

---

## Section 1: 8-K (8-K)

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): May 7, 2020

---

**SERITAGE GROWTH PROPERTIES**

(Exact Name of Registrant as Specified in Its Charter)

---

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**001-37420**  
(Commission  
File Number)

**38-3976287**  
(IRS Employer  
Identification No.)

**500 Fifth Avenue, Suite 1530**  
**New York, New York**  
(Address of principal executive offices)

**10110**  
(Zip code)

**Registrant's telephone number, including area code: (212) 355-7800**

---

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>   | <u>Trading Symbols</u> | <u>Name of each exchange on which registered</u> |
|--|------------------------|--|
| Class A common shares of beneficial interest, par value \$0.01 per share                                 | SRG                    | New York Stock Exchange                          |
| 7.00% Series A cumulative redeemable preferred shares of beneficial interest, par value \$0.01 per share | SRG-PA                 | New York Stock Exchange                          |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---



### **Item 1.01 Entry into a Material Definitive Agreement**

On May 5, 2020, Seritage Growth Properties, L.P. (the “Operating Partnership”), a subsidiary of Seritage Growth Properties (the “Company”), and Berkshire Hathaway Life Insurance Company of Nebraska (“Berkshire Hathaway”) entered into an amendment to the Senior Secured Term Loan Agreement by and among the Operating Partnership and Berkshire Hathaway as initial lender and administrative agent (the “Amendment”) that permits the deferral of payment of interest under the Term Loan Agreement if, as of the first day of each applicable month, (x) the amount of unrestricted and unencumbered (other than liens created under the Term Loan Agreement) cash on hand of the Operating Partnership and its subsidiaries, minus (y) the aggregate amount of anticipated necessary expenditures for such period (such sum, “Available Cash”) is equal to or less than \$30 million. In such instances, for each interest period, the Operating Partnership is obligated to make payments of interest in an amount equal to the difference between (i) Available Cash and (ii) \$20 million (provided that such payment shall not exceed the amount of current interest otherwise due under the Term Loan Agreement). Any deferred interest shall accrue interest at 2.0% in excess of the then applicable interest rate and shall be due and payable on July 31, 2023, provided that the Operating Partnership is required to pay any deferred interest from Available Cash in excess of \$30 million (unless otherwise agreed to by the Administrative Agent under the Term Loan Agreement in its sole discretion). In addition, repayment of any outstanding deferred interest is a condition to any borrowings under the \$400 million incremental funding facility under the Term Loan Agreement.

Additionally, the Amendment provides that the Administrative Agent and the Lenders express their continued support for asset dispositions, subject to the Administrative Agent’s right to approve the terms of individual transactions due to the occurrence of a Financial Metric Trigger Event.

The foregoing description of the amendment to the Term Loan Agreement is subject to and qualified in its entirety by reference to the copy of that agreement attached as Exhibit 10.1 herewith.

### **Item 2.02 Results of Operations and Financial Condition.**

On May 7, 2020, the Company issued a press release regarding its financial results for the three months ended March 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report.

In addition, on May 7, 2020, the Company published certain supplementary financial information relating to the three months ended March 31, 2020. Such information is furnished as Exhibit 99.2 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| <b>Exhibit No.</b> | <b>Description</b>   |
|--------------------|--|
| 10.1               | <a href="#">Amendment No. 1 to Senior Secured Term Loan Agreement, dated May 5, 2020, among Seritage Growth Properties, L.P. and Berkshire Hathaway Life Insurance Company of Nebraska</a> |
| 99.1               | <a href="#">Press release dated May 7, 2020, furnished pursuant to Item 2.02.</a>  |
| 99.2               | <a href="#">Supplementary Financial Information dated May 7, 2020, furnished pursuant to Item 2.02.</a>  |
| 104                | Cover Page Interactive Data File (embedded within Inline XBRL document)  |

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SERITAGE GROWTH PROPERTIES

By: /s/ Matthew Fernand

Matthew Fernand  
Executive Vice President, General  
Counsel & Secretary

Date: May 7, 2020

[\(Back To Top\)](#)

## Section 2: EX-10.1 (EX-10.1)

### Exhibit 10.1

#### EXECUTION VERSION

AMENDMENT NO. 1

Dated as of May 5, 2020

to

SENIOR SECURED TERM LOAN AGREEMENT

Dated as of July 31, 2018

THIS AMENDMENT NO. 1 (this "Amendment") is made as of May 5, 2020 by and among Seritage Growth Properties, L.P. (the "Borrower"), Berkshire Hathaway Life Insurance Company of Nebraska, as initial lender (the "Initial Lender"), and Berkshire Hathaway Life Insurance Company of Nebraska, as Administrative Agent (the "Administrative Agent"), under that certain Senior Secured Term Loan Agreement dated as of July 31, 2018 by and among the Borrower, Seritage Growth Properties (the "Parent"), the Lenders party thereto from time to time and the Administrative Agent (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Term Loan Agreement" and, as amended by the Amendment, the "Amended Term Loan Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Amended Term Loan Agreement.

WHEREAS, the Borrower, the Initial Lender and the Administrative Agent have agreed to make certain amendments to the Existing Term Loan Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Initial Lender and the Administrative Agent hereby agree to enter into this Amendment.

1. Amendments to the Existing Term Loan Agreement. Effective as of the Amendment No. 1 Effective Date, Section 2.06(a) of the Existing Term Loan Agreement is amended by adding the following five (5) sentences at the end thereof:

Notwithstanding the foregoing, if as of the first day of any calendar month the sum of (x) aggregate amount of unrestricted and unencumbered (other than Liens created pursuant to the Credit Documents) cash on hand of the Borrower and its Subsidiaries, *minus* (y) the aggregate amount of anticipated necessary expenditures for such period (such sum, "Available Cash") is equal to or less than \$30,000,000, then the Borrower shall only be obligated to make a payment of interest for such Interest Period in an amount equal to the difference between (i) Available Cash as of the first day of such calendar month and (ii) \$20,000,000; provided that in no event shall the current interest payable for any Interest Period pursuant to this sentence exceed the amount of current interest for such Interest Period otherwise due hereunder. In connection with the foregoing, on the first day of each applicable month, Borrower shall provide the

Administrative Agent with a pro forma cash statement for the following thirty (30) days setting forth Available Cash and the resulting amount available for payment of interest for the applicable Interest Period

as set forth above. Any interest due and payable but not paid on the applicable Interest Payment Date (“Deferred Interest”) shall accrue interest in accordance with Section 2.06(c) (i.e. the Interest Rate plus 2.00%) (the “Deferred Interest Rate”) and shall be due and payable on the Maturity Date; provided that the Borrower shall be required to pay any Deferred Interest from Available Cash in excess of \$30,000,000 (unless otherwise agreed to by Administrative Agent in its sole discretion following a request by Borrower to apply such amounts to an alternative use). Repayment of any outstanding Deferred Interest shall be a condition to any Incremental Advances. By way of illustration, if Available Cash is \$25,000,000, then the Borrower shall make a payment of interest in the amount of \$5,000,000 and the remaining interest due on the applicable Interest Payment Date shall be deemed Deferred Interest and if in the following month Available Cash is \$35,000,00 then Borrower shall repay the \$4,333,333 of Deferred Interest at the Deferred Interest Rate (unless otherwise agreed to by Administrative Agent in its sole discretion).

2.Support for Asset Dispositions. In connection with this Amendment, the Administrative Agent and the Lenders express their continued support for asset dispositions, subject to the Administrative Agent’s right to approve the terms of individual transactions due to the occurrence of a Financial Metric Trigger Event.

3.Conditions of Effectiveness. The effectiveness of this Amendment (the “Amendment No. 1 Effective Date”) is subject to the satisfaction (or waiver) of the following conditions precedent:

(a)The Administrative Agent shall have received counterparts of this Amendment duly executed by the Borrower, the Required Lenders and the Administrative Agent; and

(b)The Administrative Agent shall have received payment of the reasonable out-of-pocket expenses required to be reimbursed or paid by the Borrower in connection with this Amendment pursuant to the terms of the Amended Term Loan Agreement.

4.Representations and Warranties of the Borrower. The Borrower hereby represents and warrants as follows:

(a)This Amendment and the Amended Term Loan Agreement constitute legal, valid and binding obligations of the Borrower, enforceable against it in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other similar law affecting creditors’ rights generally and by general principles of equity (whether considered in a proceeding at law or in equity).

(b)After giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing, or would result therefrom and (ii) the representations and warranties of the Loan Parties set forth in the Amended Term Loan Agreement and the other Credit Documents are true and correct in all material respects (except to the extent that any representation or warranty that is qualified by materiality shall be true and correct in all respects), provided, to the extent that any representation and warranty specifically refers to a given date or period, it shall be true and correct in all material respects as of such date or for such period.

5.Reference to and Effect on the Existing Term Loan Agreement.

(a)Upon the effectiveness hereof, each reference to the Existing Term Loan Agreement in the Amended Term Loan Agreement or any other Credit Document shall mean and be a reference to the Amended Term Loan Agreement.

(b)

The Amended Term Loan Agreement and all other documents, instruments and agreements executed and/or delivered in connection with the Existing Term Loan Agreement shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except with respect to the subject matter hereof, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Existing Term Loan Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment is a Credit Document.

