesting that it grant a prohibited transaction exemption, effective as of the date of the distribution of the subscription rights, with respect to the acquisition, holding and disposition of the subscription rights by the Savings Plans. It is anticipated that an independent fiduciary will be engaged for each Savings Plan to determine whether and/or when to exercise or sell the subscription rights on behalf of the trusts of the Savings Plans, subject to the terms of the prohibited transaction exemption. Proceeds from the exercise or sale of the subscription rights will be credited to the Sears Holdings Stock Fund and reflected in the unit value of that fund, in accordance with the Savings Plans and related trust documents.

Whom should I contact if I have other questions?

If you have more questions about the rights offering or need additional copies of the rights offering documents, please contact Georgeson Inc., our information agent, by calling (toll-free).

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THIS OFFERING

Securities Offered by Us

Sears Holdings is distributing, at no charge, to holders of shares of its common stock as of the record date, transferable subscription rights to purchase from Seritage Growth up to an aggregate of Seritage Growth common shares, $0.01 par value per share, at a price of $ per share. Sears Holdings will distribute to each holder of its common stock one subscription right for each full share of its common stock owned by that stockholder as of 5:00 p.m., New York City time, on , 2015, the Record Date, except that holders of Sears Holdings restricted stock that is unvested as of the Record Date are expected to receive a cash award (equal to the value of the subscription rights that would have been distributed to such holder) in lieu of subscription rights. Each subscription right is a contractual obligation of Seritage Growth that allows the holder thereof to subscribe for Seritage Growth common shares at any time following the holder s receipt of a subscription rights certificate and prior to the expiration date. Each subscription right entitles the holder to a basic subscription right and an over-subscription privilege. The subscription rights will expire if they are not exercised by 5:00 p.m., New York City time, on , 2015.

Sears Holdings expects the gross proceeds from the rights offering and the exercise of the subscription rights, together with the GGP Private Placement and the OP Private Placement, will be approximately $ million, assuming that the subscription rights are exercised in full.

GGP Private Placement

Seritage Growth will issue and sell to GGP, concurrently with the closing of the rights offering and subject to the satisfaction of certain other related closing conditions, Seritage Growth common shares at a price of $ per share (the subscription price for the rights offering), for an aggregate purchase price of $33.3 million, in the GGP Private Placement. The shares to be issued and sold in the GGP Private Placement are not registered as part of, and are in addition to the Seritage Growth common shares offered in, the rights offering.

Basic Subscription Right

The basic subscription right gives holders of the subscription rights the right to purchase, in the aggregate, up to Seritage Growth common shares at a subscription price of $ per whole share. Sears Holdings will distribute to each stockholder of record on the Record Date one subscription right for every share of its common stock owned by such stockholder at that time. Fractional shares or cash in lieu of fractional shares will not be delivered in the rights offering. Instead, the number of shares issuable upon the exercise of the basic subscription right will be rounded down to the nearest whole share.

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Over-subscription Privilege	If you purchase all of the Seritage Growth common shares available to you pursuant to your basic subscription right, you may also choose to purchase from Seritage Growth a portion of any common shares that other holders of subscription rights do not purchase through the exercise of their basic subscription rights, subject to limitations on ownership contained in Seritage Growth s declaration of trust. The 10% Stockholders may participate in the over-subscription privilege; however, in light of the restrictions on ownership in Seritage Growth s declaration of trust, the 10% Stockholders will exchange their subscription rights that if exercised would result in them receiving in excess of 9.8% of the Seritage Growth common shares (as calculated for certain federal income tax purposes) for the right to subscribe for Operating Partnership units in the OP Private Placement. Shares with respect to the rights exchanged in the OP Private Placement will not be sold in this offering and will not be available as part of the over-subscription process.
Ownership and Transfer Restrictions	To assist Seritage Growth in qualifying and maintaining its status as a REIT, among other purposes, Seritage Growth s declaration of trust contains certain restrictions relating to the ownership and transfer of Seritage Growth common shares, including a provision restricting shareholders from beneficially or constructively owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of Seritage Growth shares of beneficial interest, including the common shares. See Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer.
Subscription Price	$ per whole share.
Record Date	5:00 p.m., New York City time, on , 2015.
Expiration Date	5:00 p.m., New York City time, on , 2015, unless Sears Holdings extends the rights offering period.
Trading of Subscription Rights	The subscription rights are transferable during the course of the subscription period. Sears Holdings currently expects that the subscription rights will begin to trade on , 2015 on the first business day following the distribution of the subscription rights, and will continue to trade until close of business on , 2015, the business day prior to the scheduled expiration date of the rights offering (or if the offer is extended, on the business day immediately prior to the extended expiration date). As a result, you may transfer or sell your subscription rights if you do not want to exercise them to purchase Seritage Growth common shares. However, the

subscription rights are a new issue of securities with no prior public trading market, and there can be no assurances provided as to the liquidity of the trading market for the subscription rights or their market value. See The Rights Offering Transferability of Subscription Rights.

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No Revocation	All exercises of subscription rights are irrevocable, subject to applicable law, even if you later learn of information about us that you consider to be unfavorable. You should not exercise your subscription rights unless you are certain that you wish to purchase Seritage Growth common shares at the subscription price.
Conditions; Extension and Cancellation	The rights offering is subject to the satisfaction or waiver of certain conditions. There is an overall minimum subscription of shares (resulting in gross proceeds of $) required to complete the rights offering, which the Sears Holdings board of directors, at its sole discretion, may waive. In addition, Sears Holdings has the right to withdraw and cancel the rights offering if, at any time prior to its expiration, the board of directors of Sears Holdings determines, in its sole discretion, that the rights offering is not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the rights offering. See The Rights Offering Conditions, Withdrawal and Cancellation.
Common Shares to Be Outstanding After this Offering	shares (assuming full exercise of the subscription rights).
Use of Proceeds	Assuming the subscription rights are exercised in full and the OP Private Placement is completed, we expect to receive gross cash proceeds of approximately $ as a result of the sale of Seritage Growth common shares through the rights offering. We also expect to receive gross cash proceeds of approximately $ through the sale of Operating Partnership units in the OP Private Placement and $33.3 million through the sale of Seritage Growth common shares in the GGP Private Placement. We intend to contribute the proceeds from this offering and the GGP Private Placement to Operating Partnership, which will, together with the proceeds of the OP Private Placement and the Financing, be used to pay the purchase price to Sears Holdings for the Acquired Properties and the GGP JV Interest and related fees and expenses, with remaining proceeds used for working capital and other general purposes. See Use of Proceeds.
Listing	We intend to apply to list the Seritage Growth common shares on under the symbol .
Ownership by ESL and Fairholme	As of the date of this prospectus, ESL beneficially owns approximately % of the outstanding common stock of Sears Holdings (% excluding shares issuable upon the exercise of warrants held by ESL) and Fairholme beneficially owns approximately % of the outstanding

common stock of Sears Holdings (% excluding shares issuable upon the exercise of warrants held by Fairholme). In light of the restrictions on ownership in Seritage Growth s declaration of trust, we expect that each of the participating 10% Stockholders will agree with us to exchange its subscription rights that if exercised would result in the 10% Stockholder receiving in excess of 9.8% of the Seritage Growth

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	common shares (as calculated for certain federal income tax purposes) for the right to subscribe in the OP Private Placement for Operating Partnership units, of which Seritage Growth will be the sole general partner. See Certain Relationships and Related Transactions OP Private Placement Agreement. We expect the participating 10% Stockholders to exercise their remaining subscription rights.
No Recommendation	Neither Sears Holdings nor Seritage Growth, nor their respective boards, is making any recommendation regarding the exercise of the subscription rights or the purchase, retention or sale of Sears Holdings common stock or Seritage Growth common shares. In addition, the trading price of Sears Holdings common stock immediately following the rights offering may be higher or lower than immediately prior to the rights offering because the assets and liabilities of PropCo will no longer be held by Sears Holdings, those assets and liabilities and related activities will no longer be reflected in Sears Holdings financial statements and Sears Holdings will receive cash proceeds of approximately $ million as a result of the sale of the Acquired Properties and the GGP JV Interest to PropCo and will become obligated to pay rent (of $ million per year, initially) as well as other charges associated with the Acquired Properties pursuant to the Master Lease. See Risk Factors for a discussion of some of the risks involved in investing in Seritage Growth common shares.
Subscription Agent	Computershare Trust Company, N.A.
Information Agent	Georgeson Inc. If you have questions about the rights offering or need additional copies of the rights offering documents, please contact the information agent by calling .
Risk Factors	Exercising the rights and investing in Seritage Growth common shares involves risks. We urge you to carefully read the section entitled Risk Factors beginning on page 28 of this prospectus, and all other information in this prospectus in its entirety before you decide whether to exercise your rights.

Information related to the Acquired Properties and the GGP JV Interest, and with respect to uses of proceeds, is estimated as of the anticipated consummation of the Transaction.

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SUMMARY PRO FORMA FINANCIAL DATA

Following the Transaction, Seritage Growth will be a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in Operating Partnership. Initially, Operating Partnership s portfolio will consist of 254 Acquired Properties that are owned (or, in a few cases, ground-leased) by Sears Holdings, as well as the GGP JV interest that is owned by Sears Holdings, as of the date of this prospectus, which will be sold to Operating Partnership in the Transaction. Operating Partnership will then lease (or sublease) a substantial majority of the space at all but eleven of the Acquired Properties back to Sears Holdings under a Master Lease, with the remainder of such space leased to third-party tenants. These eleven properties, which do not currently contain a Sears Holdings store, will not have any space leased to Sears Holdings, and will instead be leased solely to third-party tenants. A substantial majority of the space at the JV Properties is also leased by the GGP JV to Sears Holdings under the JV Master Lease. We expect to generate revenues primarily by leasing retail properties to Sears Holdings and eventually other operators.

The following summary pro forma financial data does not reflect the financial position or results of operations of Seritage Growth for the periods indicated. The following table sets forth the historical real estate assets to be acquired by Seritage Growth and pro forma financial data for Seritage Growth. The following table should be read in conjunction with the sections entitled Unaudited Pro Forma Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations.

The pro forma financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a publicly traded company independent from Sears Holdings during the periods presented.

thousands, except properties and per share data	**As of and for the Year ended December 31, 2014**
Real Estate Assets to be acquired by Seritage Growth Properties	$ 1,536,381
Seritage Growth Properties	
Pro Forma data (unaudited):	
Income Statement data:	
Pro Forma revenues	$ 290,612
Pro Forma equity in income in unconsolidated real estate affiliates	$ 5,526
Pro Forma net income	
Pro Forma earnings per share	
Balance Sheet data:	
Pro Forma investment in real estate	
Pro Forma total debt	
Pro Forma number of real estate properties	

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RISK FACTORS

Exercising the rights and investing in Seritage Growth common shares involves risks. In addition to other information contained in this prospectus, you should carefully consider the following factors before acquiring Seritage Growth common shares offered by this prospectus. The occurrence of any of the following risks might cause you to lose all or a part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled Special Note Regarding Forward-Looking Statements.

Risks Related to Our Business and Operations

We will be substantially dependent on Sears Holdings until we substantially diversify our portfolio, and an event that has a material adverse effect on Sears Holdings business, financial condition or results of operations could have a material adverse effect on our business, financial condition or results of operations.

Immediately following the Transaction, Sears Holdings will be the lessee of all but eleven of the Acquired Properties pursuant to the Master Lease and will account for a substantial majority of our revenues. Sears Holdings will also be the lessee of most of the space at each of the JV Properties and will account for a substantial majority of the GGP JV s revenues immediately following the Transaction. Under the Master Lease, we will depend on Sears Holdings to pay all insurance, taxes, utilities and maintenance and repair expenses in connection with these leased properties and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with its business, subject to proportionate sharing of certain of these expenses with occupants of the remainder of the space not leased to Sears Holdings. We may also rely on Sears Holdings for various support services, pursuant to the Services Agreement that we expect to enter into with Sears Holdings. See Following this offering, we will continue to depend on Sears Holdings to provide us with certain services for our business, including, among other things, corporate and real estate redevelopment services, which may not be sufficient to meet our business needs, and we may have difficulty finding replacement services or be required to pay increased costs to replace these services after our agreements with Sears Holdings expire. Sears Holdings may not have sufficient assets, income and access to financing to enable it to satisfy its payment obligations under the Master Lease following the Transaction. The inability or unwillingness of Sears Holdings to meet its rent obligations and other obligations under the Master Lease could materially adversely affect our business, financial condition or results of operations, including our ability to pay the obligations under ground leases for properties that following the completion of the Transaction will be leased by Operating Partnership, to pay the interest, principal and other costs and expenses under our financings, or to pay dividends to Seritage Growth shareholders as required to maintain Seritage Growth s status as a REIT. For these reasons, if Sears Holdings were to experience a material adverse effect on its business, financial condition or results of operations, our business, financial condition or results of operations could also be materially adversely affected.

Due to our dependence on rental payments from Sears Holdings as our main source of revenues, we may be limited in our ability to enforce our rights under the Master Lease. In addition, we may be limited in our ability to enforce our rights under the Master Lease because it is a unitary lease and does not provide for termination with respect to individual properties by reason of the default of the tenant. Failure by Sears Holdings to comply with the terms of the Master Lease or to comply with the regulations to which the leased properties are subject could require us to find another master lessee for all such leased property and there could be a decrease or cessation of rental payments by Sears Holdings. In such event, we may be unable to locate a suitable master lessee or a lessee for individual properties at similar rental rates and other obligations and in a timely manner or at all, which would have the effect of reducing our rental revenues. In addition, the GGP JV will be subject to similar limitations and risks under the JV Master Lease, which could reduce the value of our investment in, or distributions to us by, the GGP JV.

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The bankruptcy or insolvency of any of our tenants, particularly Sears Holdings, could result in the termination of such tenant s lease and material losses to us.

A tenant bankruptcy or insolvency could diminish the rental revenue we receive from that property or could force us to take back a property as a result of a default or a rejection of the lease by a tenant in bankruptcy. Any claims against bankrupt tenants for unpaid future rent would be subject to statutory limitations that would likely result in our receipt, if at all, of rental revenues that are substantially less than the contractually specified rent we are owed under their leases. In addition, any claim we have for unpaid past rent will likely not be paid in full. If a tenant becomes bankrupt or insolvent, federal law may prohibit us from evicting such tenant based solely upon such bankruptcy or insolvency. We may also be unable to re-lease a terminated or rejected space or re-lease it on comparable or more favorable terms. If we do re-lease rejected space, we may incur significant costs for brokerage, marketing and tenant expenses.

Sears Holdings leases a substantial majority of the Acquired Properties pursuant to the Master Lease and most of the space at each of the JV Properties pursuant to the JV Master Lease. Bankruptcy laws afford certain protections to tenants that may also affect the Master Lease or JV Master Lease. Subject to certain restrictions, a tenant under a master lease generally is required to assume or reject the master lease as a whole, rather than making the decision on a property-by-property basis. This prevents the tenant from assuming only the better performing properties and terminating the master lease with respect to the poorer performing properties. Whether or not a bankruptcy court will require that a master lease must be assumed or rejected as a whole depends upon a facts and circumstances analysis considering a number of factors, including the parties intent, the nature and purpose of the relevant documents, whether there was separate and distinct consideration for each property included in the master lease, the provisions contained in the relevant documents and applicable state law. If a bankruptcy court in a Sears Holdings bankruptcy were to allow the Master Lease or the JV Master Lease to be rejected in part, certain underperforming leases related to properties we or the GGP JV, respectively, own could be rejected by the tenant in bankruptcy while tenant-favorable leases are allowed to remain in place, thereby adversely affecting payments to us derived from the properties. As a result, a Sears Holdings bankruptcy could materially and adversely affect us.

In addition, although we believe that the Master Lease is a true lease for purposes of bankruptcy law, it is possible that a bankruptcy court could re-characterize the lease transaction set forth in the Master Lease as a secured lending transaction. If the Master Lease were judicially recharacterized as a secured lending transaction, we would not be treated as the owner of the property and could lose certain rights as the owner in the bankruptcy proceeding. In addition, the GGP JV is subject to this risk with respect to the JV Master Lease, which could reduce the value of our investment in, or distribution to us by, the GGP JV.

Sears Holdings right to terminate the Master Lease with respect to a portion of the Acquired Properties could negatively impact our business, results of operations and financial condition.

Under the terms of the Master Lease, in each year, Sears Holdings will have the right to terminate the Master Lease with respect to Acquired Properties representing up to 20% of the aggregate annual rent payment under the Master Lease with respect to all Acquired Properties, if, with respect to an Acquired Property, the EBITDAR for the twelve-month period ending as of the most recent fiscal quarter end produced by the Sears Holdings store operated there is less than the rent allocated to such Acquired Property payable during that year. While Sears Holdings must pay a termination fee equal to one year of rent (together with taxes and other expenses) with respect to such property, the value of some of the Acquired Properties could be materially adversely affected if we are not able to relet such Acquired Properties at the same rates which Sears Holdings was paying in a timely manner or at all, and this may negatively impact our business, results of operations and financial condition. Moreover, we are advised by Sears Holdings that approximately of the Acquired Properties would qualify for such right of termination as of , 2015. In addition, Sears Holdings will have the right to terminate a portion of the JV Master Lease with respect to up to four JV Properties in any lease year if, with respect to a JV Property, the same EBITDAR condition is satisfied, which could reduce the value of our investment in, or distributions to us by, the GGP JV.

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We may not be able to renew leases or relet space at the Acquired Properties, or lease space in newly recaptured properties, and property vacancies could result in significant capital expenditures.

When leases for our properties expire, the premises may not be relet in a timely manner or at all, or the terms of reletting, including the cost of allowances and concessions to tenants, may be less favorable than the current lease terms. The loss of a tenant through lease expiration or other circumstances may require us to spend (in addition to other re-letting expenses) significant amounts of capital to renovate the property before it is suitable for a new tenant and cause us to incur significant costs in the form of ongoing expenses for property maintenance, taxes, insurance and other expenses. Many of the leases we will enter into or acquire may be for properties that are especially suited to the particular business of the tenants operating on those properties. Because these properties have been designed or physically modified for a particular tenant, if the current lease is terminated or not renewed, we may be required to renovate the property at substantial costs, decrease the rent we charge or provide other concessions to re-lease the property. In addition, if we are required to sell the property, we may have difficulty selling it to a party other than the tenant due to the special purpose for which the property may have been designed or modified. This potential illiquidity may limit our ability to quickly modify our portfolio in response to changes in economic or other conditions, including tenant demand. Also, we may not be able to lease new properties to an appropriate mix of tenants or for rents that are consistent with our expectations. To the extent that our leasing plans are not achieved or that we incur significant capital expenditures as a result of property vacancies, our business, results of operations and financial condition could be materially adversely affected.

