SERITAGE
GROWTH PROPERTIES

Seritage Growth Properties Reports First Quarter 2019 Operating Results

– Signed new leases totaling $11.0 million of base rent at an average of over $30 PSF –
– Increased diversified, non-Sears base rent to $159 million and 83% of total base rent, including signed leases –
– Ended quarter with over $875 million of liquidity, including cash on hand and committed capital –

New York, NY – May 2, 2019 – Seritage Growth Properties (NYSE: SRG) (the "Company"), a national owner of 225 retail and mixed-use properties totaling approximately 35.6 million square feet of gross leasable area ("GLA"), today reported financial and operating results for the quarter ended March 31, 2019.

Summary Financial Results

For the quarter ended March 31, 2019:

- Net loss attributable to common shareholders of $8.2 million, or $0.23 per share
- Total Net Operating Income ("Total NOI") of $24.3 million
- Funds from Operations ("FFO") of ($5.2) million, or ($0.09) per share
- Company FFO of ($5.1) million, or ($0.09) per share

Operating Highlights

During the quarter ended March 31, 2019:

- Signed new leases totaling 440,000 square feet (365,000 square feet at share) at an average base rent of $30.37 PSF ($30.06 PSF at share). Since the Company's inception in July 2015, the Company's share of new leasing activity has totaled nearly 8.3 million square feet at an average rent of $17.23 PSF, including new retail leases totaling 7.5 million square feet at an average rent of $18.24 PSF.
- Achieved an average releasing multiple of 4.1x for space currently or formerly occupied by Sears or Kmart, with new retail rents averaging $30.96 PSF compared to $7.51 PSF paid by Sears or Kmart. Since inception, releasing multiples have averaged 4.1x, with new retail rents at $18.35 PSF compared to $4.52 PSF paid by Sears or Kmart.
- Increased the Company's share of annual base rent from diversified, non-Sears tenants to 83.3% of total annual base rent from 54.3% in the prior year period, including all signed leases and net of rent attributable to associated space to be recaptured. Diversified, non-Sears rental income has increased by over 260% since inception to $158.7 million, including all signed leases.
- Announced new redevelopment activity totaling approximately $65.0 million, including two new projects and the expansion of two previously announced projects. Total redevelopment program to date includes 99 projects completed or commenced representing approximately $1.6 billion of estimated capital investment.
- Formed a 50% joint venture partnership with the owner of the adjacent shopping center to redevelop the Company's asset in Cockeysville, Maryland. The transaction valued the property at approximately $18.7 million and generated $9.3 million of gross cash proceeds. The venture plans to complete the retail redevelopment of the full-line store and auto center and may also pursue multi-family development on a portion of the 14-acre site.
- Sold seven properties totaling 639,000 feet for gross cash proceeds of $29.5 million. These properties were generally located in smaller markets and all seven properties were vacant at the time of sale.

"We are pleased with our start to the year with 440,000 square feet of total new leasing at a strong average rate of $30 per square foot and an average multiple of 4.1x for space previously occupied by Sears. Our leasing since inception now stands at 8.3 million square feet and an average re-leasing multiple of 4.1x. We continue to make significant progress on our redevelopment program, with two new projects and two expanded projects this quarter. Our total program currently consists of 99 projects completed or commenced with a total of approximately $1.6 billion of capital investment," said Benjamin Schall, President and Chief Executive Officer. "With a strong balance sheet and over $875 million of liquidity, we will continue to utilize our specialized platform and high-quality portfolio to create first-class retail centers and larger mixed-use projects that generate long-term value for our shareholders."

Financial Results

Below is a summary of the Company's financial results for the quarters ended March 31, 2019 and March 31, 2018:

(in thousands except per share amounts)	Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
Net (loss) income attributable to Seritage common shareholders	$ (8,192)	$ 9,100
Net (loss) income per diluted share attributable to Seritage common shareholders	(0.23)	0.26
Total NOI	24,278	36,879
FFO	(5,178)	11,048
FFO per diluted share	(0.09)	0.20
Company FFO	(5,060)	12,429
Company FFO per diluted share	(0.09)	0.22

Total NOI

The decrease in Total NOI was driven primarily by reduced rental income under the Company's original master lease (the "Original Master Lease") with Sears Holdings Corporation ("Sears Holdings") as a result of previous recapture and termination activity at our properties, as well as the rejection of the Original Master Lease during the three months ended March 31, 2019. In addition, the Company has sold 24 wholly-owned properties and 50% interests in three wholly-owned properties over the past 12 months which contributed to the decrease in Total NOI.

Since inception, over 25 million square feet of leased space, representing over $100 million of annual base rent, has been taken offline through recapture and termination activity, or as a result of the rejection of the Original Master Lease. To date, the Company has signed new leases with diversified, non-Sears tenants for an aggregate annual base rent of $142.1 million across 8.3 million square feet of space. A majority of these newly signed leases are categorized as signed not yet opened ("SNO") leases and are expected to begin paying rent throughout the next 24 months.