6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

7. Headings. Section headings in this Amendment are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

8. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other state laws based on the Uniform Electronic Transactions Act.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

SERITAGE GROWTH PROPERTIES, L.P.,  
as the Borrower

By: Seritage Growth Properties,  
its general partner

By: /s/ Matt Fernand  
Name: Matthew Fernand  
Title: EVP & General Counsel

Signature Page to Amendment No. 1 to  
Senior Secured Term Loan Agreement  
Seritage Growth Properties, L.P.



BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF  
NEBRASKA,

as Administrative Agent and individually as a Lender

By: /s/ Brian Snover

Name: Brian Snover

Title: Senior Vice President

Signature Page to Amendment No. 1 to  
Senior Secured Term Loan Agreement  
Seritage Growth Properties, L.P.

[\(Back To Top\)](#)

## Section 3: EX-99.1 (EX-99.1)

Exhibit 99.1



### Seritage Growth Properties Reports First Quarter 2020 Operating Results

– Provides business update regarding impact of COVID-19 pandemic –

New York, NY – May 7, 2020 – Seritage Growth Properties (NYSE: SRG) (the “Company”), a national owner of 208 retail and mixed-use properties totaling approximately 32.8 million square feet of gross leasable area (“GLA”), today reported financial and operating results for the quarter ended March 31, 2020.

#### Summary Financial Results

For the quarter ended March 31, 2020:

- Net loss attributable to common shareholders of \$21.9 million, or \$0.59 per share
- Total Net Operating Income (“Total NOI”) of \$15.8 million
- Funds from Operations (“FFO”) of (\$17.6) million, or (\$0.31) per share
- Company FFO of (\$18.4) million, or (\$0.33) per share

#### COVID-19 Pandemic and Business Update

In response to the anticipated impact of the COVID-19 pandemic on its business and the communities in which it operates, the Company has taken a number of measures to reduce operating expenses while preserving the value of its assets and its platform:

- Adapted operations to protect employees and their families, including by implementing a work from home policy;
- Communicated consistently with tenants, including to provide assistance in identifying local, state and federal resources that may be available to support their businesses and employees;
- Made over 180 properties available to governmental and community organizations for relief efforts at no cost;
- Implemented plans to reduce operating expenses at the property and corporate level, each by approximately 20-25%; and
- Put substantially all construction projects on hold at the end of March, limiting capital expenditures until the Company can better assess the duration and extent of the disruption to the economy and its business.

Subsequent to the quarter ended March 31, 2020, the Company:

- Amended its Term Loan Facility to provide increased flexibility with respect to the deferral of interest expense, under specified circumstances, until the Term Loan Facility matures in July 2023. As part of the amendment, the lender also reaffirmed its continued support for asset

dispositions, subject to the lender's right to approve individual transactions;

- Collected April rental income representing 47% of contractual amounts, including 54% from tenants other than Transform Holdco LLC ("Sears" or "Holdco");
- Sold one asset for gross proceeds of \$10.0 million, bringing total gross sales proceeds for the year to \$70.4 million; and
- Entered into contracts to sell assets for anticipated gross proceeds of \$78.2 million; as of May 6, 2020, the Company had asset sales under contract for anticipated gross proceeds of \$135.1 million, subject to buyer diligence and closing conditions.

"While we began 2020 focused on the continued execution of our redevelopment program, the COVID-19 pandemic has had a meaningful near-term impact on our business and that of our tenants. Our first priority is always the health and safety of our team, our communities and our partners, and we moved quickly to implement changes at both the corporate and property level," said Benjamin Schall, President and Chief Executive Officer. "We took a number of immediate steps to reduce operating expenses to partially offset expected reductions in rental income, and also placed substantially all of our construction projects on hold for a period of time.

Additionally, we reached an agreement with Berkshire Hathaway to modify our Term Loan Facility, providing us with the flexibility to defer interest expense under certain circumstances.”

Mr. Schall continued, “The foundation of our platform is to convert well-located former retail real estate into a broad set of new uses in enhanced physical environments. While recognizing the temporary and potentially permanent changes from the COVID-19 pandemic, we believe our portfolio, which consists of over 30 million square feet of existing buildings and 2,500 acres of land, is a unique and valuable asset, with a multitude of possibilities for end use. The breadth of our property holdings should allow us to select the best go-forward opportunities for redevelopment and engage with potential buyers for a variety of other assets as we continue our strategy to realize value and generate additional liquidity through asset monetization. As we look ahead, our team, track record, relationships with tenants and partnerships with mixed-use developers and capital providers position us to be a leader in the transformation of real estate that will be necessary as part of the larger economic recovery in our communities.”

## Operating Results

### Leasing

During the quarter ended March 31, 2020, the Company signed new leases totaling 203,000 square feet (124,000 square feet at share) at an average base rent of \$20.63 PSF (\$21.97 PSF at share). On a same-space basis, new rents averaged 3.6x prior rents for space formerly occupied by Sears or Kmart, increasing to \$22.01 PSF for new tenants compared to \$6.06 PSF paid by Sears or Kmart across 122,000 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, 2020 and since the Company’s inception in July 2015:

(in thousands, except PSF amounts)

|                            | Q1 2020  | Since<br>Inception |
|----------------------------|----------|--------------------|
| Leases                     | 12       | 414                |
| Square feet                | 124,000  | 10,551,000         |
| Annual base rent (\$000s)  | \$ 2,735 | \$ 182,502         |
| Annual base rent PSF (1)   | \$ 21.97 | \$ 18.34           |
| Re-leasing multiple (1)(2) | 3.6x     | 4.0x               |

(1) Excludes certain self storage, medical office, auto-related 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.

The table below provides a summary of all the Company’s signed leases as of March 31, 2020, including unconsolidated joint ventures presented at the Company’s proportional share:

(in thousands except number of leases and PSF data)

| Tenant                      | Number of<br>Leases | Leased<br>GLA | % of Total<br>Leased GLA | Annual Base<br>Rent ("ABR") | % of<br>Total ABR | ABR PSF         |
|-----------------------------|---------------------|---------------|--------------------------|-----------------------------|-------------------|-----------------|
| In-place diversified leases | 281                 | 6,864         | 53.3%                    | \$ 97,972                   | 51.7%             | \$ 14.27        |
| SNO diversified leases (1)  | 173                 | 3,917         | 30.4%                    | 80,786                      | 42.6%             | 20.62           |
| Total diversified leases    | 454                 | 10,781        | 83.8%                    | \$ 178,758                  | 94.3%             | \$ 16.58        |
| Sears or Kmart (2)          | 19                  | 2,091         | 16.2%                    | 10,807                      | 5.7%              | 5.17            |
| <b>Total</b>                | <b>473</b>          | <b>12,872</b> | <b>100.0%</b>            | <b>\$ 189,565</b>           | <b>100.0%</b>     | <b>\$ 14.73</b> |

(1) SNO = signed but not yet opened leases.

(2) Includes 17 properties subject to a master lease (the “Holdco Master Lease”) between the Company and affiliates of Holdco, an affiliate of ESL Investments, Inc., and two leases between the Company’s unconsolidated joint ventures and Holdco.

### Development

The Company put substantially all of its construction projects on hold at the end of March and reduced capital expenditures to a select handful of projects. The Company deemed this action prudent in light of the COVID-19 pandemic, the resulting economic uncertainty and the direct impacts on its business, including reductions in rental income and the potential effects on future asset sales, which have been a meaningful source of capital for the Company’s development program.

These decisions were also influenced by tenant and construction uncertainty, including tenants' ability to construct and open new stores and the feasibility of sustaining labor levels with safe working conditions and sourcing supplies, as well as restrictions at the state and local levels, including restrictions on construction and difficulties obtaining inspections and permits.

As of March 31, 2020, the Company had originated 91 retail redevelopment projects since the Company's inception. Excluding six projects that have been sold, these projects represented an estimated total investment of \$1.6-1.7 billion (\$1.4-1.5 billion at share), of which an estimated \$570-650 million (\$520-600 million at share) remained to be spent under the original development plans. Additionally, the Company had recently announced its first three multifamily projects, each of which represented the first phase of larger, mixed-use developments and were expected to have an aggregate incremental cost of \$325-350 million for the initial phases.

In this interim period, the Company is working with tenants to preserve signed leases and modify schedules for the projected completion of work and opening of the projects. Once the Company can better assess economic conditions, including the tenant environment and state of the transaction markets, it expects to focus its capital on projects with nearer-term rent commencements and superior value creation prospects, and with tenants and uses that the Company believes can thrive in a post-COVID environment.

### Transactions

During the quarter ended March 31, 2020, the Company completed the sale of four properties totaling 475,000 square feet and generated gross proceeds of \$60.4 million.

Approximately \$56.9 million of the Company's asset sales were income-producing assets sold at a blended cap rate of 5.5%. The remaining \$3.5 million represented a smaller market asset sold at approximately \$40 PSF.

Subsequent to March 31, 2020, the Company sold one asset for \$10.0 million and entered into contracts to sell six additional assets. As of May 6, 2020, the Company had assets under contract for sale representing anticipated gross proceeds of \$135.1 million, subject to buyer diligence and closing conditions.

Since it began its capital recycling program in July 2017, the Company has raised over \$770 million from the sale or joint venture of interests in 70 properties, plus outparcels at several properties, and reinvested the majority of the proceeds into its redevelopment pipeline.