Real estate investments are relatively illiquid.

Our properties represent a substantial portion of our total consolidated assets, and these investments are relatively illiquid. Significant expenditures associated with each equity investment, such as mortgage payments, real estate taxes, insurance, and repair and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investment. If income from a property declines while the related expenses do not decline, our income and cash available to us would be adversely affected. If it becomes necessary or desirable for us to dispose of one or more of our mortgaged properties, we might not be able to obtain a release of the lien on the mortgaged property without payment of the associated debt or other costs and expenses. As a result, our ability to sell one or more of our properties or investments in real estate in response to any changes in economic or other conditions may be limited. If we want to sell a property, we may not be able to dispose of it in the desired time period or at a sale price that would exceed the cost of our investment in that property.

The number of potential buyers for certain properties that we may seek to sell may be limited by the presence of such properties in retail or mall complexes owned or managed by other property owners. In addition, our ability to sell or dispose of certain of the Acquired Properties may be hindered by the fact that such properties will be subject to the Master Lease, as the terms of the Master Lease or the fact that Sears Holdings is the lessee may make such properties less attractive to a potential buyer than alternative properties that may be for sale. Furthermore, if we decide to sell any of our properties, we may provide financing to purchasers and bear the risk that the purchasers may default, which may delay or prevent our use of the proceeds of the sales for other purposes or the distribution of such proceeds to Seritage Growth shareholders.

Both we and our tenants face a wide range of competition that could affect our ability to operate profitably.

The presence of competitive alternatives, both to our properties and the businesses that lease our properties, affects our ability to lease space and the level of rents we can obtain. Our properties will operate in locations that compete with other retail properties and also compete with other forms of retailing, such as catalogs and e-commerce websites. Competition may also come from strip centers, outlet centers, lifestyle centers and malls, and both existing and future development projects. New construction, renovations and expansions at competing sites could also negatively affect our properties. In addition, we compete with other retail property companies for tenants and qualified management. These other retail property companies may have relationships with tenants that we do not have since we have no operating history, including with respect to national chains that may be

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desirable tenants. If we are unable to successfully compete, our business, results of operations and financial condition could be materially adversely affected.

In addition, the retail business is highly competitive and if our tenants fail to differentiate their shopping experiences, create an attractive value proposition or execute their business strategies, they may terminate, default on, or fail to renew their leases with us, and our results of operations and financial condition could be materially adversely affected. Furthermore, we believe that the increase in digital and mobile technology usage has increased the speed of the transition from shopping at physical locations to web-based purchases and that our tenants, including Sears Holdings, may be negatively affected by these changing consumer spending habits. If our tenants are unsuccessful in adapting their businesses, and, as a result terminate, default on, or fail to renew their leases with us, our results of operations and financial condition could be materially adversely affected.

Our pursuit of investments in and redevelopment of Acquired Properties, and investments in and acquisitions or development of additional properties, may be unsuccessful or fail to meet our expectations.

We intend to grow our business through investments in, and acquisitions or development of, properties, including through the recapture and redevelopment of space at many of the Acquired Properties. However, our industry is highly competitive, and we will face competition from other REITs, investment companies, private equity and hedge fund investors, sovereign funds, lenders, and other investors, some of whom are significantly larger and have greater resources and lower costs of capital. This competition will make it more challenging to identify and successfully capitalize on acquisition and development opportunities that meet our investment objectives. If we cannot identify and purchase a sufficient quantity of properties at favorable prices or if we are unable to finance acquisitions or other development opportunities on commercially favorable terms, our business, financial condition or results of operations could be materially adversely affected. Additionally, the fact that Seritage Growth must distribute 90% of its net taxable income in order to maintain its qualification as a REIT may limit Seritage Growth s ability to rely upon rental payments from leased properties or subsequently acquired properties in order to finance acquisitions. As a result, if debt or equity financing is not available on acceptable terms, further acquisitions or other development opportunities might be limited or curtailed.

Investments in, and acquisitions of, properties we might seek to acquire entail risks associated with real estate investments generally, including (but not limited to) the following risks and as noted elsewhere in this section:

- we may be unable to acquire a desired property because of competition;
- even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price;
- even if we enter into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;
- we may incur significant costs and divert management attention in connection with evaluation and negotiation of potential acquisitions, including ones that we are subsequently unable to complete;

we may acquire properties that are not initially accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;

we may be unable to finance the acquisition on favorable terms in the time period we desire, or at all;

even if we are able to finance the acquisition, our cash flow may be insufficient to meet our required principal and interest payments;

we may spend more than budgeted to make necessary improvements or renovations to acquired properties;

we may be unable to quickly and efficiently integrate new acquisitions, particularly the acquisition of portfolios of properties, into our existing operations;

- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and

- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities.

In addition, we intend to redevelop a portion of the Acquired Properties purchased from Sears Holdings in order to make space available for lease to additional retail tenants (and potentially other third-party lessees for other uses). The redevelopment of the Acquired Properties involves the risks associated with real estate development activities generally. See Current and future redevelopment may not yield expected returns. Our redevelopment strategies also involve additional risks, including that Sears Holdings may terminate or fail to renew leases with us for the applicable portion of the redeveloped space as a result of our redevelopment activities. If we are unable to successfully redevelop properties or to lease the redeveloped properties to third parties on acceptable terms, our business, results of operations and financial condition could be materially adversely affected.

Current and future redevelopment may not yield expected returns.

We expect to undertake redevelopment, expansion and reinvestment projects involving the Acquired Properties, and potentially other properties, as part of our long-term strategy. Likewise, the GGP JV expects to undertake redevelopment, expansion and reinvestment projects involving the JV Properties, with respect to which we may be required to make additional capital contributions to the GGP JV under certain circumstances. These projects are subject to a number of risks, including (but not limited to):

- abandonment of redevelopment activities after expending resources to determine feasibility;

- loss of rental income, as well as payments of maintenance, repair, real estate taxes and other charges, from Sears Holdings related to space that is recaptured pursuant to the Master Lease (or the JV Master Lease) and which may not be re-leased to third parties;

- restrictions or obligations imposed pursuant to other agreements (see Certain properties within our portfolio are subject to restrictions pursuant to reciprocal easement agreements, operating agreements, or similar agreements, some of which contain a purchase option or right of first refusal or right of first offer in favor of a third party);

- construction and/or lease-up costs (including tenant improvements or allowances) and delays and cost overruns, including construction costs that exceed original estimates;

- failure to achieve expected occupancy and/or rent levels within the projected time frame or at all;

- inability to operate successfully in new markets where new properties are located;

inability to successfully integrate new or redeveloped properties into existing operations;

difficulty obtaining financing on acceptable terms or paying operating expenses and debt service costs associated with redevelopment properties prior to sufficient occupancy and commencement of rental obligations under new leases;

changes in zoning, building and land use laws, and conditions, restrictions or limitations of, and delays or failures to obtain, necessary zoning, building, occupancy, land use and other governmental permits;

changes in local real estate market conditions, including an oversupply of, or a reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants;

negative perceptions by retailers or shoppers of the safety, convenience and attractiveness of the property;

exposure to fluctuations in the general economy due to the significant time lag between commencement and completion of redevelopment projects; and

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vacancies or ability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options.

If any of these events occur at any time during the process with respect to any project, overall project costs may significantly exceed initial cost estimates, which could result in reduced returns or losses from such investments. In addition, we may not have sufficient liquidity to fund such projects, and delays in the completion of a redevelopment project may provide various tenants the right to withdraw from a property.

Independent appraisals of the highest and best use for the Acquired Properties have noted that the redevelopment value of the Acquired Properties is speculative.

Rising expenses could reduce cash flow and funds available for future acquisitions.

If any property is not fully occupied or becomes vacant in whole or in part, or if rents are being paid in an amount that is insufficient to cover operating costs and expenses, we could be required to expend funds with respect to that property for operating expenses. Our properties will be subject to increases in tax rates and tax assessments, utility costs, insurance costs, repairs, maintenance and administrative expenses, and other operating expenses. We may also incur significant expenditures as a result of deferred maintenance for the Acquired Properties and other properties we may acquire in the future. While Acquired Properties under the Master Lease are generally leased on a triple-net basis (subject to proportionate sharing of operating expenses with respect to space not leased by Sears Holdings), renewals of leases or future leases may not be negotiated on that basis, in which event we may have to pay those costs. If we are unable to lease properties on a triple-net-lease basis or on a basis requiring the tenants to pay all or some of such expenses, or if tenants fail to pay required tax, utility and other impositions and other operating expenses, we could be required to pay those costs which could adversely affect funds available for future acquisitions or cash available for distributions.

Real estate related taxes may increase (including as a result of the Transaction) and if these increases are not passed on to tenants, our income will be reduced.

Some local real property tax assessors may seek to reassess some of our properties as a result of our acquisitions of properties, including as a result of the Transaction. Generally, from time to time our property taxes increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. Although the Master Lease and some third-party tenant leases may permit us to pass through such tax increases to the tenants for payment, there is no assurance that renewal leases or future leases will be negotiated on the same basis. Increases not passed through to tenants will reduce our income and the cash available for distributions to Seritage Growth shareholders.

Changes in building and/or zoning laws may require us to update a property in the event of recapture or prevent us from fully restoring a property in the event of a substantial casualty loss and/or require us to meet additional or more stringent construction requirements.

Due to changes, among other things, in applicable building and zoning laws, ordinances and codes that may affect certain of our properties that have come into effect after the initial construction of the properties, certain properties may not comply fully with current building and/or zoning laws, including electrical, fire, health and safety codes and regulations, use, lot coverage, parking and setback requirements, but may qualify as permitted non-conforming uses. Such changes may require updating various existing physical conditions of buildings in connection with our recapture, renovation, and/or redevelopment of properties. In addition, such changes may limit our or our tenant s ability to restore the premises of a property to its previous condition in the event of a substantial casualty loss with respect to the property or the ability to refurbish, expand or renovate such property to remain compliant, or increase the cost of construction in order to comply with changes in building or zoning codes and regulations. If we are unable to restore a property to its prior use after a substantial casualty loss or are required to comply with more stringent building or zoning codes and regulations, we may be unable to re-lease the space at a comparable effective rent or sell the property at an acceptable price, which may materially and adversely affect us.

Our real estate assets may be subject to impairment charges.

On a periodic basis, we must assess whether there are any indicators that the value of our real estate assets and other investments may be impaired. A property s value is considered to be impaired only if the estimated aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. In our estimate of cash flows, we will consider factors such as expected future operating income, trends and prospects, the effects of demand, competition and other factors. If we are evaluating the potential sale of an asset or development alternatives, the undiscounted future cash flows considers the most likely course of action at the balance sheet date based on current plans, intended holding periods and available market information. We are required to make subjective assessments as to whether there are impairments in the value of our real estate assets and other investments. These assessments may have a direct impact on our earnings because recording an impairment charge results in an immediate negative adjustment to earnings. We may take charges in the future related to the impairment of our assets, and any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken.

A number of properties in our portfolio are subject to ground leases; if we are found to be in breach of a ground lease or are unable to renew a ground lease, we could be materially and adversely affected.

We have seven properties in our portfolio that are on land subject to ground leases (which term includes, in some cases, ground sub-leases). Accordingly, we only own a long-term leasehold or similar interest in the land underlying those properties, and we own the improvements thereon only during the term of the ground lease. If we are found to be in breach of a ground lease, we could lose the right to use the property and could also be liable to the ground lessor for damages. In addition, unless we can purchase a fee interest in the underlying land or extend the terms of these leases before their expiration, which we may be unable to do, we will lose our right to operate these properties and our interest in the improvements upon expiration of the leases. Assuming that we exercise all available options to extend the terms of our ground leases, all of our ground leases will expire after the term of the Master Lease (including all renewal options). However, our ability to exercise such options under the ground leases is subject to the condition that we are not in default under the terms of the ground lease at the time that we exercise such options, and we may not be able to exercise our options at such time. Furthermore, we may not be able to renew our ground lease upon the expiration (after the exercise of all renewal options). If we were to lose the right to use a property due to a breach or non-renewal or final expiration of the ground lease, we would be unable to derive income from such property, which could materially and adversely affect our business, financial conditions or results of operations.

Certain ground leases will expire shortly before or after the initial term of the Master Lease and/or require us to renew under the terms of the ground lease for longer than the renewal terms which may be exercised by Sears Holdings under the Master Lease. In such cases, while we will remain liable for rent and other liabilities under the ground lease for a relatively short remaining term, such short term may make it difficult for us to re-let the space or to collect revenue from a replacement tenant to offset our ground lease liabilities.

Certain properties within our portfolio are subject to restrictions pursuant to reciprocal easement agreements, operating agreements, or similar agreements, some of which contain a purchase option or right of first refusal or right of first offer in favor of a third party.

Many of the Acquired Properties and the JV Properties are, and properties that we acquire in the future may be, subject to use restrictions and/or operational requirements imposed pursuant to ground leases, restrictive covenants or conditions, reciprocal easement agreements or operating agreements (collectively, Property Restrictions) that could adversely affect our ability to lease space to third parties. Such Property Restrictions could include, for example, limitations on alterations, changes, expansions, or reconfiguration of properties; limitations on use of properties, including for retail uses only; limitations affecting parking requirements;

restrictions on exterior or interior signage or facades; or access to an adjoining mall, among other things. In certain cases, consent of the other party or parties to such agreements may be required when altering, reconfiguring, expanding, redeveloping or re-leasing properties. Failure to secure such consents when necessary may harm our ability to execute leasing, redevelopment or expansion strategies, which could adversely affect our business, financial condition or results of operations. In certain cases, a third party has a purchase option or right of first refusal or right of first offer that is activated by a sale or transfer of the property, or a change in use or operations, including a closing of the Sears Holdings operation or cessation of business operations, on the encumbered property.

Economic conditions may affect the cost of borrowing, which could materially adversely affect our business.

Our business is affected by a number of factors that are largely beyond our control but may nevertheless have a significant negative impact on us. These factors include, but are not limited to:

- interest rates and credit spreads;
- the availability of credit, including the price, terms and conditions under which it can be obtained;
- a decrease in consumer spending or sentiment, including as a result of increases in savings rates and tax increases, and any effect that this may have on retail activity;
- the actual and perceived state of the real estate market, market for dividend-paying stocks and public capital markets in general; and
- unemployment rates, both nationwide and within the primary markets in which PropCo operates.

In addition, economic conditions such as inflation or deflation could materially adversely affect our business, financial condition and results of operations. Deflation may have an impact on our ability to repay our debt. Deflation may delay consumption and thus weaken tenant sales, which may reduce our tenants ability to pay rents. Deflationary pressure on retailers may diminish their ability to rent our space and decrease our ability to re-lease the space on favorable terms to us. In an inflationary economic environment, increased inflation may have a pronounced negative impact on the interest expense we pay in connection with our indebtedness and our general and administrative expenses, as these costs could increase at a rate higher than rents we collect. Also, inflation may adversely affect tenant leases with stated rent increases, which could be lower than the increase in inflation at any given time. Inflation could also have an adverse effect on consumer spending, which could impact our tenants sales and, in turn, our own results of operations. Restricted lending practices may impact our ability to obtain financing for our properties and may also negatively impact our tenants ability to obtain credit. Decreases in consumer demand can have a direct impact on our tenants and the rents we receive.

Compliance with the Americans with Disabilities Act may require us to make expenditures that adversely affect our cash flows.

The Americans with Disabilities Act (the ADA) has separate compliance requirements for public accommodations and commercial facilities, but generally requires that buildings be made accessible to people with disabilities.

Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in imposition of fines by the United States government or an award of damages to private litigants, or both. While the tenants to whom our properties are leased are generally obligated by law or lease to comply with the ADA provisions applicable to the property being leased to them, if required changes involve other property not being leased to such tenants, if the required changes include greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs could be adversely affected. Moreover, certain third-party leases may require the landlord to comply with the ADA with respect to the building as a whole and/or the tenant s space. As a result of any of the foregoing circumstances, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect our results of operations and financial condition.

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Environmental, health, safety and land use laws and regulations may limit or restrict some of our operations.

As the owner or operator of various real properties and facilities, we must comply with various federal, state and local environmental, health, safety and land use laws and regulations. We and our properties are subject to such laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances and employee health and safety, as well as zoning restrictions. Historically, Sears Holdings has not incurred significant expenditures to comply with these laws with respect to the substantial majority of the space at the properties. However, a substantial portion of the Acquired Properties that have resulted in certain remediation activities currently include, or previously included, automotive care center facilities and retail fueling facilities, and/or above-ground or underground storage tanks, and are or were subject to laws and regulations governing the handling, storage and disposal of hazardous substances contained in some of the products or materials used or sold in the automotive care center facilities (such as gasoline, motor oil, fluid in hydraulic lifts, antifreeze, solvents and lubricants), the recycling/disposal of batteries and tires, air emissions, wastewater discharges and waste management. In addition to these products, the equipment in use or previously used at such Acquired Properties, such as service equipment, car lifts, oil/water separators, and storage tanks, has been subject to increasing environmental regulation relating to, among other things, the storage, handling, use, disposal and transportation of hazardous materials. There are also federal, state and local laws, regulations and ordinances that govern the use, removal and/or replacement of underground storage tanks in the event of a release on, or an upgrade or redevelopment of, certain properties. Such laws, as well as common-law standards, may impose liability for any releases of hazardous substances associated with the underground storage tanks and may provide for third parties to seek recovery from owners or operators of such properties for damages associated with such releases. If hazardous substances are released from any underground storage tanks on any of our properties, we may be materially and adversely affected. In a few states, transfers of some types of sites are conditioned upon clean-up of contamination prior to transfer. If any of our properties are subject to such contamination, we may be subject to substantial clean-up costs before we are able to sell or otherwise transfer the property.

Under the Master Lease, Sears Holdings is required to indemnify us from certain environmental liabilities at the Acquired Properties before or during the period in which each Acquired Property is leased to Sears Holdings, including removal and remediation of all affected facilities and equipment constituting the automotive care center facilities (and the JV Master Lease includes a similar requirement of Sears Holdings). Although existing and future third-party leases are expected to require tenants generally to indemnify us for such tenants non-compliance with environmental laws as a result of their occupancy, such tenants typically will not be required to indemnify us for environmental non-compliance arising prior to their occupancy. In such cases, we may incur costs and expenses under such leases or as a matter of law. The amount of any environmental liabilities could exceed the amounts for which Sears Holdings or other third parties are required to indemnify us (or the GGP JV) or their financial ability to do so.

In addition, additional laws which may be passed in the future, or a finding of a violation of or liability under existing laws, could require us or the GGP JV to make significant expenditures and otherwise limit or restrict some of our or its operations, which could have an adverse effect on our business, financial condition and results of operations.

Environmental compliance costs and liabilities associated with real estate properties owned by us may materially and adversely affect us.

