

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)**

*Copies to:*

**Kristin M. Coleman, Esq.**

**Senior Vice President, General Counsel and Corporate Secretary**

**Sears Holdings Corporation**

**3333 Beverly Road**

**Hoffman Estates, Illinois 60179**

**(847) 286-2500**

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**51 West 52nd Street**

**New York, New York 10019**

**(212) 403-1000**

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

## Edgar Filing: Seritage Growth Properties - Form S-11

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:

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  (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 <sup>(1)</sup>
Common shares of beneficial interest, par value \$0.01 per share, underlying the subscription rights	\$100,000,000 <sup>(2)</sup>	\$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.

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**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 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 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

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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);

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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**

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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 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

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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

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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?**



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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

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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