### Balance Sheet and Liquidity

As of March 31, 2020, the Company had cash on hand of \$96.7 million and, as of May 6, 2020, the Company had closed one asset sale in Q2 2020 for \$10.0 million and had additional asset sales under contract for anticipated gross proceeds of \$135.1 million. The Company expects to use these sources of liquidity, together with a combination of future sales of wholly-owned assets and joint venture interests and/or potential credit and capital markets transactions to fund its operations and, on a limited basis given the current environment, select development activity.

The availability of funding from sales of assets and credit or capital markets transactions is subject to various conditions, including the consent of the Company's lender under its \$2.0 billion term loan facility (the "Term Loan Facility"), and there can be no assurance that such transactions will be consummated.

On May 5, 2020, the Company and Berkshire Hathaway, the administrative agent and the lender under the Term Loan Facility, entered into an amendment (the "Amendment") to the agreement governing the Term Loan Facility that permits the deferral of interest payments based on the amount of Available Cash (as defined in the Amendment) for each period. If Available Cash is less than or equal to \$30 million in a period, the Company shall pay current interest to the extent such Available Cash exceeds \$20 million (provided any such interest payment will not exceed the amount otherwise due under the Term Loan Facility). Any deferred interest payments will accrue interest at 2.0% in excess of the then applicable interest rate and shall be due and payable when the Term Loan Facility matures on July 31, 2023; provided that the Company is required to pay any deferred interest from Available Cash in excess of \$30 million (unless otherwise agreed to by the administrative agent under the Term Loan Facility in its sole discretion), and the repayment of any outstanding deferred interest will be a condition to any borrowings under the \$400 million Incremental Funding Facility described below. Additionally, the Amendment provides that the administrative agent and the lenders express their continued support for asset dispositions, subject to the Administrative Agent's right to approve the terms of individual transactions due to the occurrence of a Financial Metric Trigger Event, as such term is defined under the Term Loan Facility.

Our Term Loan Facility includes a \$400 million Incremental Funding Facility, access to which is subject to rental income from non-Sears Holdings tenants of at least \$200 million, on an annualized basis and after giving effect to SNO leases expected to commence rent payment within 12 months, which we have not yet achieved. The timing of our ability to access the Incremental Funding Facility, if at all, will be adversely impacted by the COVID-19 pandemic.

### Dividends

The Company's Board of Trustees continues to support a policy of retaining capital to invest in the Company's operations and not paying dividends on its common shares unless required to do so to maintain REIT status. In light of the current environment, the Company's Board of Trustees is currently evaluating the payment of dividends on the Company's preferred shares for the quarter ending June 30, 2020 and subsequent periods.

### Financial Results

Below is a summary of financial results for the quarter ended March 31, 2020 and March 31, 2019:

(in thousands except per share amounts)

|   | <b>Three Months Ended March 31,</b> |             |
|---|-------------------------------------|-------------|
|   | <b>2020</b>                         | <b>2019</b> |
| Net loss attributable to Seritage common shareholders                   | \$ (21,889)                         | \$ (8,192)  |
| Net loss per diluted share attributable to Seritage common shareholders | (0.59)                              | (0.23)      |
| Total NOI   | 15,847                              | 24,278      |
| FFO   | (17,557)                            | (5,178)     |
| FFO per diluted share   | (0.31)                              | (0.09)      |
| Company FFO   | (18,441)                            | (5,060)     |
| Company FFO per diluted share   | (0.33)                              | (0.09)      |

### Net Loss

The increase in net loss was driven primarily by the same factors driving the decreases in Total NOI and FFO, as described below, as well as an increase in depreciation and amortization expense related to the accelerated amortization of certain lease intangibles as a result of the termination of space by Holdco.

### Total NOI

The decrease in Total NOI was driven primarily by (i) reduced rental income under the Holdco Master Lease and the Company's original master lease (the "Original Master Lease") with Sears Holdings Corporation ("Sears Holdings") as a result of recapture and termination activity at the Company's properties and the rejection of the Original Master Lease during the three months ended March 31, 2019 and (ii) the rejection of the master leases between Sears Holdings and certain of the Company's unconsolidated joint venture properties during the three months ended June 30, 2019.

Since inception, 31.3 million square feet of leased space, representing \$130.6 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 and the master leases between Sears Holdings and certain unconsolidated joint venture properties. To date, the Company has signed new leases with diversified, non-Sears tenants for aggregate annual base rent of \$182.5 million across 10.6 million square feet of space, a majority of which continues to be categorized as SNO leases.

### FFO and Company FFO

The decrease in FFO was driven primarily by the same factors driving the decreases in Total NOI, as well as (i) lower straight-line rent as a result of recapture and termination activity under the Holdco Master Lease and (ii) lower interest and other income, offset by (i) lower interest expense resulting from an increase in capitalized amounts and (ii) termination income received in the quarter ended March 31, 2020 under the Holdco Master Lease.

### COVID-19 Pandemic

The recent COVID-19 pandemic is having a significant impact on the global economy, the U.S. economy, the local economies in which the Company's properties are located, and the broader financial markets. Nearly every industry has been impacted directly or indirectly, and the retail, retail real estate and real estate development industries in the United States have all come under severe pressure due to numerous factors, including preventative measures taken by local, state and federal authorities to alleviate the public health crisis such as mandatory business closures, quarantines, restrictions on travel and "shelter-in-place" or "stay-at-home" orders.

These containment measures and other factors have affected operations at the Company's properties and, with the exception of "essential" businesses, substantially all of the Company's tenants have closed their stores. The Company also paused substantially all of its construction projects as of the end of March 2020.

As a result of the rapid development, fluidity and uncertainty surrounding this situation, the Company expects that these conditions will change, potentially significantly, in future periods, and results for the three months ended March 31, 2020 may therefore not be indicative of the impact of the COVID-19 pandemic on the Company's business for the second quarter of 2020 or for future periods.

As of May 6, 2020, the Company had collected approximately 47% of contractual base rent and tenant reimbursements billed for the month of April (54% from tenants other than Holdco). The Company has received a number of rent relief requests from tenants, most often in the form of rent deferral requests, which the Company is evaluating on a case-by-case basis. Absent agreement between the Company and tenants with respect to such rent relief requests, the Company fully intends to enforce its contractual rights under its leases. There can be no assurance that rental modifications agreements will be reached or, if agreements are reached, that tenants will meet their future obligations.

There is uncertainty as to the timing and extent to which these restrictions will be relaxed or lifted, businesses will reopen and previously underway projects will recommence. As such, the Company cannot reasonably estimate the impact of COVID-19 on its financial condition, results of operations or cash flows over the foreseeable future.

### **Supplemental Report**

A Supplemental Report will be available in the Investors section of the Company's website, [www.seritage.com](http://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 NOI and 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.

#### **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 costs, that it does not believe are representative of ongoing operating results.

### **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; the litigation filed against us and other defendants in the Sears Holdings adversarial proceeding pending in bankruptcy court; 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; failure to achieve expected occupancy and/or rent levels within the projected time frame or at all; the impact of ongoing negative operating cash flow on our ability to fund operations and ongoing development; our ability to access or obtain sufficient sources of financing to fund our liquidity needs; our relatively limited history as an operating company; and the impact of the COVID-19 pandemic on the business of our tenants and our business, income, cash flow, results of operations, financial condition, liquidity, prospects, ability to service our debt obligations and our ability to pay dividends and other distributions to our shareholders. 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 180 wholly-owned properties and 28 joint venture properties totaling approximately 32.8 million square feet of space across 44 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. 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**

Seritage Growth Properties  
646-277-1268  
[IR@Seritage.com](mailto:IR@Seritage.com)

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

|  | <u>March 31, 2020</u> | <u>December 31, 2019</u> |
|--|-----------------------|--------------------------|
| <b>ASSETS</b>  |                       |                          |
| Investment in real estate  |                       |                          |
| Land   | \$ 654,698            | \$ 667,004               |
| Buildings and improvements   | 1,133,636             | 1,112,653                |
| Accumulated depreciation   | (156,023)             | (147,696)                |
|  | <u>1,632,311</u>      | <u>1,631,961</u>         |
| Construction in progress   | 412,222               | 338,672                  |
| Net investment in real estate  | 2,044,533             | 1,970,633                |
| Real estate held for sale  | 3,204                 | 5,275                    |
| Investment in unconsolidated joint ventures  | 459,646               | 445,077                  |
| Cash and cash equivalents  | 96,737                | 139,260                  |
| Tenant and other receivables, net  | 48,602                | 54,470                   |
| Lease intangible assets, net   | 44,121                | 68,153                   |
| Prepaid expenses, deferred expenses and other assets, net  | 67,525                | 67,744                   |
| Total assets   | <u>\$ 2,764,368</u>   | <u>\$ 2,750,612</u>      |
| <b>LIABILITIES AND EQUITY</b>  |                       |                          |
| Liabilities  |                       |                          |
| Term Loan Facility, net  | \$ 1,598,593          | \$ 1,598,487             |
| Accounts payable, accrued expenses and other liabilities   | 153,407               | 108,755                  |
| Total liabilities  | <u>1,752,000</u>      | <u>1,707,242</u>         |
| Commitments and contingencies  |                       |                          |
| Shareholders' Equity   |                       |                          |
| Class A common shares \$0.01 par value; 100,000,000 shares authorized;<br>38,622,102 and 36,897,364 shares issued and outstanding<br>as of March 31, 2020 and December 31, 2019, respectively          | 386                   | 369                      |
| Class B common shares \$0.01 par value; 5,000,000 shares authorized;<br>0 and 1,242,536 shares issued and outstanding<br>as of March 31, 2020 and December 31, 2019, respectively                      | —                     | 12                       |
| Series A preferred shares \$0.01 par value; 10,000,000 shares authorized;<br>2,800,000 shares issued and outstanding as of March 31, 2020 and<br>December 31, 2019; liquidation preference of \$70,000 | 28                    | 28                       |
| Additional paid-in capital   | 1,177,553             | 1,149,721                |
| Accumulated deficit  | (440,600)             | (418,711)                |
| Total shareholders' equity   | <u>737,367</u>        | <u>731,419</u>           |
| Non-controlling interests  | 275,001               | 311,951                  |
| Total equity   | <u>1,012,368</u>      | <u>1,043,370</u>         |
| Total liabilities and equity   | <u>\$ 2,764,368</u>   | <u>\$ 2,750,612</u>      |