Our properties may be subject to known and unknown environmental liabilities under various federal, state and local laws and regulations relating to human health and the environment. Certain of these laws and regulations may impose joint and several liability on certain statutory classes of persons, including owners or operators, for the costs of investigation or remediation of contaminated properties. These laws and regulations apply to past and present business operations on the properties, and the use, storage, handling and recycling or disposal of hazardous substances or wastes. We may face liability regardless of our knowledge of the contamination, the timing of the contamination, the cause of the contamination or the party responsible for the contamination of the property.

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We may be held primarily or jointly and severally liable for costs relating to the investigation and clean-up of any of our properties from which there has been a release or threatened release of a regulated material as well as other affected properties, regardless of whether we knew of or caused the release.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material (or ACM). Environmental, health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of exposure to ACM or releases of ACM into the environment. In addition, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or increase ventilation and/or expose us to liability from our tenants, employees of our tenants, or others if property damage or personal injury occurs.

In addition to these costs, which are typically not limited by law or regulation and could exceed the property s value, we could be liable for certain other costs, including governmental fines, and injuries to persons, property or natural resources. Further, some environmental laws create a lien on the contaminated site in favor of the government for damages and the costs the government incurs in connection with such contamination. Any such costs or liens could have a material adverse effect on our business or financial condition.

Although we intend to require our tenants to undertake to indemnify us for certain environmental liabilities, including environmental liabilities they cause, the amount of such liabilities could exceed the financial ability of the tenant to indemnify us. The presence of contamination or the failure to remediate contamination may adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral.

The GGP JV is subject to similar risks relating to environmental compliance costs and liabilities associated with the JV Properties, which may reduce the value of our investment in, or distributions to us by, the GGP JV, or require that we make additional capital contributions to the GGP JV.

Possible terrorist activity or other acts of violence could adversely affect our financial condition and results of operations.

Terrorist attacks or other acts of violence may result in declining economic activity, which could harm the demand for goods and services offered by our tenants and the value of our properties and might adversely affect the value of an investment in our securities. Such a resulting decrease in retail demand could make it difficult for us to renew or re-lease our properties at lease rates equal to or above historical rates. Terrorist activities or violence also could directly affect the value of our properties through damage, destruction or loss, and the availability of insurance for such acts, or of insurance generally, might be lower or cost more, which could increase our operating expenses and adversely affect our financial condition and results of operations. To the extent that our tenants are affected by future attacks, their businesses similarly could be adversely affected, including their ability to continue to meet obligations under their existing leases. These acts might erode business and consumer confidence and spending and might result in increased volatility in national and international financial markets and economies. Any one of these events might decrease demand for real estate, decrease or delay the occupancy of our new or redeveloped properties, and limit our access to capital or increase our cost of raising capital.

We may have future capital needs and may not be able to obtain additional financing on acceptable terms.

In connection with the Transaction, we expect to incur indebtedness of approximately $ million and expect to have approximately $ million available for borrowing immediately following the closing of the Transaction. We expect that we will use most of the proceeds from this indebtedness as part of the purchase price payable to Sears Holdings for the Acquired Properties and the GGP JV Interest. We may incur additional indebtedness in the future to refinance our existing indebtedness or to finance newly acquired properties or capital contributions to joint ventures. The debt to be incurred to finance the Transaction and any significant additional indebtedness could require a substantial portion of our cash flow to make interest and principal payments. Demands on our cash resources from debt service will reduce funds available to us to pay dividends, make capital expenditures and acquisitions or carry out other aspects of our business strategy. Our indebtedness may also limit our ability to adjust rapidly to changing market conditions, make us more vulnerable to general adverse economic and industry conditions and create competitive disadvantages for us compared to other companies with relatively lower debt levels. Increased future debt service obligations may limit our operational flexibility, including our ability to acquire properties, finance or refinance our properties, contribute properties to joint ventures or sell properties as needed.

Moreover, our ability to obtain additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to then- prevailing general economic, real estate and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. A prolonged worsening of credit market conditions would have a material adverse effect on our ability to obtain financing on favorable terms, if at all.

We may be unable to obtain additional financing or financing on favorable terms or our operating cash flow may be insufficient to satisfy our financial obligations under any indebtedness outstanding from time to time. Among other things, the absence of an investment grade credit rating or any credit rating downgrade could increase our financing costs and could limit our access to financing sources. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to enhance our properties or develop new properties, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

If additional funds are raised through the issuance of equity securities, Seritage Growth shareholders may experience significant dilution. Additionally, sales of substantial amounts of Seritage Growth common shares in the public market following the Transaction, or the perception that such sales could occur, could adversely affect the market price of Seritage Growth common shares, may make it more difficult for Seritage Growth shareholders to sell their common shares at a time and price that they deem appropriate, and could impair our future ability to raise capital through an offering of our equity securities.

We expect to incur mortgage indebtedness and other borrowings, which may increase our business risks.

We may incur mortgage debt and pledge all or some of our real properties as security for that debt to obtain funds to acquire additional real properties. Seritage Growth may also borrow if it needs funds or deems it necessary or advisable to assure that it maintains its qualification as a REIT for federal income tax purposes. If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage debt on a property, then the amount available for distributions to shareholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds. In such event, Seritage Growth may be unable to pay the amount of distributions required in order to maintain its REIT status. If any mortgages contain cross-collateralization or cross-default provisions, a default on a single property could affect multiple properties. If any properties are foreclosed upon due to a default, Seritage Growth s ability to pay cash distributions to its shareholders may be adversely affected, which could result in Seritage Growth losing its REIT status.

Covenants in our debt agreements may limit our operational flexibility, and a covenant breach or default could materially adversely affect our business, financial condition or results of operations.

The agreements governing our indebtedness are expected to contain customary covenants for a real estate financing, including restrictions on our ability to grant liens on our assets, incur additional indebtedness, pay dividends, make investments or distributions and other restricted payments, or transfer or sell our assets. These restrictions may limit our operational flexibility. Covenants that limit our operational flexibility as well as defaults under our debt instruments could have a material adverse effect on our business, financial condition or results of operations.

We have no operating history as a REIT or an independent public company, and our inexperience may impede our ability to successfully manage our business or implement effective internal controls.

We have no operating history owning, leasing or developing properties independent from Sears Holdings or operating as a REIT. Similarly, we have no operating history as an independent public company. We cannot assure you that our past experience will be sufficient to successfully operate our company as a REIT or an independent public company. Upon completion of this offering, Seritage Growth will be required to implement substantial control systems and procedures in order to maintain its qualification as a REIT, satisfy its periodic and current reporting requirements under applicable Securities and Exchange Commission (SEC) regulations and comply with the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and listing standards. As a result, we will incur significant legal, accounting and other expenses that we have not previously incurred, and our management and other personnel will need to devote a substantial amount of time to comply with these rules and regulations and establish the corporate infrastructure and controls demanded of a publicly traded REIT. These costs and time commitments could be substantially more than we currently expect. If our finance and accounting organization is unable for any reason to respond adequately to the increased demands that will result from being an independent public company, the quality and timeliness of our financial reporting may suffer, and we could experience significant deficiencies or material weaknesses in our disclosure controls and procedures or our internal control over financial reporting.

An inability to establish effective disclosure controls and procedures and internal control over financial reporting or remediate existing deficiencies could cause us to fail to meet our reporting obligations under the Securities Exchange Act of 1934, as amended (the Exchange Act), or result in material weaknesses, material misstatements or omissions in our Exchange Act reports, any of which could cause investors to lose confidence in our company, which could have an adverse effect on our revenues and results of operations or the market price of Seritage Growth common shares.

For as long as we are an emerging growth company under the recently enacted JOBS Act or we remain a non-accelerated filer, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b). We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management s assessment might not detect. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

For as long as we are an emerging growth company and while remaining a non-accelerated filer, we will not be required to comply with certain reporting requirements that apply to other public companies.

As an emerging growth company under the JOBS Act, we may take advantage of provisions that, among other things, reduce certain reporting requirements, including relating to accounting standards and compensation disclosure. For as long as we are an emerging growth company and while remaining a non-accelerated filer, which may be up to five full fiscal years, unlike most other public companies, we will not be required to:

provide an auditor s attestation report on the effectiveness of our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act;

- comply with any new requirements adopted by the Public Company Accounting Oversight Board, requiring mandatory audit firm rotation or a supplement to the auditor s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;

- provide certain disclosure regarding executive compensation required of larger public companies; or

- hold shareholder advisory votes on executive compensation.

Our status as an emerging growth company under the JOBS Act may make it more difficult to raise capital as and when we need it.

Because of the exemptions from various reporting requirements provided to us as an emerging growth company, we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. Investors may be unable to compare our business with other companies in our industry if they believe that our financial accounting is not as transparent as other companies in our industry. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

Our rights and the rights of Seritage Growth shareholders to take action against our trustees and officers are limited.

As permitted by the Maryland REIT Law (the MRL), Seritage Growth s declaration of trust limits the liability of its trustees and officers to Seritage Growth and its shareholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or

- a final judgment based upon a finding of active and deliberate dishonesty by the trustee or officer that was material to the cause of action adjudicated.

In addition, Seritage Growth s declaration of trust authorizes it and Seritage Growth s bylaws obligate it to indemnify its present and former trustees and officers for actions taken by them in those capacities and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding to the maximum extent permitted by Maryland law, and effective upon completion of this offering, Seritage Growth will enter into indemnification agreements with its trustees and executive officers. As a result, Seritage Growth and its shareholders may have more limited rights against our trustees and officers than might otherwise exist absent the provisions in Seritage Growth s declaration of trust and bylaws or that might exist with other companies. Accordingly, in the event that actions taken by any of Seritage Growth s trustees or officers are immune or exculpated from, or indemnified against, liability but which impede Seritage Growth s performance, Seritage Growth and its shareholders ability to recover damages from that trustee or officer will be limited.

Seritage Growth s declaration of trust and bylaws, Maryland law, and the partnership agreement of Operating Partnership contain provisions that may delay, defer or prevent an acquisition of Seritage Growth common shares or a change in control.

Seritage Growth s declaration of trust and bylaws, Maryland law and the partnership agreement of Operating Partnership contain a number of provisions, the exercise or existence of which could delay, defer or prevent a transaction or a change in control that might involve a premium price for Seritage Growth shareholders or otherwise be in their best interests, including the following:

The Seritage Growth Declaration of Trust Contains Restrictions on the Ownership and Transfer of Seritage Growth Shares of Beneficial Interest. In order for us to qualify as a REIT, no more than 50% of the value of outstanding Seritage Growth common shares may be owned, beneficially or constructively, by five or fewer individuals at any time during the last half of each taxable year other than the first year for which we elect to be taxed as a REIT. Additionally, at least 100 persons must beneficially own Seritage Growth common shares during at least 335 days of a taxable year (other than the first taxable year for which we elect to be taxed as a REIT). The Seritage Growth declaration of trust, with certain exceptions, will authorize the Board of Trustees to take such actions as are necessary and desirable to preserve its qualification as a REIT. For this and other purposes, subject to certain exceptions, Seritage Growth s declaration of trust provides that no person may beneficially or constructively own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of Seritage Growth shares of beneficial interest, including the common shares. We refer to these restrictions collectively as the ownership limits. The constructive ownership rules under the Code are complex and may cause shares owned directly or constructively by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of the outstanding Seritage Growth common shares or the outstanding shares of all classes or series of Seritage Growth shares by an individual or entity could cause that individual or entity or another individual or entity to own beneficially or constructively in excess of 9.8% in value of the outstanding Seritage Growth common shares, and thus violate Seritage Growth s declaration of trust s ownership limits. Seritage Growth s declaration of trust also prohibits any person from owning Seritage Growth common shares that would result in our being closely held under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT. Any attempt to own or transfer Seritage Growth common shares or any of our other shares of beneficial interest in violation of these restrictions or other restrictions on ownership or transfer in Seritage Growth s declaration of trust may result in the transfer being automatically void. Seritage Growth s declaration of trust also provides that Seritage Growth common shares acquired or held in excess of the ownership limits will be transferred to a trust for the exclusive benefit of a designated charitable beneficiary, and that any person who acquires Seritage Growth common shares in violation of the ownership limits will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid by such person for the shares (or, if such person did not give value for such shares, the market price on the day the shares were transferred to the trust) or the amount realized from the sale. We or our designee will have the right to purchase the shares from the trustee at this calculated price as well. These ownership limits and other restrictions on ownership and transfer in Seritage Growth s declaration of trust may have the effecting of preventing, or may be relied upon to prevent, a third party from acquiring control of us if the Seritage Growth Board of Trustees does not grant an exemption from the ownership limits, even if Seritage Growth shareholders believe the change in control is in their best interests. See Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer and U.S. Federal Income Tax Considerations.

The Seritage Growth Board of Trustees Has the Power to Cause Us to Issue Additional Shares of Beneficial Interest and Classify and Reclassify Any Unissued Seritage Growth Common Shares without Shareholder Approval. Seritage Growth s declaration of trust authorizes us to issue additional authorized but unissued common shares or preferred shares of beneficial interest. In addition, the Seritage Growth Board of Trustees may, without shareholder approval, (i) amend the declaration of trust to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of beneficial interest of any class or series that we have authority to issue and (ii) classify or reclassify any unissued common shares or preferred shares of beneficial interest and set the preferences, rights and other terms of the classified or reclassified shares. As a result, the Seritage Growth Board of Trustees may establish a class or series of common shares or preferred shares of beneficial interest that could delay or prevent a transaction or a change in control that might involve a premium price for Seritage Growth common shares or otherwise be in the best interests of Seritage Growth shareholders. See Description of Shares of Beneficial Interest Power to Increase or Decrease Authorized Shares, Reclassify Unissued Shares and Issue Additional Common Shares and Preferred Shares of Beneficial Interest.

The Seritage Growth Board of Trustees Is Divided into Three Classes and Trustee Elections Require a Vote of 75% of the Common Shares Entitled to Vote. The Seritage Growth Board of Trustees is divided into three classes of trustees, with each class to be as nearly equal in number as possible. As a result, approximately one-third of the Board of Trustees will be elected at each annual meeting of shareholders, with, in both contested and uncontested elections, trustees elected by a vote 75% of the votes of the Seritage Growth common shares entitled to be cast in the election of trustees. In the event that an incumbent trustee does not receive a sufficient percentage of votes cast for election, he or she will continue to serve on the Board of Trustees until a successor is duly elected and qualifies. The classification of trustees and requirement that trustee nominees receive a vote of 75% of the votes of the Seritage Growth common shares entitled to be cast in the election of trustees to be elected may have the effect of making it more difficult for shareholders to change the composition of the Board of Trustees. See Management Board of Trustees Following the Transaction.

The Partnership Agreement of Operating Partnership Provides Holders of Operating Partnership Units Approval Rights over Certain Change in Control Transactions Involving Seritage Growth or Operating Partnership. Pursuant to the partnership agreement of Operating Partnership, certain transactions, including mergers, consolidations, conversions or other combinations or extraordinary transactions or transactions that constitute a change of control of Seritage Growth or Operating Partnership, as defined in the partnership agreement, will require the approval of the partners (other than Seritage Growth and entities controlled by it) holding a majority of all the outstanding Operating Partnership units held by all partners (other than Seritage Growth and entities controlled by it). These provisions could have the effect of delaying or preventing a change in control. See Description of Partnership Agreement of Operating Partnership Restrictions on General Partner s Authority; Change of Control Transactions.

Certain Provisions of Maryland Law May Limit the Ability of a Third Party to Acquire Control of Us. Certain provisions of the Maryland General Corporation Law (the MGCL) applicable to Maryland REITs may have the effect of inhibiting a third party from acquiring us or of impeding a change of control of Seritage Growth under circumstances that otherwise could provide Seritage Growth common shareholders with the opportunity to realize a premium over the then-prevailing market price of such shares or otherwise be in the best interest of shareholders, including:

- **business combination** provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between a Maryland REIT and an interested shareholder (defined generally as any person who beneficially owns, directly or indirectly, 10% or more of the voting power of Seritage Growth s outstanding voting shares or an affiliate or associate of the Maryland REIT who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding shares of Seritage Growth) or an affiliate of any interested shareholder and the Maryland REIT for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes two supermajority shareholder voting requirements on these combinations;

- **control share** provisions that provide that, subject to certain exceptions, holders of control shares of our company (defined as voting shares that, if aggregated with all other shares owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing trustees) acquired in a control share acquisition (defined as the direct or indirect acquisition of issued and outstanding control shares) have no voting rights with respect to the control shares except to the extent approved by Seritage Growth shareholders by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the matter, excluding all interested shares; and

Additionally, Title 3, Subtitle 8 of the MGCL permits the Seritage Growth Board of Trustees, without shareholder approval and regardless of what is currently provided in Seritage Growth s declaration of trust or bylaws, to implement certain takeover defenses. See Certain Provisions of Maryland Law and of Seritage Growth s Declaration of Trust and Bylaws Business Combinations, Control Share Acquisitions and Subtitle 8.

The Seritage Growth Board of Trustees has, by resolution, exempted from the provisions of the Maryland Business Combination Act all business combinations (a) between (i) Sears Holdings or its affiliates and (ii) the 10% Stockholders and their affiliates, and us and (b) between us and any other person,

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provided that such business combination is first approved by the Board of Trustees (including a majority of our trustees who are not affiliates or associates of such person). In addition, Seritage Growth s bylaws contain a provision opting out of the Maryland control share acquisition act.

We may experience uninsured or underinsured losses, or insurance proceeds may not otherwise be available to us which could result in a significant loss of the capital we have invested in a property, decrease anticipated future revenues or cause us to incur unanticipated expense.

While the Master Lease and other existing third-party leases will require, and new lease agreements are expected to require, that comprehensive general insurance and hazard insurance be maintained by the tenants with respect to their premises, and we expect to obtain casualty insurance with respect to the Acquired Properties, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, that may be uninsurable or not economically insurable. Insurance coverage (net of deductibles) may not be effective or be sufficient to pay the full current market value or current replacement cost of a loss. Inflation, changes in building and zoning codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to restore or replace the property after such property has been damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore the economic position with respect to such property or to comply with the requirements of our mortgages and Property Restrictions. Moreover, the holders of any mortgage indebtedness may require some or all property insurance proceeds to be applied to reduce such indebtedness, rather than being made available for property restoration.

If we experience a loss that is uninsured or that exceeds our policy coverage limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties were subject to recourse indebtedness, Property Restrictions or ground leases, we could continue to be liable for the indebtedness or subject to claims for damages even if these properties were irreparably damaged.