FFO and Company FFO

The decrease in FFO was driven by the same factors driving the decrease in Total NOI, as well as (i) higher interest expense resulting from the Company's debt refinancing in the third quarter of 2018, and (ii) higher G&A expenses, including increased personnel costs and certain legal and advisory costs related to Sears Holdings' bankruptcy filing.

Portfolio Summary

Below is a summary of the Company's portfolio as March 31, 2019:

	Wholly Owned Portfolio	Unconsolidated Joint Ventures	Total
Properties	198	27	225
Malls	93	24	117
Strip centers and freestanding	105	3	108
GLA (at share) (000s)	30,791	2,419	33,210
% leased	53.2%	78.3%	55.0%

The unleased space as of March 31, 2019 included approximately 2.6 million SF of remaining lease-up at announced redevelopment projects, and approximately 12.4 million SF of additional leasing opportunity at properties throughout the Company's portfolio.

Leasing

New Activity

During the quarter ended March 31, 2019, the Company signed new leases totaling 440,000 square feet (365,000 square feet at share) at an average base rent of $30.37 PSF ($30.06 PSF at share). On a same-space basis, new rents averaged 4.1x prior rents for space formerly occupied by Sears or Kmart, increasing to $30.96 PSF for new tenants compared to $7.51 PSF paid by Sears or Kmart across 341,000 square feet.

Below is a summary of the Company's leasing activity, including its proportional share of unconsolidated joint ventures, for the quarter ended March 31, 2019 and since the Company's inception in July 2015:

	Q1 2019	Since Inception
Leases	29	$ 316
Square feet	365,000	8,250,000
Annual base rent ($000s)	$ 10,972	$ 142,136
Annual base rent PSF (1)	$ 30.06	$ 18.24
Re-leasing multiple (1)(2)	4.1x	4.1x

(1) Excludes certain self storage, auto dealership, medical office and ground leases.

(2) Excludes densification square footage (e.g. new outparcel developments) and backfill of vacant space not previously occupied by Sears or Kmart.

On February 28, 2019, the Company entered into a master lease (the "Holdco Master Lease") with affiliates of Transform Holdco LLC ("Holdco"), an affiliate of ESL Investments, Inc. and the successor to Sears Holdings, comprising 51 of the Company's wholly-owned properties. The Holdco Master Lease became effective on March 12, 2019 when the bankruptcy court issued an order approving the rejection of the Original Master Lease with Sears Holdings.

The Holdco Master Lease contains terms that are similar to the Original Master Lease with the addition of certain enhanced landlord recapture and tenant termination rights. Additional information regarding the Holdco Master Lease can be found in the Form 8-K filed with the Securities and Exchange Commission on February 28, 2019.

Rental Income Composition

During the quarter ended March 31, 2019, the Company added $11.0 million of new diversified, non-Sears income and increased annual base rent attributable to diversified, non-Sears tenants to 83.3% of total annual base rent from 54.3% as of March 31, 2018, based on signed leases.

The table below provides a summary of all the Company's signed leases as of March 31, 2019, including unconsolidated joint ventures presented at the Company's proportional share:

(in thousands except number of leases and PSF data)

Tenant	Number of Leases	Leased GLA	% of Total Leased GLA	Annual Base Rent ("ABR")	% of Total ABR	ABR PSF
Sears/Kmart (1)	70	8,152	44.6%	$ 31,746	16.7%	$ 3.89
In-place diversified, non-Sears leases	251	5,502	30.1%	74,692	39.2%	13.58
SNO diversified, non-Sears leases	174	4,623	25.3%	84,032	44.1%	18.18
Sub-total diversified, non-Sears leases	425	10,125	55.4%	158,724	83.3%	15.68
Total	**495**	**18,277**	**100.0%**	**$ 190,470**	**100.0%**	**$ 10.42**

(1) Number of leases reflects number of properties subject to the Holdco Master Lease and Original JV Master Leases.

Development

Program Summary

During the quarter ended March 31, 2019, the Company commenced projects totaling approximately $65.0 million, including two new redevelopments and the expansion of two previously announced projects.

Below is a summary of the Company's announced development activity from inception through March 31, 2019, presented at 100% share and including certain assets that have been monetized through sale or joint venture:

(in millions)

Project Status	Number of Projects	Project Square Feet	Percentage Leased	Total Estimated Project Costs (1)	Spent To Date	Projected Annual Income (2) Total	Projected Annual Income (2) Incremental	Estimated Incremental Yield (3)
Complete	17	1.6	95%	$ 135 - 140	$ 124			
Substantially Complete / Delivered to Tenant(s)	25	2.8	78%	345 - 370	244			
Underway	30	4.3	56%	820 - 850	229			
Announced	9	1.2	57%	200 - 215	16			
Current Projects	**81**	**9.9**	**69%**	**$ 1,500 - 1,575**	**$ 613**	**$ 204 - 212**	**$ 162 - 169**	**10.3 - 11.3%**
Acquired	15			64				
Sold	3			16				
Total Projects	**99**			**$ 1,580 - 1,655**				

(1) Total estimated project costs include aggregate termination fees of approximately $81.0 million to recapture 100% of certain properties.