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

|   | <b>Three Months Ended March 31,</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2020</b>                         | <b>2019</b>       |
| <b>REVENUE</b>  |                                     |                   |
| Rental income   | \$ 33,110                           | \$ 43,578         |
| Management and other fee income   | 207                                 | 282               |
| Total revenue   | <u>33,317</u>                       | <u>43,860</u>     |
| <b>EXPENSES</b>   |                                     |                   |
| Property operating  | 10,301                              | 10,237            |
| Real estate taxes   | 9,225                               | 10,192            |
| Depreciation and amortization   | 34,097                              | 26,216            |
| General and administrative  | 9,420                               | 9,759             |
| Total expenses  | <u>63,043</u>                       | <u>56,404</u>     |
| Gain on sale of real estate, net  | 20,788                              | 21,261            |
| Equity in (loss) income of unconsolidated joint ventures                                      | (894)                               | 1,222             |
| Interest and other income   | 333                                 | 2,598             |
| Interest expense  | (21,513)                            | (23,454)          |
| Loss before taxes   | <u>(31,012)</u>                     | <u>(10,917)</u>   |
| Provision for taxes   | 37                                  | 23                |
| Net loss  | <u>(30,975)</u>                     | <u>(10,894)</u>   |
| Net loss attributable to non-controlling interests  | 10,311                              | 3,927             |
| Net loss attributable to Seritage   | <u>\$ (20,664)</u>                  | <u>\$ (6,967)</u> |
| Preferred dividends   | (1,225)                             | (1,225)           |
| Net loss attributable to Seritage common shareholders   | <u>\$ (21,889)</u>                  | <u>\$ (8,192)</u> |
|   |                                     |                   |
| Net loss per share attributable to Seritage Class A and Class C common shareholders - Basic   | <u>\$ (0.59)</u>                    | <u>\$ (0.23)</u>  |
| Net loss per share attributable to Seritage Class A and Class C common shareholders - Diluted | <u>\$ (0.59)</u>                    | <u>\$ (0.23)</u>  |
|   |                                     |                   |
| Weighted average Class A and Class C common shares outstanding - Basic                        | <u>37,232</u>                       | <u>35,671</u>     |
| Weighted average Class A and Class C common shares outstanding - Diluted                      | <u>37,232</u>                       | <u>35,671</u>     |

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

| <b>NOI and Total NOI</b>   | <b>Three Months Ended March 31,</b> |                  |
|--|-------------------------------------|------------------|
|  | <b>2020</b>                         | <b>2019</b>      |
| Net loss   | \$ (30,975)                         | \$ (10,894)      |
| Termination fee income   | (990)                               | —                |
| Management and other fee income  | (207)                               | (282)            |
| Depreciation and amortization  | 34,097                              | 26,216           |
| General and administrative expenses                                      | 9,420                               | 9,759            |
| Equity in loss of unconsolidated joint ventures                          | 894                                 | (1,222)          |
| Gain on sale of real estate  | (20,788)                            | (21,261)         |
| Interest and other income  | (333)                               | (2,598)          |
| Interest expense   | 21,513                              | 23,454           |
| Provision for income taxes   | (37)                                | (23)             |
| Straight-line rent adjustment  | 2,701                               | (3,355)          |
| Above/below market rental income/expense                                 | (97)                                | (104)            |
| <b>NOI</b>   | <b>\$ 15,198</b>                    | <b>\$ 19,690</b> |
| NOI of unconsolidated joint ventures                                     | 1,302                               | 4,310            |
| Straight-line rent adjustment (unconsolidated joint ventures)            | (171)                               | 375              |
| Above/below market rental income/expense (unconsolidated joint ventures) | (482)                               | (97)             |
| <b>Total NOI</b>   | <b>\$ 15,847</b>                    | <b>\$ 24,278</b> |

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

| <b>FFO and Company FFO</b>  | <b>Three Months Ended March 31,</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2020</b>                         | <b>2019</b>       |
| Net loss  | \$ (30,975)                         | \$ (10,894)       |
| Real estate depreciation and amortization (consolidated properties)       | 33,587                              | 25,575            |
| Real estate depreciation and amortization (unconsolidated joint ventures) | 1,844                               | 2,627             |
| Gain on sale of real estate   | (20,788)                            | (21,261)          |
| Dividends on preferred shares   | (1,225)                             | (1,225)           |
| FFO attributable to common shareholders and unitholders                   | <u>\$ (17,557)</u>                  | <u>\$ (5,178)</u> |
| Termination fee income  | (990)                               | —                 |
| Amortization of deferred financing costs                                  | 106                                 | 118               |
| Company FFO attributable to common shareholders and unitholders           | <u>\$ (18,441)</u>                  | <u>\$ (5,060)</u> |
| FFO per diluted common share and unit                                     | <u>\$ (0.31)</u>                    | <u>\$ (0.09)</u>  |
| Company FFO per diluted common share and unit                             | <u>\$ (0.33)</u>                    | <u>\$ (0.09)</u>  |

**Weighted Average Common Shares and Units Outstanding**

|  |               |               |
|--|---------------|---------------|
| Weighted average common shares outstanding           | 37,232        | 35,671        |
| Weighted average OP units outstanding                | 18,578        | 20,119        |
| Weighted average common shares and units outstanding | <u>55,810</u> | <u>55,790</u> |

[\(Back To Top\)](#)**Section 4: EX-99.2 (EX-99.2)**

**SERITAGE**  
**GROWTH PROPERTIES**

## Overview

Seritage Growth Properties (NYSE: SRG) (“Seritage” or the “Company”) is a fully-integrated, self-administered and self-managed REIT that is principally engaged in the acquisition, ownership, development, redevelopment, management, and leasing of diversified retail and mixed-use real estate throughout the United States.

As of March 31, 2020, the Company’s portfolio consisted of interests in 208 properties totaling approximately 32.8 million square feet of gross leasable area, including 180 wholly owned properties totaling approximately 28.3 million square feet of GLA across 44 states and Puerto Rico (the “Wholly Owned Properties”), and interests in 28 joint venture properties totaling approximately 4.5 million square feet of GLA across 14 states (the “JV Properties”).

The Company’s primary objective is to create value for its shareholders through the re-leasing and redevelopment of the majority of its Wholly Owned Properties and JV Properties. In doing so, the Company expects to meaningfully grow net operating income and diversify its tenant base while transforming its portfolio from one with a single-tenant orientation to one comprised predominately of first-class, multi-tenant shopping centers and larger-scale, mixed-use properties. In order to achieve its objective, the Company intends to execute the following strategies:

- Convert single-tenant buildings into multi-tenant properties at meaningfully higher rents;
- Maximize the value of vast land holdings through retail and mixed-use densification;
- Leverage existing and future joint venture relationships with leading landlords and financial partners; and
- Maintain a flexible capital structure to support value creation activities.

## Background

On June 11, 2015, Sears Holdings Corporation (“Sears Holdings”) effected a rights offering to Sears Holdings stockholders to purchase common shares of Seritage in order to fund, in part, the \$2.7 billion acquisition of (i) 234 of Sears Holdings’ owned properties and one of its ground leased properties (the “Acquired Properties”), and (ii) Sears Holdings’ 50% interests in three joint ventures that collectively owned 28 properties, ground leased one property and leased two properties (the “Acquired JV Properties”). Concurrent with the acquisition, the Company leased back to Sears Holdings space at 224 of the Acquired Properties under a master lease agreement (the “Original Master Lease”) and space at all 31 Acquired JV Properties under multiple master lease agreements (the “Original JV Master Leases”).

The rights offering ended on July 2, 2015, and the Company’s Class A common shares were listed on the New York Stock Exchange on July 6, 2015. On July 7, 2015, the Company completed the transactions with Sears Holdings and commenced operations. The Company did not have any operations prior to the completion of the rights offering and the transactions with Sears Holdings.

As of March 31, 2020, the Company leased space at 17 Wholly Owned Properties to Transform Holdco LLC (“Holdco”), an affiliate of ESL Investments, Inc. (“ESL”) and the successor to Sears Holdings, under a master lease (the “Holdco Master Lease”). The Company also leased space to Holdco at two JV Properties (the “Holdco JV Leases”).