In addition, even if damage to our properties is covered by insurance, a disruption of our business or that of our tenants caused by a casualty event may result in the loss of business and/or tenants. The business interruption insurance we or our tenants carry may not fully compensate us for the loss of business or tenants due to an interruption caused by a casualty event. Further, if one of our tenants has insurance but is underinsured, that tenant may be unable to satisfy its payment obligations under its lease with us or its other payment or other obligations.

A disruption in the financial markets may make it more difficult to evaluate the stability, net assets and capitalization of insurance companies and any insurer s ability to meet its claim payment obligations. A failure of an insurance company to make payments to us upon an event of loss covered by an insurance policy, losses in excess of our policy coverage limits or disruptions to our business or the business of our tenants caused by a casualty event could adversely affect our business, financial condition and results of operations.

The GGP JV may also experience uninsured or underinsured losses, and also faces other risks related to insurance that are similar to those we face, which could reduce the value of our investment in, or distributions to us by, the GGP JV, or require that we make additional capital contributions to the GGP JV.

Conflicts of interest may exist or could arise in the future between the interests of Seritage Growth shareholders and the interests of holders of Operating Partnership units, and the partnership agreement of Operating Partnership grants holders of Operating Partnership units certain rights, which may harm the interests of Seritage Growth shareholders.

Conflicts of interest may exist or could arise in the future as a result of the relationships between Seritage Growth and its affiliates, on the one hand, and Operating Partnership or any of its partners, on the other. Seritage Growth s trustees and officers have duties to Seritage Growth under Maryland law in connection with their oversight and management of the company. At the same time, Seritage Growth, as general partner of Operating Partnership, will have duties and obligations to Operating Partnership and its limited partners under Delaware law, as modified by the partnership agreement of Operating Partnership in connection with the management of Operating Partnership.

For example, without the approval of the majority of the Operating Partnership units not held by Seritage Growth and entities controlled by it, Seritage Growth will be prohibited from taking certain extraordinary actions, including change of control transactions of Seritage Growth or Operating Partnership. See Certain Relationships and Related Transactions and Description of Partnership Agreement of Operating Partnership.

Upon completion of this offering, ESL and, if Fairholme determines to participate, Fairholme will each own a substantial percentage of the Operating Partnership Units, which may be exchanged for Seritage Growth common shares, and which will result in certain transactions involving Seritage Growth or Operating Partnership requiring the approval of ESL.

Upon completion of the OP Private Placement, ESL and Fairholme (assuming Fairholme determines to participate in full) are expected to own approximately % and %, respectively, of the Operating Partnership units. Each of the participating 10% Stockholders have the right to acquire additional Operating Partnership units in order to allow it to maintain its relative ownership interest in Operating Partnership if Operating Partnership issues additional units to Seritage Growth under certain circumstances, including if Seritage Growth issues additional equity and contributes the funds to Operating Partnership to fund acquisitions or redevelopment of properties, among other uses. In addition, each of the participating 10% Stockholders will have the right to require Operating Partnership to redeem such units in whole or in part in exchange for Seritage Growth common shares. See Description of Partnership Agreement of Operating Partnership. If exchanged for Seritage Growth common shares, the Operating Partnership units owned by the participating 10% Stockholders (assuming Fairholme determines to participate in full) would represent an additional approximately % interest in Seritage Growth common shares. Due to the restrictions relating to the ownership and transfer of Seritage Growth shares of beneficial interest in its declaration of trust, including the provision generally restricting shareholders from owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of Seritage Growth shares of beneficial interest, including the common shares, a 10% Stockholder may be required to dispose of some or all of the Seritage Growth common shares it beneficially owns prior to exercising its right to require Operating Partnership to redeem Operating Partnership units. Sales of a substantial number of Seritage Growth common shares to facilitate such a redemption, or the perception that such sales may occur, could adversely affect the market price of the Seritage Growth common shares. See The number of shares available for future sale could adversely affect the market price of Seritage Growth common shares.

In addition, the partnership agreement of Operating Partnership requires the approval of a majority of the Operating Partnership units not held by Seritage Growth and entities controlled by it for certain transactions and other actions, including certain change of control transactions involving Seritage Growth or Operating Partnership, sales of all or substantially all of the assets of Operating Partnership, waivers to the excess share provision in the declaration of trust of Seritage Growth, certain modifications to the partnership agreement, withdrawal or succession of Seritage Growth as general partner of Operating Partnership, limits on the right of holders of Operating Partnership units to redeem their units, tax elections and certain other matters. See Description of Partnership Agreement of Operating Partnership. As long as ESL owns a majority of the outstanding Operating Partnership units not held by Seritage Growth and entities controlled by it, its approval will be required in order for the general partner to undertake such actions. If ESL refuses to approve a transaction, our business could be materially adversely affected. For example, without the approval of limitations on the right of holders of Operating Partnership units to redeem their units, potential lenders may be unwilling to lend to us because funds may be needed to pay for redemptions of Operating

Partnership units. Furthermore, upon the completion of this offering, ESL and, if Fairholme determines to participate, Fairholme are expected to own approximately % and %, respectively, of the outstanding Seritage Growth common shares. In any of these matters, the interests of the participating 10% Stockholders may differ from or conflict with the interests of our other shareholders.

ESL exerts substantial influence over us and Sears Holdings, and its interests may differ from or conflict with the interests of our other shareholders.

Following the Transaction, ESL is expected to beneficially own approximately % of the outstanding Seritage Growth common shares and approximately % of the Operating Partnership units, as well as approximately % of the outstanding common stock of Sears Holdings (% excluding shares issuable upon the exercise of warrants held by ESL). In addition, Mr. Lampert, the Chairman of the Board and Chief Executive Officer of Sears Holdings and Chairman and Chief Executive Officer of ESL, will serve on the Seritage Growth Board of Trustees. As a result, ESL and its affiliates will have substantial influence over us and Sears Holdings. In any matter affecting us, including our relationship with Sears Holdings, the interests of ESL may differ from or conflict with the interests of our other shareholders.

The GGP JV s business is similar to our business and the occurrence of risks that adversely affect us could also adversely affect our investment in the GGP JV.

In the Transaction, Sears Holdings will sell to Operating Partnership its 50% interest in the GGP JV. In connection with our purchase of Sears Holdings GGP JV Interest, we will assume Sears Holdings obligation to make capital contributions to the GGP JV under certain circumstances. The GGP JV is a joint venture that owns and operates the JV Properties, which consist of 12 properties formerly owned by Sears Holdings. A substantial majority of the space at the JV Properties is leased by the GGP JV to Sears Holdings under the JV Master Lease. Except with respect to the rent amounts and the properties covered, the general format of the JV Master Lease is similar to the Master Lease, including with respect to the lessor s right to recapture space leased to Sears Holdings and Sears Holdings right to terminate a portion of the lease as to certain properties. As a result, the GGP JV s business is similar to our business, and the GGP JV is subject to many of the same risks that we face, including those described in Risks Related to Our Business and Operations. The occurrence of risks that adversely affect us could also adversely affect the GGP JV and reduce the value of our investment in, or distributions to us from, the GGP JV, or require that we make additional capital contributions to the GGP JV.

In addition, our influence over the GGP JV may be limited by the fact that day-to-day operation of the GGP JV, and responsibility for leasing and redevelopment activities related to the JV Properties, are generally delegated to GGP, subject to certain exceptions. The JV Properties are located at malls owned and operated by GGP. As a result, conflicts of interest may exist or could arise in the future between the interests of GGP and our interests as a holder of a 50% interest in the GGP JV, including, for example, with respect to decisions as to whether to lease to third parties space at a JV Property or other space at the mall at which such JV Property is located.

Following this offering, we will continue to depend on Sears Holdings to provide us with certain services for our business, including, among other things, corporate and real estate redevelopment services, which may not be sufficient to meet our business needs, and we may have difficulty finding replacement services or be required to pay increased costs to replace these services after our agreements with Sears Holdings expire.

Certain administrative services required for the operation of our business will be provided by Sears Holdings. Prior to the closing of this offering, we will enter into various agreements that will effect the purchase and sale of the Acquired Properties and the lease or sublease of a substantial majority of the Acquired Properties to Sears Holdings, including, among others, the Subscription, Distribution and Purchase and Sale Agreement, the Master Lease and the Services Agreement. The Subscription, Distribution and Purchase and Sale Agreement will provide for, among other things, our responsibility for liabilities relating to our business and the responsibility of Sears Holdings for liabilities unrelated to our business. The agreements between us and Sears Holdings will also govern our various interim and ongoing relationships. The Subscription, Distribution and Purchase and Sale Agreement will also contain indemnification obligations and ongoing commitments of us and Sears Holdings. The Master Lease will govern the terms of the use and operation of the Acquired Properties leased by us to Sears Holdings, including our redevelopment and recapture rights and Sears Holdings lease termination rights, and the repair, maintenance and redevelopment-

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related services Sears Holdings may provide to us. Under the Services Agreement, Sears Holdings will continue to provide various interim corporate support services to us. The terms of the Transaction were determined by Sears Holdings, and thus may be different than the terms we could have obtained from an unaffiliated third party. These agreements will continue in accordance with their terms after any distribution by Sears Holdings of Seritage Growth common shares to its stockholders. For a description of these agreements and the other agreements that we will enter into with Sears Holdings, see Certain Relationships and Related Transactions.

After these agreements expire, or if Sears Holdings is unable to meet its obligations under these agreements, we may be forced to seek replacement services from alternate providers. These replacement services may be more costly to us or of lower quality, and the transition process to a new service provider may result in interruptions to our business or operations, which could harm financial condition or results of operations.

In connection with the Transaction, Sears Holdings will indemnify us for certain liabilities. However, these indemnities may be insufficient to insure us against the full amount of such liabilities, and Sears Holdings ability to satisfy its indemnification obligations may be impaired in the future.

Pursuant to the Subscription, Distribution and Purchase and Sale Agreement and the Master Lease, Sears Holdings will agree to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Sears Holdings will agree to retain, and Sears Holdings may be unable to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Sears Holdings any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Sears Holdings. Any liabilities in excess of amounts for which we receive timely indemnification from Sears Holdings could have a material adverse effect on our business and financial condition.

Risks Related to Status as a REIT

If we do not qualify to be taxed as a REIT, or fail to remain qualified as a REIT, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to Seritage Growth shareholders.

We intend to operate in a manner that will allow us to qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. References throughout this document to the first taxable year for which we have elected to be taxed as a REIT refer to the taxable year ending December 31, 2015. Seritage Growth expects to receive an opinion of Wachtell, Lipton, Rosen & Katz (Wachtell Lipton) with respect to its qualification as a REIT in connection with the Transaction. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion of Wachtell Lipton represents only the view of Wachtell Lipton based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. The opinion is expressed as of the date issued. Wachtell Lipton will have no obligation to advise Seritage Growth or the holders of Seritage Growth common shares of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Wachtell Lipton and Seritage Growth s qualification as a REIT will depend on Seritage Growth s satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Wachtell Lipton. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals.

If Seritage Growth were to fail to qualify as a REIT in any taxable year, Seritage Growth would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to Seritage Growth shareholders would not be deductible by Seritage Growth in computing its taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to Seritage Growth shareholders, which in turn could have an adverse impact on the value of Seritage Growth common shares. Unless we were entitled to relief under certain Code provisions, Seritage Growth also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which Seritage Growth failed to qualify as a REIT.

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize Seritage Growth s REIT qualification. Seritage Growth s qualification as a REIT will depend on the satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. In addition, Seritage Growth s ability to satisfy the requirements to qualify as a REIT may depend in part on the actions of third parties over which Seritage Growth has no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

We could fail to qualify to be taxed as a REIT if income we receive from Sears Holdings is not treated as qualifying income.

Under applicable provisions of the Code, we will not be treated as a REIT unless we satisfy various requirements, including requirements relating to the sources of our gross income. See U.S. Federal Income Tax Considerations. Rents we receive or accrue from Sears Holdings will not be treated as qualifying rent for purposes of these requirements if the Master Lease is not respected as a true lease for U.S. federal income tax purposes and is instead treated as a service contract, joint venture, financing, or some other type of arrangement. If the Master Lease is not respected as a true lease for U.S. federal income tax purposes, we may fail to qualify to be taxed as a REIT. Furthermore, Seritage Growth s qualification as a REIT will depend on the satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Seritage Growth s ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which Seritage Growth will not obtain independent appraisals.

In addition, subject to certain exceptions, rents we receive or accrue from Sears Holdings (or other tenants) will not be treated as qualifying rent for purposes of these requirements if we or an actual or constructive owner of 10% or more of the Seritage Growth common shares actually or constructively owns 10% or more of the total combined voting power of all classes of Sears Holdings stock (or the stock of such other tenant) entitled to vote or 10% or more of the total value of all classes of Sears Holdings stock (or the stock of such other tenant). Seritage Growth s declaration of trust provides for restrictions on ownership and transfer of Seritage Growth common shares, including restrictions on such ownership or transfer that would cause the rents we receive or accrue from Sears Holdings (or other tenants) to be treated as non-qualifying rent for purposes of the REIT gross income requirements. The provisions of Seritage Growth s declaration of trust that restrict the ownership and transfer of Seritage Growth common shares are described in Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer. Nevertheless, such restrictions may not be effective in ensuring that rents we receive or accrue from Sears Holdings (or other tenants) will be treated as qualifying rent for purposes of REIT qualification requirements.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from qualified dividends payable by U.S. corporations to U.S. shareholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the shares of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including the Seritage Growth common shares.

REIT distribution requirements could adversely affect our ability to execute our business plan.

We generally must distribute annually at least 90% of Seritage Growth s REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order for us to qualify to be taxed as a REIT (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that we distribute. To the extent that we satisfy this distribution requirement and qualify for taxation as a REIT but distribute less than 100% of Seritage Growth s REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to Seritage Growth shareholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. We intend to make distributions to Seritage Growth shareholders to comply with the REIT requirements of the Code.

From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of Seritage Growth common shares.

Restrictions in our indebtedness following the Transaction, including restrictions on our ability to incur additional indebtedness or make certain distributions, could preclude us from meeting the 90% distribution requirement. Decreases in funds from operations due to unfinanced expenditures for acquisitions of properties or increases in the number of Seritage Growth common shares outstanding without commensurate increases in funds from operations each would adversely affect our ability to maintain distributions to Seritage Growth shareholders. Moreover, the failure of Sears Holdings to make rental payments under the Master Lease would materially impair our ability to make distributions. Consequently, we may be unable to make distributions at the anticipated distribution rate or any other rate. See Dividend Policy.

Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if we remain qualified for taxation as a REIT, we may be subject to certain U.S. federal, state, local and foreign taxes on our income and assets, including taxes on any undistributed income and state, local or foreign income, property and transfer taxes. See U.S. Federal Income Tax Considerations. For example, in order to meet the REIT qualification requirements, Seritage Growth may hold some of our assets or conduct certain of our activities through one or more TRSs or other subsidiary corporations that will be subject to federal, state and local corporate-level income taxes as regular C corporations. In addition, we may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm s-length basis. Any of these taxes would decrease cash available for distribution to Seritage Growth shareholders.

Complying with REIT requirements may cause us to liquidate or forgo otherwise attractive opportunities.

To qualify to be taxed as a REIT, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and real estate assets (as defined in the Code), including certain mortgage loans and securities. The remainder of our investments (other than government securities, qualified real estate assets and securities issued by a TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25% of the value of our total assets can be represented by securities of one or more TRSs. See U.S. Federal Income Tax Considerations. If Seritage Growth fails to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing Seritage Growth s REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate or forgo otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to Seritage Growth shareholders.

In addition to the asset tests set forth above, to qualify to be taxed as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the amounts we distribute to Seritage Growth shareholders and the ownership of Seritage Growth shares of beneficial interest. We may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our assets and liabilities. Any income from a hedging transaction that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets does not constitute gross income for purposes of the 75% or 95% gross income tests that apply to REITs, provided that certain identification requirements are met. To the extent that we enter into other types of hedging transactions or fail to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. See U.S. Federal Income Tax Considerations. As a result of these rules, we may be required to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS may be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except that such losses could theoretically be carried back or forward against past or future taxable income in the TRS.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the Treasury). Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect Seritage Growth s ability to qualify as a REIT or the U.S. federal income tax consequences to Seritage Growth s investors and Seritage Growth of such qualification.

Risks Related to the Rights Offering

The subscription price determined for the rights offering is not necessarily an indication of the price at which Seritage Growth common shares will trade.

The board of directors of Sears Holdings based the per share subscription price being used in the rights offering on various factors, including, among other things, (1) the desirability of broad participation in the rights offering by Sears Holdings stockholders and of the development of a trading market for both the subscription rights and Seritage Growth common shares, (2) the fair market value of the Acquired Properties and the GGP JV Interest purchased in the Transaction and (3) Seritage Growth s liquidity needs and the aggregate amount of proceeds to be paid to Sears Holdings pursuant to the rights offering if the rights offering were fully subscribed. The per share subscription price may not be indicative of the price at which Seritage Growth common shares will trade after the rights offering. After the date of this prospectus, you may not be able to sell Seritage Growth common shares that you hold at prices equal to or above the subscription price.

Sears Holdings may cancel the rights offering at any time prior to the expiration of the rights offering and in such case neither Sears Holdings nor the subscription agent will have any obligation to you except to return your exercise payments.

The rights offering is subject to the satisfaction or waiver of certain conditions. In addition, Sears Holdings has the right to withdraw and cancel the rights offering if, at any time prior to its expiration, the board of directors of Sears Holdings determines, in its sole discretion, that the rights offering is not in the best interest of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the rights offering. See The Rights Offering Conditions, Withdrawal and Cancellation.

If the rights offering is cancelled, any money received from subscribing stockholders will be returned, without interest or penalty, as soon as practicable. Sears Holdings may also extend the rights offering for additional periods ending no later than , 2015, although it does not presently intend to do so. If Sears Holdings cancels the rights offering and you have not exercised any rights, the subscription rights will expire, have no value, and cease to be exercisable for Seritage Growth common shares. If you purchase subscription rights during the subscription period and Sears Holdings cancels the rights offering, you will lose the entire purchase price paid to acquire such subscription rights in the market; however, any subscription payments received by the subscription agent will be returned to you, without interest or penalty, as soon as practicable.

No prior market exists for the subscription rights and a liquid market for the subscription rights may not develop.

We intend to apply to list the subscription rights for trading on under the symbol . However, the subscription rights are a new issue of securities with no prior trading market. Neither we nor Sears Holdings can provide you with any assurances as to the liquidity of the trading market for the subscription rights or the price at which the subscription rights may trade following the rights offering. In addition, the listing of the subscription rights on the is subject to Seritage Growth meeting the listing requirements of the . In the event that these listing approvals cannot be obtained, holders of subscription rights will own unlisted securities, which may affect the pricing of the rights in the secondary market, the transparency and availability of trading prices, and the liquidity of the rights.

If you do not act promptly and follow the subscription instructions, your exercise of subscription rights will be rejected.