(2) Projected annual income is based on assumptions for stabilized rents to be achieved at space under redevelopment. There can be no assurance that stabilized rent targets will be achieved.

(3) Projected incremental annual income divided by total estimated project costs.

Announced Development Projects

As of March 31, 2019, the Company had originated 84 redevelopment projects since the Company's inception. These projects represent an estimated total investment of $1.5-1.6 billion ($1.4-1.5 billion at share), of which an estimated $890-965 million ($825-900 million at share) remains to be spent, and are expected to generate an incremental yield on cost of approximately 10.3-11.3%.

The tables below provide brief descriptions of each of the redevelopment projects originated on the Company's platform since its inception, including certain assets that have been monetized through sale or joint venture:

Total Project Costs under $10 Million

Property	Description	Total Project Square Feet	Estimated Construction Start	Estimated Substantial Completion
King of Prussia, PA	Repurpose former auto center space for Outback Steakhouse, Yard House and Escape Room	29,100	Complete	
Merrillville, IN	Termination property; redevelop existing store for At Home and small shop retail	132,000	Complete	
Elkhart, IN	Termination property; existing store has been released to Big R Stores	86,500	Complete	
Bowie, MD	Recapture and repurpose auto center space for BJ's Brewhouse	8,200	Complete	
Troy, MI	Partial recapture; redevelop existing store for At Home	100,000	Complete	
Rehoboth Beach, DE	Partial recapture; redevelop existing store for andThat! and PetSmart	56,700	Complete	
Henderson, NV	Termination property; redevelop existing store for At Home, Seafood City, Blink Fitness and additional retail	144,400	Complete	
Cullman, AL	Termination property; redevelop existing store for Bargain Hunt, Tractor Supply and Planet Fitness	99,000	Complete	
Jefferson City, MO	Termination property; redevelop existing store for Orscheln Farm and Home	96,000	Complete	
Guaynabo, PR	Partial recapture; redevelop existing store for Planet Fitness, Capri and additional retail and restaurants	56,100	Complete	
Westwood, TX	Termination property; site has been leased to Sonic Automotive and will be repurposed as an auto dealership	213,600	Complete	
Florissant, MO	Site densification; new outparcel for Chick-fil-A	5,000	Complete	
Albany, NY	Recapture and repurpose auto center space for BJ's Brewhouse, Ethan Allen and additional small shop retail	28,000	Substantially Complete	
Kearney, NE	Termination property; redevelop existing store for Marshall's, PetSmart, Ross Dress for Less and Five Below	92,500	Substantially Complete	

Total Project Costs under $10 Million

Property	Description	Total Project Square Feet	Estimated Construction Start	Estimated Substantial Completion
Dayton, OH	Recapture and repurpose auto center space for Outback Steakhouse and additional restaurants	14,100	Substantially Complete	
St. Clair Shores, MI	100% recapture; demolish existing store and develop site for new Kroger grocery store	107,200	Delivered to Tenant(s)	
New Iberia, LA	Termination property; redevelop existing store for Ross Dress for Less, Rouses Supermarkets, Hobby Lobby and small shop retail	93,100	Delivered to Tenant(s)	
Hopkinsville, KY	Termination property; redevelop existing store for Bargain Hunt, Farmer's Furniture, Harbor Freight Tools and small shop retail	87,900	Delivered to Tenant(s)	
Mt. Pleasant, PA	Termination property; redevelop existing store for Aldi, Big Lots and additional retail	86,300	Delivered to Tenant(s)	
Gainesville, FL	Termination property; repurpose existing store as office space for Florida Clinical Practice Association / University of Florida College of Medicine	139,100	Delivered to Tenant(s)	
Layton, UT	Termination property; a portion of the space has been leased to Extra Space Storage and will be repurposed as self storage; existing tenants include Vasa Fitness and small shop retail	172,100	Delivered to Tenant(s)	
North Little Rock, AR	Recapture and repurpose auto center space for LongHorn Steakhouse and additional small shop retail	17,300	Underway	Q2 2019
Houston, TX	100% recapture; entered into ground lease with adjacent mall with potential to participate in future redevelopment	214,400	Underway	Q2 2019
Oklahoma City, OK	Site densification; new fitness center for Vasa Fitness	59,500	Underway	Q3 2019
Ft. Wayne, IN	Site densification (project expansion); new outparcels for BJ's Brewhouse, Chick-fil-A and Portillo's	20,100	Underway	Q4 2019
Hagerstown, MD	Recapture and repurpose auto center space for BJ's Brewhouse, Verizon and additional retail	15,400	Sold	
Hampton, VA	Site densification; new outparcel for Chick-fil-A	2,200	Sold	