## General Information

Unless the context indicates otherwise, references in this supplemental information package (the “Supplemental”) to “Seritage Growth,” “Seritage,” the “Company,” or “SRG” refer to Seritage Growth Properties and its subsidiaries. Additionally, where reference is made to “GAAP”, this refers to accounting principles generally accepted in the United States.

## **COVID-19 Pandemic**

The recent COVID-19 pandemic is having a significant impact on the global economy, the U.S. economy, the local economies in which the Company's properties are located, and the broader financial markets. Nearly every industry has been impacted directly or indirectly, and the retail, retail real estate and real estate development industries in the United States have all come under severe pressure due to numerous factors, including preventative measures taken by local, state and federal authorities to alleviate the public health crisis such as mandatory business closures, quarantines, restrictions on travel and "shelter-in-place" or "stay-at-home" orders.

These containment measures and other factors have affected operations at the Company's properties and, with the exception of "essential" businesses, substantially all of the Company's tenants have closed their stores. The Company also paused substantially all of its construction projects as of the end of March 2020.

As a result of the rapid development, fluidity and uncertainty surrounding this situation, the Company expects that these conditions will change, potentially significantly, in future periods, and results for the three months ended March 31, 2020 may therefore not be indicative of the impact of the COVID-19 pandemic on the Company's business for the second quarter of 2020 or for future periods.

**SERITAGE GROWTH PROPERTIES  
SUPPLEMENTAL INFORMATION  
PERIOD ENDED MARCH 31, 2020**

|  | <u>Page</u> |
|--|-------------|
| <b>COMPANY INFORMATION</b>                         | 1           |
| <b>CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b> |             |
| Condensed Consolidated Balance Sheets              | 2           |
| Condensed Consolidated Statements of Operations    | 3           |
| <b>SUPPLEMENTAL FINANCIAL INFORMATION</b>          |             |
| Market Capitalization and Financial Ratios         | 4           |
| Total Net Operating Income                         | 5           |
| EBITDA <sub>re</sub> and Company EBITDA            | 6           |
| Funds from Operations and Company FFO              | 7           |
| Additional Information                             | 8           |
| <b>PROPERTY INFORMATION</b>                        |             |
| Portfolio Overview                                 | 10          |
| Leasing Activity                                   | 13          |
| Redevelopment Program                              | 14          |
| Recapture and Termination Properties               | 15          |
| Joint Venture Properties                           | 16          |
| Wholly Owned Properties                            | 18          |
| <b>DISCLOSURES</b>                                 |             |
| Non-GAAP Measures                                  | 24          |
| Forward-Looking Statements                         | 25          |

**Company Contacts**

|                 |                                       |                 |                                   |
|-----------------|---------------------------------------|-----------------|-----------------------------------|
| Benjamin Schall | President and Chief Executive Officer | Kenneth Lombard | EVP and Chief Operating Officer   |
| Brian Dickman   | EVP and Chief Financial Officer       | Mary Rottler    | EVP, Leasing and Operations       |
| Matthew Fernand | EVP and General Counsel               | James Bry       | EVP, Development and Construction |
| ir@seritage.com | Investor Relations and Communications | Andrew Galvin   | EVP, Investments                  |
|                 | 646.277.1268                          |                 |                                   |

**Summary Information**

March 31, 2020

(in thousands, except per share and PSF amounts)

| <b>Financial Results</b>   | <b>Three Months Ended March 31,</b> |                    |
|--|-------------------------------------|--------------------|
|  | <b>2020</b>                         | <b>2019</b>        |
| Net loss attributable to Seritage common shareholders (page 3)                   | \$ (21,889)                         | \$ (8,192)         |
| Total NOI (page 5)   | 15,847                              | 24,278             |
| FFO (page 7)   | (17,557)                            | (5,178)            |
| Company FFO (page 7)   | (18,441)                            | (5,060)            |
| Net loss per diluted share attributable to Seritage common shareholders (page 3) | \$ (0.59)                           | \$ (0.23)          |
| FFO per diluted share (page 7)   | (0.31)                              | (0.09)             |
| Company FFO per diluted share (page 7)   | (0.33)                              | (0.09)             |
| Wtd. avg. diluted shares - EPS   | 37,232                              | 35,671             |
| Wtd. avg diluted shares - FFO/share  | 55,810                              | 55,790             |
| Stock trading price range  | \$9.11 to \$39.21                   | \$32.98 to \$46.48 |

| <b>Financial Ratios (page 4)</b>          | <b>As of</b>          | <b>As of</b>             |
|---|-----------------------|--------------------------|
|   | <b>March 31, 2020</b> | <b>December 31, 2019</b> |
| Total debt to total market capitalization | 73.4%                 | 41.0%                    |
| Net debt to total real estate investments | 52.6%                 | 52.2%                    |

| <b>Property Data (page 10)</b>         | <b>As of</b>          | <b>As of</b>             |
|--|-----------------------|--------------------------|
|  | <b>March 31, 2020</b> | <b>December 31, 2019</b> |
| Number of properties                   | 208                   | 212                      |
| Gross leasable area (total / at share) | 32,804 / 30,541       | 33,371 / 31,046          |
| Percentage leased (total / at share)   | 42.1% / 42.1%         | 42.6% / 42.9%            |

| <b>Tenant</b>  | <b>As of March 31, 2020</b> |                    |                        |
|--|-----------------------------|--------------------|------------------------|
|  | <b>% of Total</b>           |                    |                        |
|  | <b>Annual Rent</b>          | <b>Annual Rent</b> | <b>Annual Rent PSF</b> |
| In-place diversified, non-Sears leases                               | \$ 97,972                   | 51.7%              | \$ 14.27               |
| Signed not yet opened ("SNO") in-place diversified, non-Sears leases | 80,786                      | 42.6%              | 20.62                  |
| Sears/Kmart  | 10,807                      | 5.7%               | 5.17                   |
| Total  | \$ 189,565                  | 100.0%             | \$ 14.73               |

| <b>Tenant</b>                              | <b>As of March 31, 2019</b> |                    |                        |
|--|-----------------------------|--------------------|------------------------|
|  | <b>% of Total</b>           |                    |                        |
|  | <b>Annual Rent</b>          | <b>Annual Rent</b> | <b>Annual Rent PSF</b> |
| In-place diversified, non-Sears leases     | \$ 74,692                   | 39.2%              | \$ 13.58               |
| SNO in-place diversified, non-Sears leases | 84,032                      | 44.1%              | 18.18                  |
| Sears/Kmart                                | 31,746                      | 16.7%              | 3.89                   |
| Total                                      | \$ 190,470                  | 100.0%             | \$ 8.00                |

**Condensed Consolidated Balance Sheets (unaudited)**

March 31, 2020

(in thousands, except share and per share amounts)

|  | <u>March 31, 2020</u> | <u>December 31, 2019</u> |
|--|-----------------------|--------------------------|
| <b>ASSETS</b>  |                       |                          |
| Investment in real estate  |                       |                          |
| Land   | \$ 654,698            | \$ 667,004               |
| Buildings and improvements   | 1,133,636             | 1,112,653                |
| Accumulated depreciation   | (156,023)             | (147,696)                |
|  | <u>1,632,311</u>      | <u>1,631,961</u>         |
| Construction in progress   | 412,222               | 338,672                  |
| Net investment in real estate  | 2,044,533             | 1,970,633                |
| Real estate held for sale  | 3,204                 | 5,275                    |
| Investment in unconsolidated joint ventures  | 459,646               | 445,077                  |
| Cash and cash equivalents  | 96,737                | 139,260                  |
| Tenant and other receivables, net  | 48,602                | 54,470                   |
| Lease intangible assets, net   | 44,121                | 68,153                   |
| Prepaid expenses, deferred expenses and other assets, net  | 67,525                | 67,744                   |
| Total assets   | <u>\$ 2,764,368</u>   | <u>\$ 2,750,612</u>      |
| <b>LIABILITIES AND EQUITY</b>  |                       |                          |
| Liabilities  |                       |                          |
| Term Loan Facility, net  | \$ 1,598,593          | \$ 1,598,487             |
| Accounts payable, accrued expenses and other liabilities   | 153,407               | 108,755                  |
| Total liabilities  | <u>1,752,000</u>      | <u>1,707,242</u>         |
| Commitments and contingencies  |                       |                          |
| Shareholders' Equity   |                       |                          |
| Class A common shares \$0.01 par value; 100,000,000 shares authorized;<br>38,622,102 and 36,897,364 shares issued and outstanding<br>as of March 31, 2020 and December 31, 2019, respectively          | 386                   | 369                      |
| Class B common shares \$0.01 par value; 5,000,000 shares authorized;<br>0 and 1,242,536 shares issued and outstanding<br>as of March 31, 2020 and December 31, 2019, respectively                      | —                     | 12                       |
| Series A preferred shares \$0.01 par value; 10,000,000 shares authorized;<br>2,800,000 shares issued and outstanding as of March 31, 2020 and<br>December 31, 2019; liquidation preference of \$70,000 | 28                    | 28                       |
| Additional paid-in capital   | 1,177,553             | 1,149,721                |
| Accumulated deficit  | (440,600)             | (418,711)                |
| Total shareholders' equity   | <u>737,367</u>        | <u>731,419</u>           |
| Non-controlling interests  | 275,001               | 311,951                  |
| Total equity   | <u>1,012,368</u>      | <u>1,043,370</u>         |
| Total liabilities and equity   | <u>\$ 2,764,368</u>   | <u>\$ 2,750,612</u>      |