If you desire to purchase Seritage Growth common shares in the rights offering, you must act promptly to ensure that the subscription agent actually receives all required forms and payments before the expiration of the rights offering at 5:00 p.m., New York City time, on , 2015 unless Sears Holdings extends the rights offering for additional periods ending no later than , 2015. If you are a beneficial owner of Sears Holdings common stock, you must act promptly to ensure that your broker, dealer, custodian bank or other nominee acts for you and that the subscription agent receives all required forms and payments before the rights offering expires. Neither we nor Sears Holdings is or will be responsible if your nominee fails to ensure that the subscription agent receives all required forms and payments before the rights offering expires. If you fail to complete and sign the required subscription forms, send an incorrect payment amount, or otherwise fail to follow the subscription procedures that apply to the exercise of your subscription rights before the rights offering expires, the subscription agent will reject your subscription or accept it only to the extent of the payment received. None of Seritage Growth, Operating Partnership, Sears Holdings or the subscription agent undertakes any responsibility or action to contact you concerning an incomplete or incorrect subscription form or payment, nor are we or Sears Holdings under any obligation to correct such forms or payment. Sears Holdings has the sole discretion to determine whether a subscription exercise properly complies with the subscription procedures.

You will not be able to sell the Seritage Growth common shares you buy in the rights offering until your account is credited with the common shares.

If you are a registered stockholder of Sears Holdings and you purchase shares in the rights offering, your account will be credited with Seritage Growth common shares as soon as practicable after the expiration of the rights offering. If your shares of Sears Holdings common stock are held by a broker, dealer, custodian bank or other nominee and you purchase shares of Seritage Growth pursuant to your subscription rights, your account with your nominee will be credited with the Seritage Growth common shares you purchased in the rights offering as soon as practicable after the expiration of the rights offering. Until your account is credited, you may not be able to sell your shares even though the Seritage Growth common shares issued in the rights offering will be listed for trading on the . The share price may decline between the time you decide to sell your Seritage Growth common shares and the time you are actually able to sell such shares.

You may not revoke your exercise of the subscription rights and you could be committed to buying shares at a price above the prevailing market price after completion of the rights offering.

Once you exercise your rights, you may not revoke the exercise even if you later learn information that you consider to be unfavorable to the exercise of your rights. If you exercise your rights, you may not be able to sell the Seritage Growth common shares purchased under the rights at a price equal to or greater than the subscription price, and you may lose all or part of your investment in Seritage Growth common shares.

You will not receive interest on your subscription funds during the period pending the closing of the offering.

The subscription agent will hold the gross proceeds from the sale of shares underlying the rights in escrow in a segregated bank account, and it will release the proceeds together with any interest earned on the proceeds, less any applicable withholding taxes, to Sears Holdings as soon as is practicable after the expiration of the rights offering. If the rights offering is cancelled, any money received from subscribing stockholders will be returned, without interest or penalty, as soon as practicable.

The tax consequences of the receipt, sale, exercise, expiration and cancellation of the subscription rights are not certain.

We believe that the treatment of the receipt, sale, exercise, expiration and cancellation of the subscription rights for U.S. federal income tax purposes is not entirely clear. The IRS may disagree with the tax treatment discussed herein. You should discuss with your tax advisor the treatment of the receipt, sale, exercise, expiration and cancellation of the subscription rights for U.S. federal income tax purposes.

If you receive and exercise the subscription rights, you may be subject to adverse U.S. federal income tax consequences.

If you receive a subscription right and exercise that right, you should generally expect to have (1) taxable dividend income equal to the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings and (2) no additional income upon the exercise of the subscription right. You may need to fund any tax resulting from the receipt of the subscription right with cash from other sources. You should discuss with your tax advisor the U.S. federal income tax consequences of receiving and exercising the subscription rights. For a detailed discussion, see U.S. Federal Income Tax Considerations.

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If you receive and sell the subscription rights, you may be subject to adverse U.S. federal income tax consequences.

If you receive a subscription right and sell that right, you should generally expect to have (1) taxable dividend income equal to the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings and (2) short-term capital gain or loss upon the sale equal to the difference between the proceeds received upon the sale and the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings. It is possible that the sale proceeds received by you upon a sale of the subscription rights will be less than any tax resulting from your receipt of the subscription right. In this event, you will generally need to fund the remaining portion of any tax with cash from other sources. You should discuss with your tax advisor the U.S. federal income tax consequences of receiving and selling the subscription rights. For a detailed discussion, see U.S. Federal Income Tax Considerations.

If you receive but do not sell or exercise the subscription rights before they expire, you may be subject to adverse U.S. federal income tax consequences.

If you receive a subscription right from Sears Holdings and do not sell or exercise that right before it expires, you should generally expect to have (1) taxable dividend income equal to the fair market value (if any) of the subscription right on the date of its distribution by Sears Holdings and (2) a short-term capital loss upon the expiration of such right in an amount equal to your adjusted tax basis (if any) in such right. In general, capital losses are available to offset only capital gains and may not be used to offset dividend or other income (except, to the extent of up to $3,000 of capital loss per year, in the case of a non-corporate U.S. stockholder). Accordingly, if you receive a subscription right from Sears Holdings and take no action, you may owe tax and need to fund that tax with cash from other sources.

By illustration, if you receive subscription rights that have a value of $5,000 on the date they are distributed by Sears Holdings, you do not sell or exercise those rights before they expire and Sears Holdings does not cancel the rights offering, you should generally expect to have $5,000 of dividend income upon the receipt of the subscription rights and a $5,000 short-term capital loss upon the expiration of those rights.

You should discuss with your tax advisor the U.S. federal income tax consequences of receiving and neither selling nor exercising the subscription rights. For a detailed discussion, see U.S. Federal Income Tax Considerations.

If you receive subscription rights and Sears Holdings subsequently cancels the rights offering, you may be subject to adverse U.S. federal income tax consequences.

You should discuss with your tax advisor the tax consequences of receiving subscription rights if Sears Holdings subsequently cancels the rights offering. There are limited authorities addressing the tax consequences that would apply to you in this circumstance. Certain of the authorities suggest that in this circumstance you may not have taxable dividend income upon the receipt of the subscription rights if you do not sell or otherwise dispose of the rights and if the receipt and cancellation occur in the same taxable year. However, the scope of those authorities is unclear and Sears Holdings (and any other applicable withholding agent) is likely to take the position, for information reporting and withholding purposes, that you have taxable dividend income upon the receipt of the subscription rights even if Sears Holdings subsequently cancels the rights offering. If withholding tax is withheld from you in this event, you should consult your tax advisor as to whether to seek a refund of such amount from the IRS.

If you have taxable dividend income upon the receipt of a subscription right even though Sears Holdings subsequently cancels the rights offering, you should generally expect to have a short-term capital loss upon the cancellation of the subscription right in an amount equal to your adjusted tax basis (if any) in such right. In general, capital losses are available to offset only capital gains and may not be used to offset dividend or other income (except, to the extent of up to $3,000 of capital loss per year, in the case of a non-corporate U.S. stockholder). For a detailed discussion, see U.S. Federal Income Tax Considerations.

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There is currently no public market for Seritage Growth common shares. An active trading market for Seritage Growth common shares may not develop following this offering, and you may be unable to sell your shares at a price above the initial public offering price or at all.

There has not been any public market for Seritage Growth common shares prior to this offering. We intend to apply to list Seritage Growth common shares for trading on the under the symbol . However, an active trading market for Seritage Growth common shares may not develop after this offering or, if one develops, may not be sustained. In the absence of a public market, you may be unable to liquidate an investment in Seritage Growth common shares.

The market price and trading volume of Seritage Growth common shares may be volatile following this offering.

Even if an active trading market develops for Seritage Growth common shares, the market price of common shares may be volatile. In addition, the trading volume in Seritage Growth common shares may fluctuate and cause significant price variations to occur. If the market price of Seritage Growth common shares declines significantly, you may be unable to resell your shares at or above the public offering price or at all. The market price of the common shares may fluctuate or decline significantly in the future.

Some of the factors that could negatively affect the market price of Seritage Growth common shares or result in fluctuations in the price or trading volume of the common shares include:

- actual or anticipated variations in our quarterly results of operations or distributions;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate or retail industries;
- increases in market interest rates that may cause purchasers of Seritage Growth common shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we may incur in the future;
- actions by institutional shareholders;
- speculation in the press or investment community about our company or industry or the economy in general;

- the occurrence of any of the other risk factors presented in this prospectus;

- specific real estate market and real estate economic conditions; and

- general market and economic conditions.

Future offerings of debt, which would be senior to Seritage Growth common shares upon liquidation, and/or preferred equity securities, which may be senior to Seritage Growth common shares for purposes of distributions or upon liquidation, may adversely affect the market price of Seritage Growth common shares.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or preferred equity securities, including medium-term notes, trust preferred securities, senior or subordinated notes and preferred shares. Upon liquidation, holders of our debt securities and preferred shares and lenders with respect to other borrowings may receive distributions of our available assets prior to the holders of Seritage Growth common shares. Additional equity offerings may dilute the holdings of our existing shareholders or reduce the market price of Seritage Growth common shares, or both. Holders of Seritage Growth common shares are not entitled to preemptive rights or other protections against dilution, and will have no voting rights in connection with the issuance of these securities. Our preferred shares, if issued, could have a preference on liquidating distributions or a preference on distribution payments that could limit our ability to make a distribution to the holders of Seritage Growth common shares. Since our decision to issue securities in any future offering will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, Seritage Growth shareholders bear the risk of our future offerings reducing the market price of Seritage Growth common shares and diluting their holdings in us.

The historical and pro forma financial information included in this prospectus may not be a reliable indicator of future results.

The historical financial statements included herein are (1) a Combined Statement of Investments of Real Estate Assets to be Acquired by Seritage Growth Properties as of December 31, 2014 and (2) a balance sheet of Seritage Growth Properties as of December 31, 2014. In addition, this prospectus includes pro forma financial information regarding Seritage Growth.

The historical financial statements and the pro forma financial information included herein may not reflect what our business, financial position or results of operations will be in the future when we are a separate, publicly traded company. Until the Transaction is completed, we will not have been an operating business and will not have had historical operations. The Acquired Properties we will purchase from Sears Holdings were operated by Sears Holdings as part of its larger corporate organization and not as a stand-alone business or independent company. Because we have no historical operations and will not own any properties or commence our real estate ownership and development business until the Transaction is completed, there are no historical financial statements for Seritage Growth as it will exist following the Transaction. The financial information that we have included in this prospectus may not reflect what our financial condition, results of operations or cash flows would have been had we been a stand-alone business or independent entity, or had we operated as a REIT, during the periods presented. Significant changes will occur in our cost structure, financing and business operations as a result of our operation as a stand-alone company and the entry into transactions with Sears Holdings that have not existed historically, including the Master Lease. The pro forma financial information included in this prospectus was prepared on the basis of assumptions derived from available information that we believed to be reasonable. However, these assumptions may change or may be incorrect, and actual results may differ, perhaps significantly. Therefore, the financial information we have included in this prospectus may not necessarily be indicative of what our financial condition, results of operations or cash flows will be in the future. For additional information about the basis of presentation of the financial information included in this prospectus, see Capitalization, Selected Financial Data, Unaudited Pro Forma Consolidated Financial Data and the financial statements.

The Transaction could give rise to disputes or other unfavorable effects, which could have a material adverse effect on our business, financial condition or results of operations.

Disputes with third parties could arise out of the Transaction, and we could experience unfavorable reactions to the Transaction from employees, ratings agencies, regulators or other interested parties. These disputes and reactions of third parties could have a material adverse effect on our business, financial condition or results of operations. In addition, following the Transaction, disputes between us and Sears Holdings (and our subsidiaries) could arise in connection with any of the Subscription, Distribution and Purchase and Sale Agreement, the Master Lease, the Services Agreement or other agreements.

A court could deem aspects of the Transaction to be a fraudulent conveyance and void the transaction or impose substantial liabilities upon us.

A court could deem aspects of the Transaction (such as the sale of the Acquired Properties in connection with the Transaction) to be a fraudulent conveyance upon a subsequent legal challenge by unpaid creditors or a bankruptcy trustee of the debtor that made the conveyance. Fraudulent conveyances include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors, or transfers made or obligations incurred in exchange for less than reasonably equivalent value when the debtor was, or was rendered, insolvent, inadequately capitalized or unable to pay its debts as they become due. To remedy a fraudulent conveyance, a court could void the challenged transfer or obligation, requiring us to return consideration that we received in the Transaction, or impose substantial liabilities upon us for the benefit of unpaid creditors of the debtor that made the fraudulent conveyance, which could adversely affect our financial condition and our results of operations. Among other things, the court could require Seritage Growth shareholders to return to Sears Holdings some or all of the Seritage Growth common shares issued in the distribution. Whether a transaction is a fraudulent conveyance will vary depending upon, among other things, the jurisdiction whose law is being applied.

The number of shares available for future sale could adversely affect the market price of Seritage Growth common shares.

We cannot predict whether future issuances of Seritage Growth common shares or the availability of Seritage Growth common shares for resale in the open market will decrease the market price per share of Seritage Growth common shares. Sales of a substantial number of Seritage Growth common shares in the public market, or the perception that such sales might occur, could adversely affect the market price of the Seritage Growth common shares.

Our earnings and cash distributions will affect the market price of Seritage Growth common shares.

We believe that the market value of a REIT s equity securities is based primarily upon market perception of the REIT s growth potential and its current and potential future cash distributions, whether from operations, sales, acquisitions, development or refinancing, and is secondarily based upon the value of the underlying assets. For these reasons, Seritage Growth common shares may trade at prices that are higher or lower than the net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes rather than distributing the cash flow to shareholders, these retained funds, while increasing the value of our underlying assets, may negatively impact the market price of Seritage Growth common shares. Our failure to meet market expectations with regard to future earnings and cash distributions would likely adversely affect the market price of Seritage Growth common shares.

The Sears Holdings board of directors has reserved the right, in its sole discretion, to amend, modify or abandon the Transaction and the related transactions at any time prior to the distribution date. In addition, the Transaction and related transactions are subject to the satisfaction or waiver (by Sears Holdings board of directors in its sole discretion) of a number of conditions. We and Sears Holdings cannot assure that any or all of these conditions will be met.

The Sears Holdings board of directors has reserved the right, in its sole discretion, to amend, modify or abandon the Transaction and the related transactions at any time prior to the distribution date. This means Sears Holdings may cancel or delay the planned distribution of subscription rights to acquire Seritage Growth common shares if at any time the board of directors of Sears Holdings determines that the distribution of such subscription rights to acquire common shares is not in the best interests of Sears Holdings or its stockholders, or that market conditions are such that it is not advisable to consummate the rights offering. If the Sears Holdings board of directors determines to cancel the Transaction, stockholders of Sears Holdings will not receive any distribution of Seritage Growth common shares and Sears Holdings will be under no obligation whatsoever to its stockholders to distribute such shares. In addition, the Transaction and related transactions are subject to the satisfaction or waiver (by the Sears Holdings board of directors in its sole discretion) of a number of conditions. See The Rights Offering Conditions, Withdrawal and Cancellation. We and Sears Holdings cannot assure that any or all of these conditions will be met. The fulfillment of the conditions to the Transaction will not create any obligation on Sears Holdings part to effect the Transaction.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our pro forma financial statements and all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, forma, estimates or anticipates or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- Declines in retail, real estate and general economic conditions;
- Our substantial dependence on, or agreements entered into with, Sears Holdings, and indemnities from Sears Holdings that may be insufficient to insure us against certain liabilities;
- Sears Holdings rights under the Master Lease, including the right to terminate with respect to a portion of the properties;
- Competition with us or our tenants;
- Tax, environmental, health, safety and land use laws and regulations;
- The terms of our investment in the GGP JV and future acquisitions and other strategic transactions or investments in and redevelopment of properties;
- The ownership of ESL and Fairholme of Seritage Growth common shares and Operating Partnership units;
- Our lack of an operating history as an independent public company;

The ability of the Seritage Growth Board of Trustees to cause it to issue additional shares of beneficial interest without shareholder approval;

Certain provisions of Maryland law, the declaration of trust and bylaws of Seritage Growth and the partnership agreement of Operating Partnership that may limit the ability of a third party to acquire control of us;

Limitations on our rights and the rights of Seritage Growth shareholders to take action against our trustees and officers;

The failure to realize the expected benefits of the Transaction;

Our substantial indebtedness, which could adversely affect our financial condition;

The terms of the agreements governing our indebtedness that restrict our current and future operations, particularly our ability to incur additional debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations;

Incurrence of additional debt, including secured debt, and funds for future capital needs and the availability of external sources of capital;

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- The reliability of the financial information included in this prospectus as an indicator of our future results and different results than if we were a stand-alone public company;
- Legislative or other actions affecting REITs, including positions taken by the IRS;
- Restrictions on ownership and transfer of Seritage Growth common shares and our failure to qualify, or remain qualified, to be taxed as a REIT;
- The failure of dividends payable by REITs to qualify for the reduced tax rates available for some dividends;
- Failure to qualify as a REIT if income received from Sears Holdings is not treated as qualifying income;
- REIT distribution requirements;
- An active trading market for Seritage Growth common shares may not develop or market price and trading volumes may be volatile;
- Dilution following this offering; and
- Delays in the completion of the Transaction or the nonoccurrence of the Transaction.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section above entitled Risk Factors.

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USE OF PROCEEDS

Assuming the subscription rights are exercised in full and the OP Private Placement is completed, we expect to receive gross cash proceeds of approximately $ as a result of the sale of Seritage Growth common shares through the rights offering. We also expect to receive gross cash proceeds of approximately $ through the sale of Operating Partnership units in the OP Private Placement, gross cash proceeds of approximately $33.3 million through the sale of Seritage Growth common shares in the GGP Private Placement, and gross cash proceeds of approximately $ from the Financing. We intend to contribute the proceeds from this offering and the GGP Private Placement to Operating Partnership, which will, together with the proceeds of the OP Private Placement and the Financing, be used to pay the purchase price to Sears Holdings for the Acquired Properties and the GGP JV Interest and related fees and expenses, with remaining proceeds used for working capital and other general purposes.

DIVIDEND POLICY

Seritage Growth intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with Seritage Growth s taxable year ending December 31, 2015. Consistent with industry standards, Seritage Growth expects to pay distributions in cash in an amount equal to approximately 80% of Seritage Growth s adjusted funds from operations (Adjusted FFO) for each quarterly period but in no event will the annual dividend be less than 90% of Seritage Growth s REIT taxable income on an annual basis, determined without regard to the dividends paid deduction and excluding any net capital gains. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. For purposes of determining its cash distributions, Seritage Growth s Adjusted FFO will be calculated by starting with The National Association of Real Estate Investment Trusts (NAREIT) definition of funds from operations, which is net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of property, plus real estate depreciation and share-based compensation expense reduced by maintenance capital expenditures. The NAREIT definition will then be adjusted to exclude the effect of share-based and other non-cash compensation expense and subtract capital expenditures, resulting in Adjusted FFO for Seritage Growth.