Total Project Costs $10 - $20 Million

Property	Description	Total Project Square Feet	Estimated Construction Start	Estimated Substantial Completion
Braintree, MA	100% recapture; redevelop existing store for Nordstrom Rack, Saks OFF 5th and 5.11 Tactical to join existing tenant, Ulta Beauty	90,000	Complete	
Honolulu, HI	100% recapture; redevelop existing store for Longs Drugs (CVS), PetSmart and Ross Dress for Less	79,000	Complete	
Anderson, SC	100% recapture (project expansion); redevelop existing store for Burlington Stores, Gold's Gym, Sportsman's Warehouse, additional retail and restaurants	111,300	Complete	
Madison, WI	Partial recapture; redevelop existing store for Dave & Busters, Total Wine & More, additional retail and restaurants	75,300	Substantially Complete	
Orlando, FL	100% recapture; demolish and construct new buildings for Floor & Decor, Orchard Supply Hardware, LongHorn Steakhouse, Mission BBQ, Olive Garden and additional small shop retail and restaurants	139,200	Substantially Complete	
Paducah, KY	Termination property; redevelop existing store for Burlington Stores, Ross Dress for Less and additional retail	102,300	Substantially Complete	
Springfield, IL	Termination property; redevelop existing store for Burlington Stores, Binny's Beverage Depot, Marshall's, Orangetheory Fitness, Outback Steakhouse, Core Life Eatery and additional small shop retail	133,400	Substantially Complete	
Thornton, CO	Termination property; redevelop existing store for Vasa Fitness and additional junior anchors	191,600	Substantially Complete	
Cockeysville, MD	Partial recapture; redevelop existing store for HomeGoods, Michael's Stores, additional junior anchors and restaurants (note: contributed to Cockeysville JV in Q1 2019)	83,500	Substantially Complete	
Warwick, RI	Termination property (project expansion); redevelop existing store and detached auto center for At Home, BJ's Brewhouse, Raymour & Flanigan, additional retail and restaurants	190,700	Substantially Complete	
Salem, NH	Densify site with new theatre for Cinemark and recapture and repurpose auto center for restaurant space to join existing tenant Dick's Sporting Goods	71,200	Delivered to Tenant(s)	

Total Project Costs $10 - $20 Million

Property	Description	Total Project Square Feet	Estimated Construction Start	Estimated Substantial Completion
Fairfax, VA	Partial recapture; redevelop existing store and attached auto center for Dave & Busters, Lazy Dog Restaurant & Bar additional junior anchors and restaurants	110,300	Delivered to Tenant(s)	
Temecula, CA	Partial recapture; redevelop existing store and detached auto center for Round One, small shop retail and restaurants	65,100	Delivered to Tenant(s)	
Hialeah, FL	100% recapture; redevelop existing store for Bed, Bath & Beyond, Ross Dress for Less and dd's Discounts to join existing tenant, Aldi	88,400	Delivered to Tenant(s)	
North Hollywood, CA	Partial recapture; redevelop existing store for Burlington Stores and Ross Dress for Less	79,800	Delivered to Tenant(s)	
North Miami, FL	100% recapture; redevelop existing store for Burlington Stores, Michael's and Ross Dress for Less	124,300	Underway	Q2 2019
Canton, OH	Partial recapture; redevelop existing store for Dave & Busters and restaurants	83,900	Underway	Q2 2019
North Riverside, IL	Partial recapture; redevelop existing store and detached auto center for Blink Fitness, Round One, additional junior anchors, small shop retail and restaurants	103,900	Underway	Q2 2019
Olean, NY	Termination property (project expansion); redevelop existing store for Marshall's, Ollie's Bargain Basement and additional retail	125,700	Underway	Q2 2019
West Jordan, UT	Termination property (project expansion); redevelop existing store and attached auto center for At Home, Burlington Stores and additional retail	190,300	Underway	Q2 2019
Las Vegas, NV	Partial recapture; redevelop existing store for Round One and additional retail	78,800	Underway	Q3 2019
Roseville, MI	Termination property (project expansion); redevelop existing store for At Home, Hobby Lobby, Chick-fil-A and additional retail	369,800	Underway	Q3 2019
Warrenton, VA	Termination property; redevelop existing store for HomeGoods and retail uses	97,300	Underway	Q3 2019
Yorktown Heights, NY	Partial recapture; redevelop existing store for 24 Hour Fitness and retail uses	85,200	Underway	Q4 2019
Charleston, SC	100% recapture (project expansion); redevelop existing store and detached auto center for Burlington Stores and additional retail	126,700	Underway	Q4 2019
Chicago, IL (Kedzie)	Termination property; redevelop existing store for Ross Dress for Less, dd's Discounts, Five Below, Blink Fitness and additional retail	123,300	Underway	Q4 2019
El Paso, TX	Termination property; redevelop existing store for Ross Dress for Less, dd's Discounts and additional retail	114,700	Underway	Q4 2019
Pensacola, FL	Termination property; redevelop existing store for BJ's Wholesale, additional retail and restaurants	134,700	Underway	Q1 2020
Fresno, CA	Partial recapture, redevelop existing store and detached auto center for Ross Dress for Less, dd's Discounts and additional retail	78,300	Q2 2019	Q1 2020
Vancouver, WA	Partial recapture; redevelop existing store for Round One, Hobby Lobby and additional retail and restaurants	72,400	Q2 2019	Q2 2020
Manchester, NH	Termination property; redevelop existing store for Dick's Sporting Goods, Dave & Busters, additional retail and restaurants	117,700	Q3 2019	Q3 2020
Merced, CA	Termination property; redevelop existing store for Burlington Stores and additional retail	92,600	Q3 2019	Q1 2021
Santa Cruz, CA	Partial recapture; redevelop existing store for TJ Maxx, HomeGoods and additional junior anchors	62,200	Sold	
Saugus, MA	Partial recapture; redevelop existing store and detached auto center (note: temporarily postponed while the Company identifies a new lead tenant)	99,000	To be determined	