**Condensed Consolidated Statements of Operations (unaudited)**

March 31, 2020

(in thousands, except per share amounts)

|   | <b>Three Months Ended March 31,</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2020</b>                         | <b>2019</b>       |
| <b>REVENUE</b>  |                                     |                   |
| Rental income   | \$ 33,110                           | \$ 43,578         |
| Management and other fee income   | 207                                 | 282               |
| Total revenue   | <u>33,317</u>                       | <u>43,860</u>     |
| <b>EXPENSES</b>   |                                     |                   |
| Property operating  | 10,301                              | 10,237            |
| Real estate taxes   | 9,225                               | 10,192            |
| Depreciation and amortization   | 34,097                              | 26,216            |
| General and administrative  | 9,420                               | 9,759             |
| Total expenses  | <u>63,043</u>                       | <u>56,404</u>     |
| Gain on sale of real estate, net  | 20,788                              | 21,261            |
| Equity in (loss) income of unconsolidated joint ventures                                      | (894)                               | 1,222             |
| Interest and other income   | 333                                 | 2,598             |
| Interest expense  | (21,513)                            | (23,454)          |
| Loss before taxes   | <u>(31,012)</u>                     | <u>(10,917)</u>   |
| Provision for taxes   | 37                                  | 23                |
| Net loss  | <u>(30,975)</u>                     | <u>(10,894)</u>   |
| Net loss attributable to non-controlling interests  | 10,311                              | 3,927             |
| Net loss attributable to Seritage   | <u>\$ (20,664)</u>                  | <u>\$ (6,967)</u> |
| Preferred dividends   | (1,225)                             | (1,225)           |
| Net loss attributable to Seritage common shareholders   | <u>\$ (21,889)</u>                  | <u>\$ (8,192)</u> |
| Net loss per share attributable to Seritage Class A and Class C common shareholders - Basic   | <u>\$ (0.59)</u>                    | <u>\$ (0.23)</u>  |
| Net loss per share attributable to Seritage Class A and Class C common shareholders - Diluted | <u>\$ (0.59)</u>                    | <u>\$ (0.23)</u>  |
| Weighted average Class A and Class C common shares outstanding - Basic                        | <u>37,232</u>                       | <u>35,671</u>     |
| Weighted average Class A and Class C common shares outstanding - Diluted                      | <u>37,232</u>                       | <u>35,671</u>     |

**Market Capitalization and Financial Ratios**

March 31, 2020

(in thousands, except per share amounts)

|  | As of<br>March 31, 2020 | As of<br>December 31, 2019 |
|--|-------------------------|----------------------------|
| <b>Equity Market Capitalization</b>                                      |                         |                            |
| Class A common shares outstanding  | 38,622                  | 36,897                     |
| OP units outstanding   | 17,255                  | 18,905                     |
| Total shares & units outstanding   | <u>55,877</u>           | <u>55,802</u>              |
| Share Price  | \$ 9.11                 | \$ 40.08                   |
| Equity market capitalization   | <u>\$ 509,039</u>       | <u>\$ 2,236,544</u>        |
| <b>Total Market Capitalization</b>                                       |                         |                            |
| Equity market capitalization   | \$ 509,039              | \$ 2,236,544               |
| Preferred equity   | 70,000                  | 70,000                     |
| Total debt   | 1,600,000               | 1,600,000                  |
| Total market capitalization  | <u>\$ 2,179,039</u>     | <u>\$ 3,906,544</u>        |
| <b>Financial Ratios</b>  |                         |                            |
| Total debt to total market capitalization                                | 73.4%                   | 41.0%                      |
| Total debt   | \$ 1,600,000            | \$ 1,600,000               |
| Cash and cash equivalents  | (96,737)                | (139,260)                  |
| Net Debt   | <u>\$ 1,503,263</u>     | <u>\$ 1,460,740</u>        |
| Gross real estate investments  | \$ 2,396,752            | \$ 2,354,787               |
| Investment in unconsolidated joint ventures                              | 459,646                 | 445,077                    |
| Total real estate investments  | <u>\$ 2,856,398</u>     | <u>\$ 2,799,864</u>        |
| Net debt to total real estate investments                                | 52.6%                   | 52.2%                      |
| Interest expense (net of amounts capitalized) (1)                        | \$ 92,578               | \$ 94,519                  |
| Amortization of deferred financing costs (1)                             | (422)                   | (434)                      |
| Cash interest expense (net of amounts capitalized) (1)                   | <u>\$ 92,156</u>        | <u>\$ 94,085</u>           |
| Company EBITDA to cash interest expense (net of amounts capitalized) (1) | 0.6x                    | 0.7x                       |

(1) For the twelve months ended March 31, 2020 and December 31, 2019, respectively.

**Total Net Operating Income**

March 31, 2020

(in thousands)

| <b>NOI and Total NOI</b>   | <b>Three Months Ended March 31,</b> |                  |
|--|-------------------------------------|------------------|
|  | <b>2020</b>                         | <b>2019</b>      |
| Net loss   | \$ (30,975)                         | \$ (10,894)      |
| Termination fee income   | (990)                               | —                |
| Management and other fee income  | (207)                               | (282)            |
| Depreciation and amortization  | 34,097                              | 26,216           |
| General and administrative expenses                                      | 9,420                               | 9,759            |
| Equity in loss of unconsolidated joint ventures                          | 894                                 | (1,222)          |
| Gain on sale of real estate  | (20,788)                            | (21,261)         |
| Interest and other income  | (333)                               | (2,598)          |
| Interest expense   | 21,513                              | 23,454           |
| Provision for income taxes   | (37)                                | (23)             |
| Straight-line rent adjustment  | 2,701                               | (3,355)          |
| Above/below market rental income/expense                                 | (97)                                | (104)            |
| NOI  | <u>\$ 15,198</u>                    | <u>\$ 19,690</u> |
| NOI of unconsolidated joint ventures                                     | 1,302                               | 4,310            |
| Straight-line rent adjustment (unconsolidated joint ventures)            | (171)                               | 375              |
| Above/below market rental income/expense (unconsolidated joint ventures) | (482)                               | (97)             |
| Total NOI  | <u>\$ 15,847</u>                    | <u>\$ 24,278</u> |

**EBITDAre and Company EBITDA**

March 31, 2020

(in thousands)

| <b>EBITDAre and Company EBITDA</b>                            | <b>Three Months Ended March 31,</b> |             |
|---|-------------------------------------|-------------|
|   | <b>2020</b>                         | <b>2019</b> |
| Net loss  | \$ (30,975)                         | \$ (10,894) |
| Interest expense  | 21,513                              | 23,454      |
| Interest expense (unconsolidated joint ventures)              | 103                                 | —           |
| Provision for income and other taxes                          | (37)                                | (23)        |
| Depreciation and amortization                                 | 34,097                              | 26,216      |
| Depreciation and amortization (unconsolidated joint ventures) | 1,844                               | 2,627       |
| Gain on sale of real estate                                   | (20,788)                            | (21,261)    |
| EBITDAre  | \$ 5,757                            | \$ 20,119   |
| Termination fee income  | (990)                               | —           |
| Company EBITDA  | \$ 4,767                            | \$ 20,119   |

**Funds from Operations and Company FFO**

March 31, 2020

(in thousands, except per share amounts)

| <b>FFO and Company FFO</b>   | <b>Three Months Ended March 31,</b> |             |
|--|-------------------------------------|-------------|
|  | <b>2020</b>                         | <b>2019</b> |
| Net loss   | \$ (30,975)                         | \$ (10,894) |
| Real estate depreciation and amortization<br>(consolidated properties)       | 33,587                              | 25,575      |
| Real estate depreciation and amortization<br>(unconsolidated joint ventures) | 1,844                               | 2,627       |
| Gain on sale of real estate  | (20,788)                            | (21,261)    |
| Dividends on preferred shares  | (1,225)                             | (1,225)     |
| FFO attributable to common shareholders<br>and unitholders                   | \$ (17,557)                         | \$ (5,178)  |
| Termination fee income   | (990)                               | —           |
| Amortization of deferred financing costs                                     | 106                                 | 118         |
| Company FFO attributable to common<br>shareholders and unitholders           | \$ (18,441)                         | \$ (5,060)  |
| FFO per diluted common share and unit  | \$ (0.31)                           | \$ (0.09)   |
| Company FFO per diluted common share and unit                                | \$ (0.33)                           | \$ (0.09)   |
| <b>Weighted Average Common Shares and Units Outstanding</b>                  |                                     |             |
| Weighted average common shares outstanding                                   | 37,232                              | 35,671      |
| Weighted average OP units outstanding  | 18,578                              | 20,119      |
| Weighted average common shares and<br>units outstanding                      | 55,810                              | 55,790      |