Initially, cash available for distribution to Seritage Growth shareholders will be derived solely from the rental payments under the Master Lease and leases with certain parties other than Sears Holdings as well as any distributions to us from the GGP JV. All distributions will be made by Seritage Growth at the discretion of the Board of Trustees and will depend on the financial position, results of operations, cash flows, capital requirements, debt covenants (which are expected to include limits on distributions by Seritage Growth), applicable law and other factors as the Board of Trustees of Seritage Growth deems relevant. The Seritage Growth Board of Trustees has not yet determined when any distributions will be declared or paid.

Seritage Growth currently intends to pay quarterly distributions in cash. For purposes of satisfying the minimum distribution requirement to qualify for and maintain REIT status, Seritage Growth s taxable income will be calculated without reference to its cash flow. Consequently, under certain circumstances, Seritage Growth may not have available cash to pay its required distributions and may distribute a portion of its dividends in the form of its common shares. In either event, to the extent the distribution represents a distribution of Seritage Growth s current or accumulated earnings and profits, a shareholder of Seritage Growth will be required to report dividend income as a result of such distributions even though Seritage Growth distributed only nominal amounts of cash to such shareholder. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in shares as taxable dividends that would satisfy that REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but Seritage Growth could request a similar ruling from the IRS. The IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/share dividends, but that revenue procedure does not apply to Seritage Growth s taxable year ending on December 31, 2015 and future taxable years. Accordingly, it is unclear whether and to what extent Seritage Growth will be able to make taxable dividends payable in-kind. For more information, see U.S. Federal Income Tax Considerations. Seritage Growth currently believes that it will have sufficient available cash to pay its required distribution for 2015 in cash but there can be no assurance that this will be the case.

It presently is anticipated that acquisitions, investment and redevelopment activities will be financed through internally generated cash flow, borrowings under the debt agreements to be entered into by Operating Partnership in connection with the Transaction, other debt financing or the issuance of equity securities. To the extent that those sources of funds are insufficient to meet all such cash needs, or the cost of such financing exceeds the cash flow generated by our properties for any period, cash available for distribution could be reduced. In that event, we may also borrow funds, liquidate or sell a portion of our properties or investments or find another source of funds, such as the issuance of equity securities, in order to pay its required distributions. See Risk Factors Risks Related to Status as a REIT.

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Seritage Growth anticipates that its distributions generally will be taxable as ordinary income to its shareholders, although a portion of the distributions may be designated by Seritage Growth as qualified dividend income or capital gain or may constitute a return of capital. Seritage Growth will furnish annually to each Seritage Growth shareholder a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain. For a more complete discussion of the U.S. federal income tax treatment of distributions to shareholders of Seritage Growth, see U.S. Federal Income Tax Considerations.

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CAPITALIZATION

The following table sets forth the unaudited pro forma capitalization of Seritage Growth as of December 31, 2014, which gives effect to the Transaction (and all other related transactions) as if they occurred on December 31, 2014.

The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and Seritage Growth believes such assumptions are reasonable under the circumstances.

This table should be read in conjunction with Use of Proceeds, Selected Financial Data, Description of Shares of Beneficial Interest, Management s Discussion and Analysis of Financial Condition and Results of Operations, as well as the financial information on Seritage Growth and the Unaudited Pro Forma Consolidated Financial Data and accompanying notes included in this prospectus.

	As of December 31, 2014			
	(unaudited)			
thousands	Actual	Pro Forma Adjustments		Pro Forma
Seritage Growth Properties				
Long-term debt	$		(1)	
Noncontrolling interest in Operating Partnership			(2)	
Shareholders Equity			(3)	
Total Capitalization	$			$

(1) The pro forma adjustments give effect to the expected indebtedness to purchase the properties from Sears Holdings.
(2) The pro forma adjustments give effect to the expected proceeds from the OP Private Placement.
(3) The pro forma adjustments give effect to the expected proceeds from the Rights Offering and the GGP Private Placement.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

Seritage Growth is a newly organized REIT that was formed in Maryland on December 18, 2014. Seritage Growth will conduct its operations through Operating Partnership, formed on , 2015.

Seritage Growth will hold directly or indirectly 254 of the assets associated with Sears Holdings real property interests in connection with the Transaction as well as the GGP JV interest. Seritage Growth s primary business following the Transaction will consist of acquiring, financing and owning real estate property to be leased to retailers. Initially, Seritage Growth s primary tenant will be Sears Holdings under a Master Lease.

The following unaudited pro forma consolidated statement of operations of Seritage Growth for the fiscal year ended December 31, 2014 is presented as if the Transaction, including the rights offering, the GGP Private Placement, the OP Private Placement, the acquisition of properties and the other adjustments described in the unaudited pro forma financial information beginning on page 63, had occurred on January 1, 2014. The following unaudited pro forma consolidated balance sheet as of December 31, 2014 assumes that the Transaction occurred on December 31, 2014.

The statements are presented based on information currently available, are intended for informational purposes only, and do not purport to represent what Seritage Growth s financial position and results of operations actually would have been had the Transaction occurred on the dates indicated, or to project Seritage Growth s financial performance for any future period.

The unaudited pro forma consolidated financial statements and the accompanying notes should be read in conjunction with the audited Combined Statement of Investments of Real Estate Assets to be Acquired by Seritage Growth Properties and accompanying notes included herein. The Combined Statement of Investments of Real Estate Assets to be Acquired by Seritage Growth Properties will be updated to include the final pool of assets to be acquired by Seritage Growth Properties in an amendment prior to this registration statement s effectiveness. The Combined Statement of Investments of Real Estate Assets to be Acquired by Seritage Growth Properties includes a preliminary pool of 261 properties which may be acquired directly or indirectly by Seritage Growth.

The Pro Forma Adjustments column in the Unaudited Pro Forma Consolidated Financial Statements reflects pro forma adjustments, which are further described in the accompanying notes to the Unaudited Pro Forma Consolidated Financial Statements.

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Seritage Growth Properties

Unaudited Pro Forma Consolidated Balance Sheet

As of December 31, 2014

thousands	**Historical Seritage Growth Properties (a)**	**Real Estate Assets to be Acquired by Seritage Growth Properties (b)**	**Pro Forma Adjustments**		**Pro Forma Seritage Growth Properties**
Investment in real estate:					
Land	$			(b)	
Buildings and improvements, less accumulated depreciation				(b)	
Land, buildings and improvements, net				(b)	
Investment in unconsolidated real estate affiliates				(g)	
Total investment in real estate, net					
Cash and cash equivalents					
Rent and tenant receivables					
Prepaid expenses and other assets					
Below-market ground leases, less accumulated amortization				(b)	
Total assets	$				
LIABILITIES					
Long-term debt	$			(c)	
Accounts payable and accrued expenses					
Other liabilities					
Total liabilities	$				
Commitment and contingencies					
Noncontrolling interest in Operating Partnership				(d)	
SHAREHOLDERS EQUITY					
Total Equity				(e)(f)	

TOTAL LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS EQUITY	**$**

See accompanying notes to unaudited pro forma consolidated financial statements.

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Seritage Growth Properties

Unaudited Pro Forma Consolidated Statement of Operations

Year Ended December 31, 2014

thousands, except per share data	**Historical Seritage Growth Properties (aa)**	**Pro Forma Adjustments**		**Pro Forma Seritage Growth Properties**
Revenues:				
Rental and other property income (SHC)	$	171,374	(bb)	171,374
Rental and other property income		17,904	(bb)	17,904
Tenant reimbursement income		101,334	(cc)	101,334
Total revenues		290,612		290,612
Expenses:				
General and administrative expenses			(hh)	
Property operating expenses		104,628	(ff)	104,628
Property and asset management expenses				
Acquisition related expenses				
Depreciation and amortization		88,798	(dd)	88,798
Total operating expenses		193,426		193,426
Operating income		97,186		97,186
Interest expense			(ee)	
Equity in income in unconsolidated real estate affiliates		5,526	(ii)	5,526
Net income				
Net income attributable to noncontrolling interest in Operating Partnership			(gg)	
Net income attributable to common shareholders	$			
Weighted average number of common shares:				
Basic				
Diluted				
Basic earnings per share	$			
Diluted earnings per share	$			

See accompanying notes to unaudited pro forma consolidated financial statements.

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Seritage Growth Properties

Notes to Unaudited Pro Forma Consolidated Financial Information

1. Adjustments to the Pro Forma Consolidated Balance Sheet

(a) Represents the newly formed Maryland REIT, which will be the ultimate parent entity upon the completion of the Transaction. Seritage Growth Properties is the public registrant under the Securities Act of 1933. Seritage Growth has not had any operating activity since its formation on December 18, 2014. We expect to conduct substantially all of our operations and make substantially all of our investments through the Operating Partnership. At such time, we, as the sole general partner of the Operating Partnership, are expected to own approximately % of the interests in the Operating Partnership and control the Operating Partnership. Accordingly, under accounting principles generally accepted in the United States of America, or GAAP, we will consolidate the assets, liabilities and results of operations of the Operating Partnership and its subsidiaries.

(b) Represents the historical combined statement of investments of real estate assets to be acquired by Seritage Growth. The assets sold pursuant to the Transaction will be recorded at the historical cost of Sears Holdings as the Transaction does not result in a change in control of the assets.

(c) Reflects Seritage Growth s anticipated indebtedness. For purposes of funding a portion of the purchase price of the Acquired Properties, Seritage Growth will raise indebtedness.

(d) Reflects anticipated issuance of Operating Partnership units in the OP Private Placement transaction.

(e) Reflects the sale of Seritage Growth common shares in the rights offering. Seritage Growth accounts for specific incremental costs directly attributable to this offering by offsetting it against the gross proceeds of this offering and concurrent private placements and recognizing those costs directly in the equity issued. Such costs are comprised of accounting fees, legal fees, and other professional fees.

Gross proceeds from offering and concurrent private placements	**$**
Transfer taxes and other costs	$
Net proceeds from offering	**$**

For purposes of this pro forma presentation, the net proceeds from the offering have been applied to the pro forma consolidated balance sheet assuming they had occurred on December 31, 2014.

(f) Reflects an adjustment of $, the difference between the amount paid to purchase the Acquired Properties, which represents fair value, and the historical cost of Sears Holdings of the Acquired Properties.

(g) Reflects unconsolidated real estate affiliates, which represents our investment in the GGP JV. Generally, we will share in the profits and losses, cash flows and other matters relating to the GGP JV in accordance with our ownership percentage. As we will have joint control of the GGP JV with our venture partner, we will account for the GGP JV under the equity method of accounting.

2. Adjustments to the Pro Forma Consolidated Income Statements

(aa) Represents the newly formed Maryland REIT, which will be the ultimate parent entity upon the completion of the Transaction. Seritage Growth Properties is the public registrant under the Securities Act of 1933. Seritage Growth has not had any operating activity since its formation on December 18, 2014. We expect to conduct substantially all of our operations and make substantially all of our investments through the Operating Partnership. At such time, we, as the sole general partner of the Operating Partnership, are expected to own approximately % of the interests in the Operating Partnership and control the Operating Partnership. Accordingly, under accounting principles generally accepted in the United States of America, or GAAP, we will consolidate the assets, liabilities and results of operations of the Operating Partnership and its subsidiaries.

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(bb) Reflects rental revenues pursuant to the anticipated terms of the Master Lease. Rental revenue is $14 million higher than lease payments due as a result of recording rental revenue on a straight-line basis. Rental revenues will consist of base rent of $157 million per year from Sears Holdings, pursuant to the Master Lease, and $18 million per year from third parties for leases currently in place for which rent has commenced. The aggregate rent for all of the Acquired Properties (except for those already subject to existing third-party leases) will initially be set at fair market value, and in each of the initial and first two renewal terms, after the first lease year, the annual rent will be increased by 2% per annum (cumulative and compounded) for each lease year over the rent for immediately preceding lease year. For properties with additional renewal options, rent for the renewal period will be set at a fair market rent determined based on a customary third-party appraisal process, taking into account all the terms of the Master Lease and other relevant factors.

(cc) Reflects reimbursement from Sears Holdings and certain third party tenants for maintenance, real estate taxes and insurance of the Acquired Properties pursuant to the anticipated terms of the Master Lease and the historical expenses incurred by Sears Holdings. Under the Master Lease, Sears Holdings and/or one or more of its subsidiaries will be required to make all expenditures reasonably necessary to maintain the premises in good appearance and condition, subject to ordinary wear and tear.

(dd) Reflects depreciation and amortization expense related to the building and improvements and below-market ground leases acquired by Seritage Growth based on the useful lives of the properties. Depreciation and amortization expense is recorded over the estimated useful lives of the respective assets using the straight-line method.

(ee) Reflects interest expense related to Seritage Growth s indebtedness. Seritage Growth Properties will incur interest expense from its borrowing obligations plus the amortization of its anticipated debt issuance costs related to its indebtedness. Following the Transaction, Seritage Growth will have $ million in outstanding borrowings and annual interest costs of approximately $ million, assuming on a weighted average interest rate of %. A 1/8% variance in interest rates could impact interest expense by approximately $ on an annual basis.

(ff) Reflects expenses expected to be incurred by Seritage Growth for maintenance, real estate taxes and insurance of the Acquired Properties. These expenses were based on the historical expenses incurred by Sears Holdings. Ground lease rent expenses of $0.6 million are included in the adjustment to property operating expenses based on the terms of the executed ground leases.

(gg) Represents the net income attributable to Seritage Growth s noncontrolling interest in Operating Partnership.

(hh) As amounts are not factually supportable, an adjustment for general and administrative costs has been excluded. We expect to incur costs as a result of becoming a publicly traded company independent from Sears Holdings. As an independent public company, we expect to incur incremental costs to support our business, including management personnel, legal expense, finance, and human resources as well as certain costs associated with becoming a public company. These additional annual operating charges are estimated to be approximately $15 million dollars.

(ii) Represents unconsolidated real estate affiliates, which represents our investment in the GGP JV. Generally, we will share in the profits and losses, cash flows and other matters relating to the GGP JV in accordance with our ownership percentage. As we will have joint control of the GGP JV with our venture partners, we will account for the GGP JV under the equity method of accounting. Equity in income in unconsolidated real estate affiliates is based on our expected 50% interest multiplied by the sum of: rental revenues pursuant to the JV Master Lease, plus, reimbursement from Sears Holdings and certain third party tenants for maintenance, real estate taxes and insurance, and rent of the JV Properties, less, depreciation and amortization expense related to buildings and improvements of the JV Properties, and expenses expected to be incurred by the GGP JV for maintenance, real estate taxes, insurance, and rent.

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SELECTED FINANCIAL DATA

Following the Transaction, Seritage Growth will be a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in Operating Partnership. Initially, Operating Partnership s portfolio will consist of 254 Acquired Properties that are owned (or, in a few cases, ground-leased) by Sears Holdings, as well as the GGP JV Interest that is owned by Sears Holdings, as of the date of this prospectus which will be sold to Operating Partnership in the Transaction. Operating Partnership will then lease (or sublease) a substantial majority of the space at all but eleven of the Acquired Properties back to Sears Holdings under the Master Lease, with the remainder of such space leased to third-party tenants. These eleven properties, which do not currently contain a Sears Holdings store, will not have any space leased to Sears Holdings, and will instead be leased solely to third-party tenants. A substantial majority of the space at the JV Properties is also leased by the GGP JV to Sears Holdings under the JV Master Lease. We expect to generate revenues primarily by leasing retail properties to Sears Holdings and eventually other operators.

The following selected financial data does not reflect the financial position or results of operations of Seritage Growth for the periods indicated. The following table sets forth the historical real estate assets to be acquired by Seritage Growth and pro forma financial data for Seritage Growth. The following table should be read in conjunction with: Unaudited Pro Forma Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations.

The pro forma financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a publicly traded company independent from Sears Holdings during the periods presented.

thousands, except properties and per share data	**As of and for the Year ended December 31, 2014**
Real Estate Assets to be acquired by Seritage Growth Properties	$ 1,536,381
Seritage Growth Properties	
Pro Forma data (unaudited):	
Income Statement data:	
Pro Forma revenues	$ 290,612
Pro Forma equity in income in unconsolidated real estate affiliates	$ 5,526
Pro Forma net income	
Pro Forma earnings per share	
Balance Sheet data:	
Pro Forma investment in real estate	
Pro Forma total debt	
Pro Forma number of real estate properties	

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the anticipated financial condition of Seritage Growth immediately following the Transaction. Seritage Growth was formed in connection with the Transaction and did not have material predecessor real estate or other operations. In addition, the Acquired Properties did not have business activities or, other than with respect to certain leases with third-party retailers, rental history. Therefore, there are no historical revenues other than the leases with third-party retailers. The statement of operations and cash flows of Seritage Growth will consist primarily of its operations after the Transaction. Accordingly, the following does not include a discussion and analysis of the historical results of operations for Seritage Growth. This discussion contains forward-looking statements that involve risks and uncertainties. Seritage Growth s actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those which are discussed below and elsewhere in this registration statement. See also Risk Factors.

Overview

Seritage Growth Properties (Seritage Growth) is a newly organized entity that was formed in Maryland on December 18, 2014. Seritage Growth conducts its operations through Seritage Growth Properties, L.P. (Operating Partnership), a Delaware limited partnership, formed on , 2015. In this prospectus, we refer to our business, including Seritage Growth and Operating Partnership, as PropCo or as we, our or us. Our principal offices are currently located at 3333 Beverly Road, Hoffman Estates, Illinois 60179, and our main telephone number is currently (847) 286-2500. We expect to change our principal offices and main telephone number prior to the completion of the Transaction. Seritage Growth intends to elect to be treated as a real estate investment trust (REIT) for federal income tax purposes commencing with our taxable year ending December 31, 2015.

Following the Transaction, Seritage Growth will be a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in Operating Partnership. Initially, Operating Partnership s portfolio will consist of 254 properties (the Acquired Properties) that are owned (or, in a few cases, ground-leased) by Sears Holdings, as well as the GGP JV Interest in an additional 12 properties (the JV Properties) that is owned by Sears Holdings, as of the date of this prospectus, which will be sold to Operating Partnership in the Transaction. Operating Partnership will then lease (or sublease) a substantial majority of the space at all but eleven of the Acquired Properties back to Sears Holdings under a master lease agreement (the Master Lease), with the remainder of such space leased to third-party tenants. These eleven properties, which do not currently contain a Sears Holdings store, will not have any space leased to Sears Holdings, and will instead be leased solely to third-party tenants. A substantial majority of the space at the JV Properties is also leased by GS Portfolio Holdings LLC (the GGP JV), a joint venture between Sears Holdings and a subsidiary of General Growth Properties, Inc. (together with its other subsidiaries, GGP) in which we will acquire a 50% interest, under a separate master lease (the JV Master Lease).