Total Project Costs over $20 Million

Property	Description	Total Project Square Feet	Estimated Construction Start	Estimated Substantial Completion
Memphis, TN	100% recapture; demolish and construct new buildings for LA Fitness, Nordstrom Rack, Ulta Beauty, Hopdoddy Burger Bar and additional junior anchors, restaurants and small shop retail	135,200	Complete	
St. Petersburg, FL	100% recapture; demolish and construct new buildings for Dick's Sporting Goods, Lucky's Market, PetSmart, Five Below, Chili's Grill & Bar, Pollo Tropical, LongHorn Steakhouse, Verizon and additional small shop retail and restaurants	142,400	Complete	

Total Project Costs over $20 Million

Property	Description	Total Project Square Feet	Estimated Construction Start	Estimated Substantial Completion
West Hartford, CT	100% recapture; redevelop existing store and detached auto center for buybuyBaby, Cost Plus World Market, REI, Saks OFF Fifth, other junior anchors, Shake Shack and additional small shop retail (note: contributed to West Hartford JV in Q2 2018)	147,600	Substantially Complete	
Wayne, NJ	Partial recapture (project expansion); redevelop existing store and detached auto center for Cinemark, Dave & Busters and additional junior anchors and restaurants (note: contributed to GGP II JV in Q3 2017)	156,700	Delivered to Tenant(s)	
Carson, CA	100% recapture (project expansion); redevelop existing store for Burlington Stores, Ross Dress for Less, Gold's Gym and additional retail	163,800	Delivered to Tenant(s)	
Greendale, WI	Termination property; redevelop existing store and attached auto center for Dick's Sporting Goods, Golf Galaxy, Round One, TJ Maxx, additional retail and restaurants	223,800	Delivered to Tenant(s)	
Watchung, NJ	100% recapture; demolish full-line store and detached auto center and construct new buildings for Cinemark, HomeSense, Sierra Trading Post, Ulta Beauty, Chick-fil-A, small shop retail and additional restaurants	126,700	Underway	Q2 2019
Austin, TX	100% recapture (project expansion); redevelop existing store for AMC Theatres, additional junior anchors and restaurants	177,400	Underway	Q3 2019
El Cajon, CA	100% recapture; redevelop existing store and auto center for Ashley Furniture, Bob's Discount Furniture, Burlington Stores and additional retail and restaurants; a portion of the space has been leased to Extra Space Storage and will be repurposed as self storage	242,700	Underway	Q3 2019
Anchorage, AK	100% recapture; redevelop existing store for Guitar Center, Safeway, Planet Fitness and additional retail to join current tenant, Nordstrom Rack	142,500	Underway	Q4 2019
Aventura, FL	100% recapture; demolish existing store and construct new, multi-level open air retail destination featuring a leading collection of experiential shopping, dining and entertainment concepts alongside a treelined esplanade and activated plazas	216,600	Underway	Q4 2019
East Northport, NY	Termination property; redevelop existing store and attached auto center for AMC Theatres, 24 Hour Fitness, additional junior anchors and small shop retail	179,700	Underway	Q4 2019
Reno, NV	100% recapture; redevelop existing store and auto center for Round One and additional retail	169,800	Underway	Q4 2019
San Diego, CA	100% recapture; redevelop existing store into two highly-visible, multi-level buildings with exterior facing retail space leased to Equinox Fitness and a premier mix of experiential shopping, dining, and entertainment concepts (note: contributed to UTC JV in Q2 2018)	206,000	Underway	Q4 2019
Santa Monica, CA	100% recapture; redevelop existing building into premier, mixed-use asset featuring unique, small-shop retail and creative office space (note: contributed to Mark 302 JV in Q1 2018)	96,500	Underway	Q4 2019
Tucson, AZ	100% recapture; redevelop existing store and auto center for Round One and additional retail	224,300	Underway	Q4 2019
Fairfield, CA	100% recapture (project expansion); redevelop existing store and auto center for Dave & Busters, AAA Auto Repair Center and additional retail	146,500	Underway	Q1 2020
Plantation, FL	100% recapture (project expansion); redevelop existing store and auto center for GameTime, Powerhouse Gym, Lazy Dog Restaurant & Bar, additional retail and restaurants	184,400	Underway	Q1 2020
Roseville, CA	Termination property (project expansion): redevelop existing store and auto center for Cinemark, Round One, AAA Auto Repair Center, additional retail and restaurants	147,400	Underway	Q2 2020
San Antonio, TX	Termination property (project expansion); redevelop existing store for Bed Bath & Beyond, buybuyBaby, Tru Fit, additional retail and health & wellness to complement repurposed auto center occupied by Orvis, Jared's Jeweler and Shake Shack	215,900	Q2 2019	Q2 2020
Hialeah, FL	100% recapture (project expansion); redevelop existing store and auto center for Paragon Theaters, Ulta Beauty, Five Below, Panera Bread and additional retail and restaurants	158,100	Q2 2019	Q2 2021
Orland Park, IL	100% recapture; redevelop existing store for AMC Theatres, 24 Hour Fitness, additional retail and restaurants	181,900	Q3 2019	Q4 2020
Asheville, NC	100% recapture; redevelop existing store and auto center for Alamo Drafthouse, restaurants and small shop retail	110,600	Q4 2019	Q2 2021