**Additional Information**

March 31, 2020

(in thousands)

|   | <b>As of</b><br><b>March 31, 2020</b> | <b>As of</b><br><b>December 31, 2019</b> |
|---|---------------------------------------|--|
| <b>Debt Summary</b>   |                                       |  |
| Term Loan Facility (drawn / undrawn)                            | \$1,600,000 / 400,000                 | \$1,600,000 / 400,000                    |
| Interest rate / undrawn rate                                    | 7.00% / 1.00%                         | 7.00% / 1.00%                            |
| Maturity  | July 2023                             | July 2023                                |
| <b>Prepaid Expenses, Deferred Expenses and Other Assets</b>     |                                       |  |
| Deferred expenses   | \$ 25,306                             | \$ 24,607                                |
| Right of use asset  | 19,801                                | 18,521                                   |
| Other assets  | 11,225                                | 9,275                                    |
| FF&E  | 3,211                                 | 4,321                                    |
| Other prepaid expenses  | 3,153                                 | 4,133                                    |
| Prepaid real estate taxes                                       | 2,420                                 | 2,501                                    |
| Prepaid insurance   | 2,409                                 | 4,386                                    |
| Total prepaid expenses, deferred expenses and other assets      | <u>\$ 67,525</u>                      | <u>\$ 67,744</u>                         |
| <b>Accounts Payable, Accrued Expenses and Other Liabilities</b> |                                       |  |
| Accrued development expenditures                                | \$ 57,644                             | \$ 17,006                                |
| Accounts payable and accrued expenses                           | 37,150                                | 34,379                                   |
| Accrued real estate taxes                                       | 14,630                                | 12,979                                   |
| Environmental reserve   | 9,477                                 | 9,477                                    |
| Below-market leases   | 9,275                                 | 10,648                                   |
| Lease liability   | 8,998                                 | 7,668                                    |
| Accrued interest  | 4,978                                 | 4,978                                    |
| Unearned tenant reimbursements                                  | 4,323                                 | 1,575                                    |
| Prepaid rental income   | 3,656                                 | 6,750                                    |
| Deferred maintenance  | 1,722                                 | 1,722                                    |
| Preferred dividends payable                                     | 1,554                                 | 1,573                                    |
| Total accounts payable, accrued expenses and other liabilities  | <u>\$ 153,407</u>                     | <u>\$ 108,755</u>                        |

**Additional Information (cont'd)**

March 31, 2020

(in thousands, except per share amounts)

| <b>Rental Revenue Detail</b> | <b>Three Months Ended March 31,</b> |                  |
|------------------------------|-------------------------------------|------------------|
|                              | <b>2020</b>                         | <b>2019</b>      |
| <b>Revenue</b>               |                                     |                  |
| Rental income                | \$ 24,481                           | \$ 32,402        |
| Tenant reimbursements        | 7,846                               | 11,458           |
| Termination income           | 990                                 | —                |
| <b>Total</b>                 | <b>\$ 33,317</b>                    | <b>\$ 43,860</b> |

| <b>Select Non-Cash Items</b>       | <b>Three Months Ended March 31,</b> |                 |
|------------------------------------|-------------------------------------|-----------------|
|                                    | <b>2020</b>                         | <b>2019</b>     |
| <b>Straight-line rental income</b> |                                     |                 |
| Wholly-owned                       | \$ (2,701)                          | \$ 3,355        |
| Joint ventures                     | 171                                 | (375)           |
| <b>Total</b>                       | <b>\$ (2,530)</b>                   | <b>\$ 2,980</b> |

|   |               |               |
|---|---------------|---------------|
| <b>Net amortization of above/below market rental income/expense</b> |               |               |
| Wholly-owned  | \$ 97         | \$ 104        |
| Joint ventures  | 482           | 97            |
| <b>Total</b>  | <b>\$ 579</b> | <b>\$ 201</b> |

|  |          |          |
|--|----------|----------|
| Amortization of deferred financing costs | \$ (106) | \$ (118) |
| Share-based compensation expense         | 1,179    | 1,532    |

**Dividends**

|  |      |              |
|--|------|--------------|
| Dividends per Class A and Class C common share | \$ — | \$ 0.25      |
| Declaration date                               | —    | Feb 25, 2019 |
| Record date                                    | —    | Mar 29, 2019 |
| Payment date                                   | —    | Apr 11, 2019 |

**Portfolio Overview**

March 31, 2020

(in thousands, except PSF amounts)

**Portfolio Summary**

The following table provides a summary of the Company's portfolio as of March 31, 2020, including JV Properties presented at the Company's proportional share:

|                      | Consolidated<br>Portfolio | Unconsolidated<br>Joint Ventures | Seritage<br>Total |
|----------------------|---------------------------|----------------------------------|-------------------|
| Number of properties | 180                       | 28                               | 208               |
| Total GLA (000s)     | 28,278                    | 4,526                            | 32,804            |
| At share             | 28,278                    | 2,263                            | 30,541            |
| Leased GLA (000s)    | 11,919                    | 1,906                            | 13,825            |
| At share             | 11,919                    | 953                              | 12,872            |
| Percentage leased    | 42.2%                     | 42.1%                            | 42.1%             |
| At share             | 42.1%                     | 42.1%                            | 42.1%             |

**Property Type**

As of March 31, 2020, the portfolio included 112 properties characterized as attached to regional malls and 96 characterized as shopping center or freestanding properties. The following table provides a summary of the portfolio as of March 31, 2020, based on signed leases and including JV Properties presented at the Company's proportional share:

| Property Type (1) | Number of<br>Properties | Leased<br>GLA | Annual Base<br>Rent ("ABR") | ABR PSF         | Leased       |
|-------------------|-------------------------|---------------|-----------------------------|-----------------|--------------|
| Mall              | 112                     | 5,556         | \$ 105,034                  | \$ 18.91        | 32.2%        |
| Shopping Center   | 96                      | 7,316         | 84,531                      | 11.55           | 55.1%        |
| <b>Total</b>      | <b>208</b>              | <b>12,872</b> | <b>\$ 189,564</b>           | <b>\$ 14.73</b> | <b>42.1%</b> |

(1) Company classification. Mall properties are attached to regional malls; Shopping Center properties include properties attached to, within or adjacent to neighborhood shopping or power centers, as well as freestanding properties.

**Tenant Overview**

The following table provides a summary of annual base rent for the portfolio as of March 31, 2020, based on signed leases and including JV Properties presented at the Company's proportional share:

| Tenant                      | Number of<br>Leases | Leased<br>GLA | % of Total<br>Leased GLA | Annual Base<br>Rent ("ABR") | % of<br>Total ABR | ABR PSF         |
|-----------------------------|---------------------|---------------|--------------------------|-----------------------------|-------------------|-----------------|
| In-place diversified leases | 281                 | 6,864         | 53.3%                    | \$ 97,972                   | 51.7%             | \$ 14.27        |
| SNO diversified leases      | 173                 | 3,917         | 30.4%                    | 80,786                      | 42.6%             | 20.62           |
| Total diversified leases    | 454                 | 10,781        | 83.8%                    | 178,758                     | 94.3%             | 16.58           |
| Sears or Kmart (1)          | 19                  | 2,091         | 16.2%                    | 10,807                      | 5.7%              | 5.17            |
| <b>Total</b>                | <b>473</b>          | <b>12,872</b> | <b>100.0%</b>            | <b>\$ 189,565</b>           | <b>100.0%</b>     | <b>\$ 14.73</b> |

(1) Includes 17 properties subject to a master lease (the "Holdco Master Lease") between the Company and affiliates of Holdco, an affiliate of ESL Investments, Inc., and two leases between the Company's unconsolidated joint ventures and Holdco.



**Portfolio Overview (cont'd)**

March 31, 2020

(in thousands)

**Top Tenants**

The following table lists the top tenants in the portfolio as of March 31, 2020, based on signed leases and including JV Properties presented at the Company's proportional share:

| <b>Tenant</b>           | <b>Number of Leases</b> | <b>Annual Base Rent ("ABR")</b> | <b>% of Total ABR</b> | <b>Concepts/Brands</b>  |
|-------------------------|-------------------------|---------------------------------|-----------------------|---|
| Dick's Sporting Goods   | 13                      | \$ 12,170                       | 6.4%                  |   |
| Sears or Kmart (1)      | 19                      | 10,807                          | 5.7%                  | Sears, Sears Auto Center, Kmart   |
| Dave & Buster's         | 12                      | 9,975                           | 5.3%                  |   |
| Round One Entertainment | 9                       | 7,925                           | 4.2%                  |   |
| At Home                 | 12                      | 7,408                           | 3.9%                  |   |
| Burlington Stores       | 12                      | 7,088                           | 3.7%                  |   |
| 24 Hour Fitness         | 7                       | 6,658                           | 3.5%                  |   |
| Ross Dress For Less     | 17                      | 6,112                           | 3.2%                  | Ross Dress for Less, dd's Discounts   |
| Cinemark                | 4                       | 4,899                           | 2.6%                  |   |
| Nordstrom Rack          | 6                       | 4,385                           | 2.3%                  |   |
| AMC                     | 3                       | 4,202                           | 2.2%                  |   |
| Equinox Fitness         | 14                      | 3,816                           | 2.0%                  | Equinox, Blink Fitness  |
| Primark                 | 3                       | 3,002                           | 1.6%                  |   |
| Bed Bath & Beyond       | 6                       | 2,489                           | 1.3%                  | Bed Bath & Beyond, buybuyBaby, Cost Plus World Market, andThat!                     |
| BJ's Wholesale Club     | 2                       | 2,422                           | 1.3%                  |   |
| TJX                     | 9                       | 2,356                           | 1.2%                  | TJ Maxx, Marshalls, HomeGoods, HomeSense, Sierra Trading Post                       |
| Darden                  | 12                      | 2,143                           | 1.1%                  | Longhorn Steakhouse, Olive Garden, Seasons 52, Yard House, Bahama Breeze, Cheddar's |
| Pinstripes              | 2                       | 2,035                           | 1.1%                  |   |
| PetSmart                | 4                       | 2,012                           | 1.1%                  |   |
| Planet Fitness          | 8                       | 2,011                           | 1.1%                  |   |
| Vasa Fitness            | 3                       | 1,862                           | 1.0%                  |   |

\* The Company has signed 10 leases with Industrious to occupy 340,000 SF under revenue-sharing agreements that are expected to place Industrious among the Company's top tenants.