We expect to generate revenues primarily by leasing our properties to tenants, including both Sears Holdings and third-party tenants, who will operate retail stores (and potentially other uses) in the leased premises, a business model common to many publicly traded REITs. In addition to revenues generated under the Master Lease through rent payments from Sears Holdings, we expect to generate revenue through leases to third-party tenants under existing and future leases for space at our properties, including the Acquired Properties. The Master Lease will provide us with the right to recapture up to approximately 50% of the space within the Stores (subject to certain exceptions), in addition to all of any automotive care centers which are free-standing or attached as appendages to the Stores, and all outparcels or outlots, as well as certain portions of parking areas and common areas, at the Acquired Properties leased to Sears Holdings under the Master Lease. Upon exercise of this recapture right, we must pay all costs and expenses for the separation of the recaptured space from the remaining Sears Holdings space and can reconfigure and rent the recaptured space to third-party tenants on potentially superior terms determined by us and for our own account. We also have the right to recapture 100% of the space within the Sears Holdings main store located on each of the 22 identified Acquired Properties by making a specified lease termination payment to Sears Holdings, after which we expect to be able to reposition and re-lease those stores and potentially generate additional revenue. See Certain Relationships and Related Transactions The Master Lease.

Our initial portfolio of 254 Acquired Properties, consisting of approximately 40.4 million square feet of building space, will be broadly diversified by location across 49 states and Puerto Rico. These Acquired Properties will consist of 85 properties operated under the Kmart brand, 158 operated under the Sears brand, and eleven properties leased entirely to third parties. At certain of the Acquired Properties, third parties under existing leases occupy a portion of the overall leasable space alongside Sears Holdings. Third-party tenants will initially represent approximately 6.6% of our overall portfolio as a percentage of total leasable space and approximately % of existing rent. The amount of space leased to third-party tenants, and the resulting revenue, are expected to increase as we recapture space under the Master Lease and then re-lease it to such third-party tenants.

To maintain REIT status, Seritage Growth must meet a number of organizational and operational requirements, including a requirement that Seritage Growth distribute annually to Seritage Growth shareholders at least 90% of Seritage Growth s REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. See U.S. Federal Income Tax Considerations.

The Company determined that this transaction is a rights offering by Sears Holdings to existing Sears Holdings shareholders. The Acquired Properties will be recorded by the Company at the historical cost of Sears Holdings because there will be a high degree of common ownership between Seritage and Sears Holdings upon completion of the Transaction, and because a change in control of the Acquired Properties is not expected to occur upon completion of the Transaction.

Results of Operations

Revenues

Following the Transaction, Seritage Growth s earnings will primarily be the result of the rental revenue from the Master Lease. The Master Lease generally will be a triple net lease between Operating Partnership and Sears Holdings. Each of the master lease agreements that comprise the Master Lease will have an initial term of nine to eleven years and the aggregate rent for all of the Acquired Properties will initially be set at fair market value. In each of the initial and first two renewal terms, after the first lease year, the annual rent will be increased by 2% per annum (cumulative and compounded) for each lease year over the rent for immediately preceding lease year. For properties with additional renewal options, rent for the renewal period will be set at a fair market rent determined based on a customary third-party appraisal process, taking into account all the terms of the Master Lease and other relevant factors. Sears Holdings will initially represent approximately % of existing rent. The Master Lease will contain provisions requiring Sears Holdings to provide Seritage Growth with financial information about it which is intended to help Seritage Growth monitor Sears Holdings creditworthiness, including certain audited annual financial statements and unaudited quarterly financial statements and statements of EBITDA and EBITDAR with respect to each Acquired Properly that is within a specified threshold of the EBITDAR condition that would allow Sears Holdings to terminate the Master Lease as to that Acquired Property, and upon Seritage Growth s request, to provide documentation and/or information to help it ensure that Sears Holdings is complying with the requirements to maintain Seritage Growth s status as a REIT.

Under the Master Lease, Sears Holdings and/or one or more of its subsidiaries will be required to make all expenditures reasonably necessary to maintain the premises in good appearance, repair and condition. Revenues from tenant reimbursement income will equal expenditures for which Sears Holdings reimburses Seritage Growth pursuant to the terms of the Master Lease.

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Expenses

General and administrative expenses are expected for items such as compensation costs, professional services, legal expenses, property management and leasing costs, office costs and other costs associated with development activities. To the extent requested by Seritage Growth, Sears Holdings will provide Seritage Growth with certain administrative and support services pursuant to a Services Agreement. The fees charged to Seritage Growth for the services furnished pursuant to this agreement will be determined based on .

We will incur costs as a result of becoming a publicly traded company independent from Sears Holdings. As an independent public company, we expect to incur incremental costs to support our business, including management personnel, legal expenses, finance, and human resources as well as certain costs associated with becoming a public company. These additional annual operating charges are estimated to be approximately $15 million.

Property operating expenses are expected for expenditures necessary to maintain the premises in good appearance, repair and condition and will be paid or reimbursed by Sears Holdings pursuant to the Master Lease with respect to space occupied by Sears Holdings and, in many cases, by tenants under third-party leases with respect to space occupied by such tenants. Property operating expenses will also include other expenses expected to be paid or reimbursed by Sears Holdings or third-party tenants such as property taxes, common area expenses and management fees. Property operating expenses, including property taxes, which are not expected to be paid or reimbursed by Sears Holdings or third-party tenants are expected to be paid by us.

Seritage Growth will incur depreciation expense related to the buildings and improvements acquired from Sears Holdings pursuant to the Transaction. Depreciation expense will be determined based on the useful lives of the properties.

Seritage Growth will incur interest expense and other loan-related charges related to Seritage Growth s indebtedness. Seritage Growth will incur interest expense from its borrowing obligations plus the amortization of its anticipated debt issuance costs related to its indebtedness. Following the Transaction, Seritage Growth will have approximately $ million in outstanding borrowings and annual interest costs of approximately $ million, assuming a weighted average interest rate of %.

Liquidity and Capital Resources

For purposes of funding the purchase price of the Acquired Properties and the GGP JV Interest, (1) Seritage Growth has entered into an agreement with Sears Holdings to subscribe for subscription rights to acquire Seritage Growth common shares, which Sears Holdings will distribute to its stockholders, as well as an agreement with GGP to issue and sell to GGP Seritage Growth common shares for an aggregate purchase price of $33.3 million in the GGP Private Placement, (2) Operating Partnership expects to engage in the OP Private Placement of Operating Partnership units to the participating 10% Stockholders in exchange for a portion of their subscription rights and cash and (3) Operating Partnership or one or more of its subsidiaries will issue indebtedness in the Financing.

At the closing of the Transaction, Seritage Growth and Operating Partnership will use the proceeds from the Rights Offering, the GGP Private Placement, the OP Private Placement and the Financing to purchase the Acquired Properties and the GGP JV Interest from Sears Holdings, and Sears Holdings and Operating Partnership will enter into the Master Lease.

We also expect to enter into an additional facility in the amount of $ that will be undrawn at the closing of the Transaction and available to finance our working capital and capital expenditure needs post-closing.

Capital Expenditures

Capital expenditures for Acquired Properties leased under the Master Lease will be the responsibility of the tenant. Additionally, Seritage Growth anticipates incurring capital expenditures of $ million over the next one to two years in connection with the redevelopment of certain properties.

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Contractual Obligations and Commitments

In addition to the indebtedness described above, Sears Holdings will assign to Operating Partnership various ground leases on certain of the Acquired Properties. The anticipated future minimum lease commitments of Seritage Growth are . Note that this does not include commitments related to obligations that are variable in nature and as such is not an illustration of anticipated payments Seritage Growth will incur related to these leases over the respective lease terms.

Information concerning our obligations and commitments to make future payments under contracts such as debt and lease agreements is aggregated in the following table.

		Payments Due by Period			
Contractual Obligations	Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
thousands					
Pro Forma data (unaudited):					
Pro Forma Long-term debt[(1)]					
Pro Forma Operating leases					
Total Pro Forma Contractual obligations					

(1) Including interest payments

Application of Critical Accounting Policies and Estimates

Critical accounting policies are those that are both significant to the overall presentation of our financial condition and results of operations and require management to make difficult, complex or subjective judgments. Our critical accounting policies are as follows:

Revenue Recognition

Minimum rent revenues will be recognized on a straight-line basis over the terms of the related leases.

Impairment of Long-Lived Assets

In accordance with accounting standards governing the impairment or disposal of long-lived assets, the carrying value of long-lived assets, including land, buildings and improvements and definite-lived intangible assets, is evaluated whenever events or changes in circumstances indicate that a potential impairment has occurred relative to a given asset or assets. Factors that could result in an impairment review include, but are not limited to, a current period cash flow loss combined with a history of cash flow losses, current cash flows that may be insufficient to recover the investment in the property over the remaining useful life, or a projection that demonstrates continuing losses associated with the use of a long-lived asset, significant changes in the manner of use of the assets or significant changes in business strategies. An impairment loss is recognized when the estimated undiscounted cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. When an impairment loss is recognized, the carrying amount of the asset is reduced to its estimated fair value as determined based on quoted market prices or through the use of other valuation techniques.

Emerging Growth Company

We are an emerging growth company under the federal securities laws and, as such, we have elected to provide reduced public company reporting requirements in this and in future filings. The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to opt out of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

BUSINESS AND PROPERTIES

Our Business

Seritage Growth Properties is a newly organized entity that was formed in Maryland on December 18, 2014. Seritage Growth conducts its operations through Seritage Growth Properties, L.P., a Delaware limited partnership, formed on , 2015. Our principal offices are currently located at 3333 Beverly Road, Hoffman Estates, Illinois 60179, and our main telephone number is currently (847) 286-2500. We expect to change our principal offices and main telephone number prior to the completion of the Transaction. Seritage Growth intends to elect to be treated as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2015.

Following the Transaction, Seritage Growth will be a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in Operating Partnership. Initially, Operating Partnership s portfolio will consist of the 254 Acquired Properties that are owned (or, in a few cases, ground-leased) by Sears Holdings, as well as the GGP JV Interest that is owned by Sears Holdings, as of the date of this prospectus, which will be sold to Operating Partnership in the Transaction. Operating Partnership will then lease (or sublease) a substantial majority of the space at all but eleven of the Acquired Properties back to Sears Holdings under the Master Lease, with the remainder of such space leased to third-party tenants. These eleven properties, which do not currently contain a Sears Holdings store, will not have any space leased to Sears Holdings, and will instead be leased solely to third-party tenants. A substantial majority of the space at the JV Properties is also leased by the GGP JV to Sears Holdings under the JV Master Lease.

We expect to generate revenues primarily by leasing our properties to tenants, including both Sears Holdings and third-party tenants, who will operate retail stores (and potentially other uses) in the leased premises, a business model common to many publicly traded REITs. In addition to revenues generated under the Master Lease through rent payments from Sears Holdings, we expect to generate revenue through leases to third-party tenants under existing and future leases for space at our properties, including the Acquired Properties. The Master Lease will provide us with the right to recapture up to approximately 50% of the space within the Stores (subject to certain exceptions), in addition to all of any automotive care centers which are free-standing or attached as appendages to the Stores, and all outparcels or outlots, as well as certain portions of parking areas and common areas, at the Acquired Properties leased to Sears Holdings under the Master Lease. Upon exercise of this recapture right we must pay all costs and expenses for the separation of the recaptured space from the remaining Sears Holdings space and can reconfigure and rent the recaptured space to third-party tenants on potentially superior terms determined by us and for our own account. We also have the right to recapture 100% of the space within the Sears Holdings main store located on each of the 22 identified Acquired Properties by making a specified lease termination payment to Sears Holdings, after which we expect to be able to reposition and re-lease those stores and potentially generate additional revenue. See Certain Relationships and Related Transactions The Master Lease.

Our initial portfolio of 254 Acquired Properties, consisting of approximately 40.3 million square feet of building space, will be broadly diversified by location across 49 states and Puerto Rico. These Acquired Properties will consist of 85 properties operated under the Kmart brand, 158 operated under the Sears brand, and eleven properties leased entirely to third parties. At certain of the Acquired Properties, third parties under existing leases occupy a portion of the overall leasable space alongside Sears Holdings. Third-party tenants will initially represent approximately 6.6% of our overall portfolio as a percentage of total leasable space and approximately % of existing rent. The amount of space leased to third-party tenants, and the resulting revenue, are expected to increase as we recapture space under the Master Lease and then re-lease it to such third-party tenants. In addition, we will have an interest in 12 additional properties through our investment in the GGP JV.

To maintain REIT status, Seritage Growth must meet a number of organizational and operational requirements, including a requirement that Seritage Growth distribute annually to Seritage Growth shareholders

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at least 90% of Seritage Growth s REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. See U.S. Federal Income Tax Considerations.

History

Seritage Growth is a newly organized REIT that was formed in Maryland on December 18, 2014, and Operating Partnership is a Delaware limited partnership formed on 2015. PropCo will not have operated prior to the Transaction. Sears Holdings, the parent company of Sears Roebuck and Co. and Kmart Holding Corporation, was formed in connection with the merger of Sears Roebuck and Kmart in March 2005.

Corporate Information

Our principal executive offices are located at 3333 Beverly Road, Hoffman Estates, Illinois 60179. Our telephone number is (847) 286-2500.

Industry Background / Market Opportunity

Strategic Opportunities

We expect the Transaction to facilitate increased revenue generation from the Acquired Properties through recapturing of space and then re-leasing such space to third-party retailers (and potentially other third-party lessees for other uses) for higher rents than are payable under the Master Lease by Sears Holdings. We also expect the Transaction to facilitate the redevelopment and possible sale of certain properties in order to maximize their value. In addition to diversifying our tenant base, we will have greater opportunity to expand into new business activities outside of the retail industry. Historically, Sears Holdings has not pursued significant development opportunities unrelated to the retail industry, in part because of the expectations and preferences of its stockholders. However, we are being formed as a property acquisition, development, ownership and management company, and will be positioned to capitalize on these opportunities without similar constraints, subject to any applicable Property Restrictions. We do not currently have a fixed schedule of the number of acquisitions we intend to make over a particular time period, but instead we intend to pursue those acquisitions that meet our investing and financing strategy and that are attractively priced. We also intend to further develop our relationships with tenants with a goal to progressively expand the mixture of tenants leasing our properties.

The Transaction will also provide stockholders with two distinct and targeted investment opportunities.

Competitive Strengths

We believe the following competitive strengths will contribute significantly to our success:

Geographically Diverse Property Portfolio

Initially, our portfolio will consist of 254 retail facilities (excluding the properties that are part of the GGP JV). Our portfolio of 254 Acquired Properties, comprising approximately 40.3 million square feet at building space and approximately acres of owned and leased land, is broadly diversified by location across 49 states and Puerto Rico. Our geographic diversification will limit the effect of a decline in any one regional market on our overall performance. In addition, we will have an interest in 12 additional properties through our investment in the GGP JV.

Long-Term, Triple-Net Lease Structure

Immediately following the Transaction, all but eleven of the Acquired Properties will be leased to Sears Holdings under the Master Lease, generally a triple net operating lease guaranteed by Sears Holdings with an average term of ten years (in addition to between two and four five-year renewals to be exercised at Sears Holdings option), pursuant to which the tenant is responsible for all costs and expenses of operation, facility maintenance, repairs, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties, subject to proportionate sharing of repair and maintenance charges and other costs and expenses which are common to both the space leased by Sears Holdings and other space occupied by unrelated third-party tenants, common area maintenance expenses and real property taxes with respect to space not occupied by Sears Holdings.

We will immediately have an income stream from an existing tenant, with enhanced flexibility as a lessor with the ability to recapture substantial amounts of space from Sears Holdings and diversify the tenant mix by leasing recaptured space to other tenants.

Unrelated Third-Party Leases

The Acquired Properties are currently subject to various existing leases with unrelated third-party retail tenants for approximately 2.7 million square feet of space in the aggregate (excluding certain minor leases, agreements, concessions, licenses or departments within the Sears Holdings stores and the lease agreements between Sears Holdings and Lands End, the Third-Party Leases). The Third-Party Leases are further described in Our Portfolio / Properties, including a list of the five largest tenants under Third-Party Leases. The Third-Party Leases will be assigned by Sears Holdings to us for our own account and benefit, so that we will be the landlord thereunder, and the space leased thereunder will not be leased to Sears Holdings under the Master Lease. Lease agreements between Sears Holdings and Lands End will be retained by Sears Holdings for its own account under the Master Lease and will not be considered Third-Party Leases (and, therefore, will not be assigned to Operating Partnership along with the Third-Party Leases). However, Sears Holdings will pay as additional rent under the Master Lease (in lieu of base rent attributable to the Lands End space leased to Sears Holdings under the Master Lease) an amount equal to rent payments (including expenses, if any) required to be made by Lands End under existing Lands End lease agreements with respect to the Lands End space within the Acquired Properties and Operating Partnership will perform all repair, maintenance and other similar obligations of the landlord under the Lands End lease agreements and hold harmless Sears Holdings therefrom. Should the lease arrangements between Sears Holdings and Lands End terminate with respect to the Acquired Properties, Sears Holdings rent obligations under the Master Lease for the space previously occupied by Lands End will reflect the base rent (on a square footage basis) for the affected Acquired Properties.

We also intend to enter into additional leases with third parties from time to time for our own account and benefit if and when we exercise recapture rights under the Master Lease. The existing Third-Party Leases generally provide for payments of fixed rent (and, in some cases, percentage rent based on such tenant s sales at the premises), and additional rent for certain costs, expenses and charges under the lease; the tenant is generally required to perform ordinary repairs and maintenance to their respective space and to either pay (a) additional rent for their proportionate share of taxes and/or operating costs and expenses for the building in which the space is located as well as common area expenses, including structural repairs, insurance, real estate taxes and all other customary operating costs and expenses, or (b) fixed rental that takes into account and includes an amount for some or all of these costs and expenses (and, in certain cases, requires separate payment of taxes and/or other expenses); and the landlord thereunder may in some cases perform certain construction and preparation work for the tenant and/or make financial contributions to certain tenant improvements for the tenant s initial occupancy. Certain Third-Party Leases include redevelopment and capital expenditures for tenant occupancy, and other obligations that we will assume in the Transaction. Other terms and conditions for such existing Third-Party Leases include provisions for insurance, indemnity, casualty, condemnation and other provisions which are usual and customary for retail space leases depending on the size of the space, rent and creditworthiness of the tenant. Future third-party leases may incorporate some or all of the features of the existing unrelated Third-Party Leases, or may be made on some net or modified net lease basis, depending on the retail space market and the particular circumstances at the time such leases are negotiated.