Asset Monetization

During the quarter ended March 31, 2019, the Company contributed its asset in Cockeysville, MD into a 50% joint venture with the owner of the adjacent shopping center at a gross value of $18.7 million and generated $9.3 million of gross cash proceeds. The Company substantially completed the partial redevelopment of the former full-line Sears store with the recent openings of Michael's and HomeGoods, and the venture plans to further redevelop the full-line store and auto center for additional retail and restaurants. The venture may also pursue multi-family development on a portion of the 14-acre site as part of a broader transformation of the mall.

During the quarter ended March 31, 2019, the Company sold seven properties totaling 639,000 feet for gross cash proceeds of $29.5 million, or $46 PSF. These properties were generally located in smaller markets and all seven properties were vacant at the time of sale.

Liquidity

As of March 31, 2019, the Company had over $875 million of identified liquidity, including $442.6 million of cash on the balance sheet, the $400 million incremental funding facility under the Company's senior secured term loan (subject to certain conditions) and assets under contract for sale for anticipated gross cash proceeds of $34.3 million (assets under contract for sale are subject to customary closing conditions and there can be no assurance that such transactions will be consummated).

Dividends

On April 30, 2019, the Company's Board of Trustees declared a preferred stock dividend of $0.4375 per each Series A Preferred Share. The preferred dividend will be paid on July 15, 2019 to holders of record on June 28, 2019.

On February 25, 2019, the Company's Board of Trustees declared a first quarter common stock dividend of $0.25 per each Class A and Class C common share. The common dividend was paid on April 11, 2019 to shareholders of record on March 29, 2019. Holders of units in Seritage Growth Properties, L.P. (the "Operating Partnership") were entitled to an equal distribution per each Operating Partnership unit held on March 29, 2019. On February 25, 2019, the Company's Board of Trustees also declared a preferred stock dividend of $0.4375 per each Series A Preferred Share. The preferred dividend was paid on April 15, 2019 to holders of record on March 29, 2019.

As previously announced, the Company's Board of Trustees does not currently expect to declare additional common dividends for the remainder of 2019, based on its assessment of the Company's investment opportunities and its expectations of taxable income for the year. The Board of Trustees will reevaluate this position at the end of 2019, if necessary, to ensure that the Company meets its distribution requirements as a REIT. The Company's Board of Trustees expects that cash dividends for the Company's preferred shares will continue to be paid each quarter.

Supplemental Report

A Supplemental Report will be available in the Investors section of the Company's website, www.seritage.com.

Non-GAAP Financial Measures

The Company makes reference to NOI, Total NOI, FFO and Company FFO which are financial measures that include adjustments to accounting principles generally accepted in the United States ("GAAP").

None of NOI, Total NOI, FFO or Company FFO, are measures that (i) represent cash flow from operations as defined by GAAP; (ii) are indicative of cash available to fund all cash flow needs, including the ability to make distributions; (iii) are alternatives to cash flow as a measure of liquidity; or (iv) should be considered alternatives to net income (which is determined in accordance with GAAP) for purposes of evaluating the Company's operating performance. Reconciliations of these measures to the respective GAAP measures we deem most comparable have been provided in the tables accompanying this press release.

Net Operating Income ("NOI"), Total NOI and Annualized Total NOI

NOI is defined as income from property operations less property operating expenses. The Company believes NOI provides useful information regarding Seritage, its financial condition, and results of operations because it reflects only those income and expense items that are incurred at the property level.

The Company also uses Total NOI, which includes its proportional share of unconsolidated properties. This form of presentation offers insights into the financial performance and condition of the Company as a whole given the Company's ownership of unconsolidated properties that are accounted for under GAAP using the equity method. The Company also considers Total NOI to be a helpful supplemental measure of its operating performance because it excludes from NOI variable items such as termination fee income, as well as non-cash items such as straight-line rent and amortization of lease intangibles.

Annualized Total NOI is an estimate, as of the end of the reporting period, of the annual Total NOI to be generated by the Company's portfolio including all signed leases and modifications to the Original Master Lease and Holdco Master Lease with respect to recaptured space. We calculate Annualized Total NOI by adding or subtracting current period adjustments for leases that commenced or expired during the period to Total NOI (as defined) for the period and annualizing, and then adding estimated annual Total NOI attributable to SNO leases and subtracting estimated annual Total NOI attributable to Sears Holdings and Holdco space to be recaptured.

Annualized Total NOI is a forward-looking non-GAAP measure for which the Company does not believe it can provide reconciling information to a corresponding forward-looking GAAP measure without unreasonable effort.

Funds from Operations ("FFO") and Company FFO

FFO is calculated in accordance with NAREIT which defines FFO as net income computed in accordance with GAAP, excluding gains (or losses) from property sales, real estate related depreciation and amortization, and impairment charges on depreciable real estate assets. The Company considers FFO a helpful supplemental measure of the operating performance for equity REITs and a complement to GAAP measures because it is a recognized measure of performance by the real estate industry.

The Company makes certain adjustments to FFO, which it refers to as Company FFO, to account for certain non-cash and non-comparable items, such as termination fee income, unrealized loss on interest rate cap, litigation charges, acquisition-related expenses, amortization of deferred financing costs and certain up-front-hiring and personnel costs, that it does not believe are representative of ongoing operating results. The Company previously referred to this metric as Normalized FFO; the definition and calculation remain the same.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond the company's control, which may cause actual results to differ significantly from those expressed in any forward-looking statement. Factors that could cause or contribute to such differences include, but are not limited to: our historical exposure to Sears Holdings and the effects of its previously announced bankruptcy filing; Holdco's termination and other rights under its master lease with us; competition in the real estate and retail industries; risks relating to our recapture and redevelopment activities; contingencies to the commencement of rent under leases; the terms of our indebtedness; restrictions with which we are required to comply in order to maintain REIT status and other legal requirements to which we are subject; and our relatively limited history as an operating company. For additional discussion of these and other applicable risks, assumptions and uncertainties, see the "Risk Factors" and forward-looking statement disclosure contained in our filings with the Securities and Exchange Commission, including the risk factors relating to Sears Holdings and Holdco. While we believe that our forecasts and assumptions are reasonable, we caution that actual results may differ materially. We intend the forward-looking statements to speak only as of the time made and do not undertake to update or revise them as more information becomes available, except as required by law.

About Seritage Growth Properties

Seritage Growth Properties is a publicly-traded, self-administered and self-managed REIT with 198 wholly-owned properties and 27 joint venture properties totaling approximately 35.6 million square feet of space across 46 states and Puerto Rico. The Company was formed to unlock the underlying real estate value of a high-quality retail portfolio it acquired from Sears Holdings in July 2015. Pursuant to a master lease, the Company has the right to recapture certain space from the successor to Sears Holdings for retenanting or redevelopment purposes. The Company's mission is to create and own revitalized shopping, dining, entertainment and mixed-use destinations that provide enriched experiences for consumers and local communities, and create long-term value for our shareholders.

Contact

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SERITAGE GROWTH PROPERTIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Investment in real estate		
Land	$ 682,176	$ 696,792
Buildings and improvements	912,767	900,173
Accumulated depreciation	(147,679)	(137,947)
	1,447,264	1,459,018
Construction in progress	327,006	292,049
Net investment in real estate	1,774,270	1,751,067
Real estate held for sale	7,510	3,094
Investment in unconsolidated joint ventures	419,528	398,577
Cash and cash equivalents	442,625	532,857
Tenant and other receivables	41,740	36,926
Lease intangible assets, net	101,452	123,656
Prepaid expenses, deferred expenses and other assets, net	52,700	29,899
Total assets	$ 2,839,825	$ 2,876,076
LIABILITIES AND EQUITY		
Liabilities		
Term Loan Facility, net	$ 1,598,171	$ 1,598,053
Accounts payable, accrued expenses and other liabilities	118,674	127,565
Total liabilities	1,716,845	1,725,618
Commitments and contingencies		
Shareholders' Equity		
Class A common shares $0.01 par value; 100,000,000 shares authorized; 35,689,708 and 35,667,521 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	357	357
Class B common shares $0.01 par value; 5,000,000 shares authorized; 1,322,365 shares issued and outstanding as of March 31, 2019 and December 31, 2018	13	13
Series A preferred shares $0.01 par value; 10,000,000 shares authorized; 2,800,000 shares issued and outstanding as of March 31, 2019 and December 31, 2018; liquidation preference of $70,000	28	28
Additional paid-in capital	1,124,457	1,124,504
Accumulated deficit	(362,606)	(344,132)
Total shareholders' equity	762,249	780,770
Non-controlling interests	360,731	369,688
Total equity	1,122,980	1,150,458
Total liabilities and equity	$ 2,839,825	$ 2,876,076