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UPREIT Structure

We will operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held by Operating Partnership or by subsidiaries of Operating Partnership. Conducting business through Operating Partnership allows us flexibility in the manner in which we structure and acquire properties. In particular, an UPREIT structure enables us to acquire additional properties from sellers in exchange for Operating Partnership units, which provides property owners the opportunity to diversify their portfolios in a tax-efficient manner and to defer the tax consequences that would otherwise arise from a sale of their real properties and other assets to us. As a result, this structure potentially may facilitate our acquisition of assets in a more efficient manner and may allow us to acquire assets that the owner would otherwise be unwilling to sell because of tax considerations.

Business and Growth Strategies

Develop New Tenant Relationships

We will seek to cultivate our relationships with tenants in order to expand the mixture of tenants operating our properties and, in doing so, to reduce our dependence on any single tenant or operator. We expect that this objective will be achieved over time as part of our overall strategy to lease space recaptured under the Master Lease and acquire new properties and further diversify our overall portfolio of properties.

Pursue Strategic Development Opportunities

We intend to identify strategic development opportunities. These opportunities may involve replacing or renovating facilities in our portfolio that may have become less competitive. We also intend to identify new development opportunities that present attractive risk-adjusted returns.

Maintain Balance Sheet Strength and Liquidity

We will seek to maintain a capital structure that provides the resources and flexibility to support the growth of our business. We intend to maintain a mix of credit facility debt, mortgage debt and unsecured term debt which, together with our anticipated ability to complete future equity financings, we expect will fund the growth of our operations.

Diversify Asset Portfolio

We expect to diversify through the acquisition of new properties. We will employ what we believe to be a disciplined, opportunistic acquisition strategy. Initially following the Transaction, we expect to grow our portfolio by pursuing opportunities to acquire additional retail facilities to lease.

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Our Portfolio / Properties (including Operating Data)

The following is a list of the Acquired Properties as of March 31, 2015. The categories are based, in part, on certain rights and restrictions that we have with respect to the assets in our portfolio. In particular, our portfolio has been divided into Type I Properties (where we can recapture up to 100% of the space leased to Sears Holdings), Type II Properties (where, as with Type IV Properties, we can recapture up to approximately 50% of the space within the Stores (subject to certain exceptions), in addition to all of any automotive care centers which are free-standing or attached as appendages to the Stores, and all outparcels or outlots, as well as certain portions of parking areas and common areas, leased to Sears Holdings), Type III Properties (where Sears Holdings is no longer operating a Store and the property is not leased to Sears Holdings by us) and, finally, Type IV Properties (ground leases where we lease, and do not own, the land on which the property is located).

In addition, set forth below, as a separate category, are the JV Properties owned by the GGP JV.

Type I Properties[a]

	Location	State	GLA Total	SHC	3rd Party[b]	Vacant	Significant Tenants[c]	Occupancy Rate[d]
1	Anchorage	AK	180,416	134,547	34,956	10,913	SHC, Nordstrom Rack	94%
2	San Bernardino	CA	264,682	264,682	0	0	SHC	100%
3	Santa Monica	CA	117,801	117,801	0	0	SHC	100%
4	Westminster	CA	197,904	197,904	0	0	SHC	100%
5	West Hartford	CT	156,939	156,939	0	0	SHC, Olive Garden	100%
6	Boca Raton	FL	174,333	174,333	0	0	SHC, Washington Mutual Bank	100%
7	Miami	FL	173,322	173,322	0	0	SHC	100%
8	Miami	FL	170,122	170,122	0	0	SHC	100%
9	North Miami	FL	106,305	106,305	0	0	SHC, Aldi	100%
10	Orlando	FL	202,000	202,000	0	0	SHC, UP Development	100%
11	St. Petersburg	FL	187,000	187,000	0	0	SHC, Simon Property Group	100%
12	Savannah	GA	155,684	155,684	0	0	SHC	100%
13	Honolulu	HI	77,452	77,452	0	0	SHC	100%
14	Braintree	MA	113,442	102,396	11,046	0	SHC, Ulta	100%
15	Burlington	MA	267,099	193,859	73,240	0	SHC, Simon Property Group, Primark	100%
16	St. Clair Shores	MI	122,137	117,959	4,178	0	SHC, Champs Complete Auto Service	100%
17	St. Paul	MN	217,930	216,304	1,626	0	SHC, License Bureau, Department of Administration/Plant Management Division	100%
18	Middletown	NJ	184,540	184,540	0	0	SHC, Township of Middletown, Wendy s, Investors Bank	100%
19	Watchung	NJ	262,902	262,902	0	0	SHC, License Bureau, Department of Administration/Plant Management Division	100%

20	Hicksville	NY	340,434	340,434	0	0	SHC, Red Lobster, Chipotle Mexican Grill, TD Bank, Citigroup, Chase Bank	100%
21	Memphis	TN	196,564	196,564	0	0	SHC, On the Border	100%
22	Valley View	TX	229,227	229,227	0	0	SHC, Jared Galleria of Jewelry	100%

[a] In addition to the recapture rights for Type II properties, subject to recapture of the entire space within a store for a specified fee. To the extent that any property is subject to a restriction or third-party right that may become applicable in connection with the Transaction, such property may be excluded from the

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properties to be acquired by Operating Partnership in an amendment to this registration statement of which this prospectus is a part.

b Includes all lessees who are not SHC, but does not include the square footage of improvements constructed on land ground-leased by SHC to other parties.

c Includes major third-party lessees (including all of those who lease over 10% of the property s rental value based on total GLA).

d As of March 31, 2015.

Type II Properties[a]

			GLA					
	Location	State	Total	SHC	3rd Party[b]	Vacant	Significant Tenants[c]	Occupancy Rate[d]
23	Cullman	AL	98,522	98,522	0	0	SHC	100%
24	North Little Rock	AR	185,718	185,718	0	0	SHC	100%
25	Russellville	AR	88,032	88,032	0	0	SHC	100%
26	Flagstaff	AZ	66,162	66,162	0	0	SHC	100%
27	Glendale	AZ	124,991	124,991	0	0	SHC	100%
28	Mesa	AZ	121,911	121,911	0	0	SHC	100%
29	Phoenix	AZ	144,228	144,228	0	0	SHC	100%
30	Prescott	AZ	102,338	102,338	0	0	SHC	100%
31	Sierra Vista	AZ	86,079	86,079	0	0	SHC	100%
32	Sierra Vista	AZ	94,707	94,707	0	0	SHC	100%
33	Tucson	AZ	250,096	250,096	0	0	SHC	100%
34	Yuma	AZ	106,031	106,031	0	0	SHC	100%
35	Antioch	CA	95,165	95,165	0	0	SHC	100%
36	Big Bear Lake	CA	80,008	69,288	7,915	2,805	SHC, Wells Fargo Bank, Cash Plus, Subway, Patchworks, Big Bear Furniture, Radio Shack	96%
37	Brea	CA	166,802	166,802	0	0	SHC	100%
38	Carson	CA	175,456	163,440	12,016	0	SHC, Chipotle, Smash Burger, Jersey Mike s, Applebee s, Vintage Capital Group, Chick-Fil-A	100%
39	Cerritos	CA	277,559	277,559	0	0	SHC, Macerich	100%
40	Chula Vista	CA	219,000	219,000	0	0	SHC	100%
41	Citrus Heights	CA	289,541	289,541	0	0	SHC	100%
42	Delano	CA	86,079	86,079	0	0	SHC	100%
43	El Cajon	CA	311,646	307,146	0	4,500	SHC, Star-West Parkway Mall	99%
44	El Centro	CA	139,738	139,738	0	0	SHC	100%
45	Fairfield	CA	164,126	164,126	0	0	SHC	100%
46	Florin	CA	294,340	294,340	0	0	SHC	100%
47	Fresno	CA	217,566	217,566	0	0	SHC	100%
48	McKinleyville	CA	94,774	94,774	0	0	SHC	100%
49	Merced	CA	92,624	92,624	0	0	SHC	100%
50	Modesto	CA	148,501	148,501	0	0	SHC	100%

51	Montclair	CA	174,675	174,675	0	0	SHC	100%
52	Moreno Valley	CA	169,371	169,371	0	0	SHC	100%
53	Newark	CA	145,801	145,801	0	0	SHC	100%
54	North Hollywood	CA	150,982	150,982	0	0	SHC	100%
55	Northridge	CA	291,767	256,917	34,850	0	SHC, Ashley Furniture	100%

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Type II Properties[(a)]

	Location	State	GLA Total	SHC	3rd Party[(b)]	Vacant	Significant Tenants[(c)]	Occupancy Rate[(d)]
56	Palm Desert	CA	151,458	151,458	0	0	SHC	100%
57	Ramona	CA	107,470	86,988	14,670	5,812	SHC, Little Caesar s, Top Nails, Los Rancheros Taco Shop, Dollar Tree	95%
58	Richmond	CA	133,970	133,970	0	0	SHC	100%
59	Riverside	CA	129,732	94,500	35,232	0	SHC, Jack In The Box, Stater Brothers	100%
60	Riverside	CA	202,030	202,030	0	0	SHC, Bank of America	100%
61	Roseville	CA	138,990	138,990	0	0	SHC	100%
62	Salinas	CA	132,974	132,974	0	0	SHC	100%
63	San Bruno	CA	276,594	276,594	0	0	SHC, Forest City	100%
64	Santa Cruz	CA	111,478	111,478	0	0	SHC, Takara Japanese Restaurant	100%
65	San Diego	CA	194,656	174,648	20,008	0	SHC, Sprint Spectrum, Corner Bakery, Williams-Sonoma, Westfield	100%
66	San Jose	CA	282,815	282,815	0	0	SHC	100%
67	Santa Maria	CA	108,596	108,596	0	0	SHC	100%
68	Santa Paula	CA	71,257	71,257	0	0	SHC	100%
69	Santa Rosa	CA	161,364	161,364	0	0	SHC	100%
70	Temecula	CA	115,636	115,636	0	0	SHC	100%
71	Thousand Oaks	CA	152,894	50,334	102,560	0	SHC, Nordstrom Rack, DSW, The Sports Authority, Tri-Party Thousand Oaks LP	100%
72	Ventura	CA	178,565	178,565	0	0	SHC	100%
73	Visalia	CA	75,570	75,570	0	0	SHC	100%
74	West Covina	CA	142,000	142,000	0	0	SHC	100%
75	Lakewood	CO	153,000	153,000	0	0	SHC	100%
76	Thornton	CO	190,174	190,174	0	0	SHC	100%
77	Danbury	CT	178,516	108,446	70,070	0	SHC, Primark	100%
78	Waterford	CT	149,240	149,240	0	0	SHC	100%
79	Rehoboth Beach	DE	117,162	117,162	0	0	SHC, Chick-Fil-A	100%
80	Altamonte Springs	FL	205,628	205,628	0	0	SHC, Seasons 52	100%
81	Bradenton	FL	82,938	82,938	0	0	SHC	100%
82	Bradenton	FL	99,946	99,946	0	0	SHC	100%
83	Clearwater	FL	201,799	125,765	76,034	0	SHC, Nordstrom Rack, Whole Foods	100%
84	Doral	FL	212,884	212,884	0	0	SHC	100%
85	Ft. Myers	FL	146,792	146,792	0	0	SHC	100%
86	Gainesville	FL	140,529	140,529	0	0	SHC	100%
87	Hialeah	FL	106,390	88,390	18,000	0	SHC, Aldi	100%
88	Hialeah	FL	197,453	184,442	13,011	0		100%

							SHC, Forever 21, Goodwill	
89	Kissimmee	FL	148,885	112,505	36,380	0	SHC, Big Lots	100%
90	Lakeland	FL	156,226	156,226	0	0	SHC	100%
91	Melbourne	FL	102,577	102,577	0	0	SHC	100%

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Type II Properties[a]

	Location	State	GLA Total	GLA SHC	GLA 3rd Party[b]	GLA Vacant	Significant Tenants[c]	Occupancy Rate[d]
92	Naples	FL	151,798	151,798	0	0	SHC, GGP	100%
93	Ocala	FL	146,236	146,236	0	0	SHC	100%
94	Panama City	FL	139,315	139,315	0	0	SHC	100%
95	Pensacola	FL	212,274	212,274	0	0	SHC	100%
96	Plantation	FL	201,596	201,596	0	0	SHC	100%
97	Sarasota	FL	212,428	212,428	0	0	SHC	100%
98	St. Petersburg	FL	120,631	120,631	0	0	SHC	100%
99	Atlanta	GA	226,297	226,297	0	0	SHC	100%
100	Algona	IA	99,260	99,260	0	0	SHC	100%
101	Cedar Rapids	IA	146,000	146,000	0	0	SHC	100%
102	Charles City	IA	96,569	96,569	0	0	SHC	100%
103	Webster City	IA	40,800	40,800	0	0	SHC	100%
104	Boise	ID	120,190	120,190	0	0	SHC	100%
105	Chicago	IL	356,744	356,744	0	0	SHC	100%
106	Chicago	IL	168,537	118,816	49,721	0	SHC, Sonrisa Family Dental, China Town Buffet, Unique Thrift Store, Chuck E Cheese	100%
107	Chicago	IL	293,718	293,718	0	0	SHC	100%
108	Joliet	IL	204,629	204,629	0	0	SHC	100%
109	Moline	IL	123,693	120,488	3,205	0	SHC, Bert Auto Plex	100%
110	North Riverside	IL	203,001	203,001	0	0	SHC	100%
111	Orland Park	IL	199,599	199,599	0	0	SHC	100%
112	Springfield	IL	124,885	84,180	40,705	0	SHC, Popeyes, Green Mobile Champaign, Red Wing Shoes, Nail Time Spa, Casual Male, Los Agaves of Springfield, Mosser Shoes, Staples	100%
113	Steger	IL	87,406	87,406	0	0	SHC	100%
114	Elkhart	IN	86,479	86,479	0	0	SHC	100%
115	Ft. Wayne	IN	220,000	220,000	0	0	SHC	100%
116	Merrillville	IN	173,146	108,339	38,910	25,897	SHC, Palace Nails and Spa, Payless ShoeSource, Speedy Check, Sherwin-Williams, La Carreta Restaurant and Bar, Rainbow, Dollar Tree	85%
117	Leavenworth	KS	83,552	76,853	6,699	0	SHC, Sears Hometown	100%
118	Overland Pk	KS	223,252	223,252	0	0	SHC	100%
119	Hopkinsville	KY	92,985	70,326	4,859	17,800	SHC, Cato	81%
120	Owensboro	KY	68,334	68,334	0	0	SHC	100%
121	Paducah	KY	108,244	108,244	0	0	SHC	100%
122	Houma	LA	131,422	96,710	4,712	30,000	SHC, Meineke Car Care	77%
123	Lafayette	LA	194,933	194,933	0	0	SHC	100%

124	New Iberia	LA	91,653	91,653	0	0	SHC	100%
125	Saugus	MA	210,427	210,427	0	0	SHC, Square One Mall	100%
126	Bowie	MD	131,536	131,536	0	0	SHC	100%
127	Cockeysville	MD	165,946	165,946	0	0	SHC	100%

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Type II Properties[a]

	Location	State	GLA Total	GLA SHC	GLA 3rd Party[b]	GLA Vacant	Significant Tenants[c]	Occupancy Rate[d]
128	Edgewater	MD	117,162	117,162	0	0	SHC, SRC Main Street	100%
129	Hagerstown	MD	122,711	122,711	0	0	SHC	100%
130	Madawaska	ME	49,650	49,650	0	0	SHC	100%
131	Alpena	MI	118,200	118,200	0	0	SHC	100%
132	Jackson	MI	144,162	135,662	8,500	0	SHC, Panera Bread/Pizza Hut	100%
133	Lincoln Park	MI	297,905	297,905	0	0	SHC, Bank of America	100%
134	Manistee	MI	94,696	87,848	6,848	0	SHC, Hometown Dealer	100%
135	Roseville	MI	377,397	377,397	0	0	SHC, Red Robin	100%
136	Sault Ste. Marie	MI	92,650	92,650	0	0	SHC	100%
137	Troy	MI	390,000	390,000	0	0	SHC, Krispy Kreme, Logan s Roadhouse	100%
138	Burnsville	MN	167,337	167,337	0	0	SHC	100%
139	Detroit Lakes	MN	87,102	79,102	8,000	0	SHC, Hometown Dealer	100%
140	Maplewood	MN	174,970	174,970	0	0	SHC	100%
141	Cape Girardeau	MO	82,597	82,597	0	0	SHC	100%
142	Florissant	MO	119,040	114,740	4,300	0	SHC, The Pit Crew	100%
143	Jefferson City	MO	92,016	92,016	0	0	SHC, Ruby Tuesday	100%
144	Columbus	MS	166,755	117,155	5,600	44,000	SHC, Enterprise Leasing Company, Smart Phone Clinic, Beautiful Nails, Bokays	74%
145	Havre	MT	94,658	94,658	0	0	SHC	100%
146	Asheville	NC	240,643	240,643	0	0	SHC	100%
147	Concord	NC	171,266	137,499	33,767	0	SHC, Charlie s Auto Repair, Sears Outlet	100%
148	Minot	ND	108,110	108,110	0	0	SHC, US Bank	100%
149	Kearney	NE	86,479	86,479	0	0	SHC	100%
150	Manchester	NH	144,070	144,070	0	0	SHC	100%
151	Nashua	NH	167,082	167,082	0	0	SHC	100%
152	Portsmouth	NH	127,058	127,058	0	0	SHC	100%
153	Salem	NH	206,558	127,568	78,990	0	SHC, Dick s Sporting Goods	100%
154	Wayne	NJ	327,334	327,334	0	0	SHC, Macy s	100%
155	Deming	NM	96,571	96,571	0	0	SHC	100%
156	Farmington	NM	90,651	90,651	0	0	SHC	100%
157	Hobbs	NM	88,914	88,914	0	0	SHC	100%
158	Henderson	NV	143,914	122,823	21,091	0	SHC, Sears Outlet	100%
159	Las Vegas	NV	150,185	150,185	0	0	SHC	100%
160	Reno	NV	198,833	198,833	0	0	SHC	100%
161	Albany	NY	341,443	307,660	33,783	0	SHC, Whole Foods Market	100%
162	Clay	NY	146,504	146,504	0	0	SHC	100%
163	East Northport	NY	195,300	195,300	0	0	SHC	100%
164	Johnson City	NY	155,126	155,126	0	0	SHC	100%
165	Nanuet	NY	217,519	217,519	0	0	SHC	100%

166	Olean	NY	118,004	118,004	0	0	SHC	100%
167	Rochester	NY	128,513	128,513	0	0		