SERITAGE GROWTH PROPERTIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
REVENUE		
Rental revenue	$ 43,578	$ 53,777
Management and other fee income	282	—
Total revenue	43,860	53,777
EXPENSES		
Property operating	10,237	7,241
Real estate taxes	10,192	11,381
Depreciation and amortization	26,216	34,667
General and administrative	9,759	7,797
Provision for doubtful accounts	—	61
Total expenses	56,404	61,147
Gain on sale of real estate, net	21,261	41,831
Equity in income (loss) of unconsolidated joint ventures	1,222	(2,582)
Interest and other income	2,598	680
Interest expense	(23,454)	(16,419)
Change in fair value of interest rate cap	—	165
(Loss) income before income taxes	(10,917)	16,305
Provision for income taxes	23	(104)
Net (loss) income	(10,894)	16,201
Net income (loss) attributable to non-controlling interests	3,927	(5,873)
Net loss (income) attributable to Seritage	$ (6,967)	$ 10,328
Preferred dividends	(1,225)	(1,228)
Net (loss) income attributable to Seritage common shareholders	$ (8,192)	$ 9,100
Net (loss) income per share attributable to Seritage Class A and Class C common shareholders - Basic	$ (0.23)	$ 0.26
Net (loss) income per share attributable to Seritage Class A and Class C common shareholders - Diluted	$ (0.23)	$ 0.26
Weighted average Class A and Class C common shares outstanding - Basic	35,671	35,414
Weighted average Class A and Class C common shares outstanding - Diluted	35,671	35,501

Reconciliation of Net Loss to NOI and Total NOI (in thousands)

NOI and Total NOI	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net (loss) income	$ (10,894)	$ 16,201
Termination fee income	—	(174)
Management and other fee income	(282)	—
Depreciation and amortization	26,216	34,667
General and administrative expenses	9,759	7,797
Equity in loss of unconsolidated joint ventures	(1,222)	2,582
Gain on sale of real estate	(21,261)	(41,831)
Interest and other income	(2,598)	(680)
Interest expense	23,454	16,419
Change in fair value of interest rate cap	—	(165)
Provision for income taxes	(23)	104
NOI	$ 23,149	$ 34,920
NOI of unconsolidated joint ventures	4,310	4,758
Straight-line rent adjustment (1)	(2,980)	(2,568)
Above/below market rental income/expense (1)	(201)	(231)
Total NOI	$ 24,278	$ 36,879

(1) Includes adjustments for unconsolidated joint ventures.

Computation of Annualized Total NOI (in thousands)

Annualized Total NOI	As of March 31, 2019	As of March 31, 2018
Total NOI (per above)	$ 24,278	$ 36,879
Period adjustments (1)	(2,689)	911
Adjusted Total NOI	21,589	37,790
Annualize	x 4	x 4
Adjusted Total NOI annualized	86,356	151,160
Plus: estimated annual Total NOI from SNO leases	79,830	63,600
Less: estimated annual Total NOI from associated space to be recaptured from Sears	(1,657)	(4,958)
Annualized Total NOI	$ 164,529	$ 209,802

(1) Includes adjustments to account for leases not in place for the full period.

Reconciliation of Net Loss to FFO and Company FFO (in thousands)

FFO and Company FFO	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net (loss) income	$ (10,894)	$ 16,201
Real estate depreciation and amortization (consolidated properties)	25,575	34,113
Real estate depreciation and amortization (unconsolidated joint ventures)	2,627	3,793
Gain on sale of interests in unconsolidated joint ventures	—	—
Gain on sale of real estate	(21,261)	(41,831)
Dividends on preferred shares	(1,225)	(1,228)
FFO attributable to common shareholders and unitholders	$ (5,178)	$ 11,048
Termination fee income	—	(174)
Change in fair value of interest rate cap	—	(165)
Amortization of deferred financing costs	118	1,720
Company FFO attributable to common shareholders and unitholders	$ (5,060)	$ 12,429
FFO per diluted common share and unit	$ (0.09)	$ 0.20
Company FFO per diluted common share and unit	$ (0.09)	$ 0.22

Weighted Average Common Shares and Units Outstanding	2019	2018
Weighted average common shares outstanding	35,671	35,501
Weighted average OP units outstanding	20,119	20,218
Weighted average common shares and units outstanding	55,790	55,719