(1) Number of leases reflects number of properties subject to the Holdco Master Lease and leases between the Company's unconsolidated joint ventures and Holdco.

**Portfolio Overview (cont'd)**

March 31, 2020

(in thousands, except PSF amounts)

**Geographic Summary**

The following table sets forth information regarding the geographic diversification of the portfolio as of March 31, 2020, based on signed leases and including JV Properties presented at the Company's proportional share:

| <b>State</b>        | <b>Number of Properties</b> | <b>Annual Rent</b> | <b>% of Total Annual Rent</b> | <b>Rent PSF</b> |
|---------------------|-----------------------------|--------------------|-------------------------------|-----------------|
| Florida             | 23                          | \$ 32,777          | 17.3%                         | \$ 24.76        |
| California          | 38                          | 32,536             | 17.2%                         | 18.23           |
| Illinois            | 10                          | 11,506             | 6.1%                          | 12.32           |
| New York            | 10                          | 10,635             | 5.6%                          | 22.58           |
| New Jersey          | 5                           | 10,105             | 5.3%                          | 18.31           |
| Texas               | 14                          | 9,672              | 5.1%                          | 10.03           |
| Virginia            | 5                           | 8,827              | 4.7%                          | 12.68           |
| Puerto Rico         | 6                           | 6,969              | 3.7%                          | 7.71            |
| Pennsylvania        | 5                           | 6,051              | 3.2%                          | 13.72           |
| Massachusetts       | 3                           | 4,799              | 2.5%                          | 19.91           |
| <b>Total Top 10</b> | <b>119</b>                  | <b>\$ 133,877</b>  | <b>70.7%</b>                  | <b>\$ 16.11</b> |
| Other (1)           | 89                          | 55,688             | 29.3%                         | 12.21           |
| <b>Total</b>        | <b>208</b>                  | <b>\$ 189,565</b>  | <b>100.0%</b>                 | <b>\$ 14.73</b> |

(1) Includes 35 states.

**Leasing Activity**

March 31, 2020

(in thousands, except PSF amounts)

**Signed Leases**

The table below provides a summary of the Company's leasing activity since inception through March 31, 2020, including JV Properties presented at the Company's proportional share:

| Period              | Total      |               |                  |                       | Release of Sears Holdings Space |               |                  |                       |                       |
|---------------------|------------|---------------|------------------|-----------------------|---------------------------------|---------------|------------------|-----------------------|-----------------------|
|                     | Leases     | Leased<br>GLA | Annual<br>Rent   | Annual<br>Rent<br>PSF | Leases                          | Leased<br>GLA | Annual<br>Rent   | Annual<br>Rent<br>PSF | Releasing<br>Multiple |
| 2015                | 9          | 154           | \$ 4,650         | \$ 30.28              | 6                               | 130           | \$ 3,820         | \$ 29.41              | 4.4x                  |
| 2016                | 65         | 2,070         | 36,600           | 17.68                 | 59                              | 1,882         | 33,610           | 17.86                 | 4.5x                  |
| 2017                | 94         | 2,606         | 44,717           | 17.16                 | 86                              | 2,476         | 43,299           | 17.49                 | 4.0x                  |
| 2018                | 114        | 2,315         | 40,041           | 17.30                 | 108                             | 2,291         | 39,361           | 17.18                 | 3.9x                  |
| 2019                | 106        | 2,287         | 46,541           | 20.35                 | 96                              | 2,150         | 44,640           | 20.76                 | 3.9x                  |
| 2020                | 12         | 124           | 2,735            | 21.97                 | 11                              | 122           | 2,692            | 22.01                 | 3.6x                  |
| <b>Total Retail</b> | <b>400</b> | <b>9,556</b>  | <b>\$175,284</b> | <b>\$ 18.34</b>       | <b>366</b>                      | <b>9,052</b>  | <b>\$167,422</b> | <b>\$ 18.50</b>       | <b>4.0x</b>           |
| Other (1)           | 14         | 995           | 7,219            |                       |                                 |               |                  |                       |                       |
| <b>Total</b>        | <b>414</b> | <b>10,551</b> | <b>\$182,503</b> |                       |                                 |               |                  |                       |                       |

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

**SNO Lease Summary**

The table below provides a summary of the Company's SNO leases from December 31, 2019 to March 31, 2020, including JV Properties presented at the Company's proportional share:

|  | Number of<br>SNO Leases | GLA          | Annual<br>Rent   | Annual<br>Rent PSF |
|--|-------------------------|--------------|------------------|--------------------|
| As of December 31, 2019                | 174                     | 4,204        | \$ 84,348        | \$ 20.06           |
| Opened                                 | (6)                     | (227)        | (4,150)          | 18.28              |
| Sold / contributed to JVs / terminated | (7)                     | (184)        | (2,147)          | 11.67              |
| Signed                                 | 12                      | 124          | 2,735            | 22.06              |
| <b>As of March 31, 2020</b>            | <b>173</b>              | <b>3,917</b> | <b>\$ 80,786</b> | <b>\$ 20.62</b>    |

**Redevelopment Program**

March 31, 2020

The Company put substantially all of its construction projects on hold at the end of March and reduced capital expenditures to a select handful of projects. The Company deemed this action prudent in light of the COVID-19 pandemic, the resulting economic uncertainty and the direct impacts on its business, including reductions in rental income and the potential effects on future asset sales, which have been a meaningful source of capital for the Company's development program.

These decisions were also influenced by tenant and construction uncertainty, including tenants' ability to construct and open new stores and the feasibility of sustaining labor levels with safe working conditions and sourcing supplies, as well as restrictions at the state and local levels, including restrictions on construction and difficulties obtaining inspections and permits.

As of March 31, 2020, the Company had originated 91 retail redevelopment projects since the Company's inception. Excluding six projects that have been sold, these projects represented an estimated total investment of \$1.6-1.7 billion (\$1.4-1.5 billion at share), of which an estimated \$570-650 million (\$520-600 million at share) remained to be spent under the original development plans. Additionally, the Company had recently announced its first three multifamily projects, each of which represented the first phase of larger, mixed-use developments and were expected to have an aggregate incremental cost of \$325-350 million for the initial phases.

In this interim period, the Company is working with tenants to preserve signed leases and modify schedules for the projected completion of work and opening of the projects. Once the Company can better assess economic conditions, including the tenant environment and state of the transaction markets, it expects to focus its capital on projects with nearer-term rent commencements and superior value creation prospects, and with tenants and uses that the Company believes can thrive in a post-COVID environment.

**Recapture and Termination Properties**

March 31, 2020

(in thousands)

**Recapture Properties**

The Company exercised recapture rights with respect to 70 properties under the Original Master Lease prior to its rejection on March 12, 2019 and with respect to four properties under the Holdco Master Lease during the year ended December 31, 2019, including three properties where the Company had previously exercised certain recapture rights under the Original Master Lease.

The following table provides a summary of the Company's recapture activity as of March 31, 2020:

| <u>Year</u> | <u>Square Feet</u> | <u>Total Number of Properties</u> | <u>100% Recaptures (1)</u> | <u>Partial Recaptures (2)</u> |
|-------------|--------------------|-----------------------------------|----------------------------|-------------------------------|
| 2019        | 629                | 4                                 | 3                          | 1                             |
| 2018        | 3,428              | 20                                | 17                         | 3                             |
| 2017        | 3,302              | 27                                | 16                         | 11                            |
| 2016        | 1,501              | 17                                | 4                          | 13                            |
| 2015        | 372                | 3                                 | 3                          | —                             |
| Total       | 9,232              | 71                                | 43                         | 28                            |

(1) Includes properties for which the Company had converted partial recapture rights to 100% recapture rights.

(2) Partial recaptures include the recapture of (i) up to approximately 50% of the space occupied by the tenant at all properties, (ii) automotive care centers which are free-standing or attached as "appendages" to the properties, and/or (iii) outparcels or outlots and certain portions of parking areas and common areas

**Termination Properties**

Sears Holdings exercised termination rights with respect to 87 properties under the Original Master Lease prior to its rejection on March 12, 2019 and Holdco exercised termination rights with respect to 29 properties under the Holdco Master Lease during the year ended December 31, 2019.

The following table provides a summary of Sears Holdings' and Holdco's termination activity (note that leases at an additional 31 properties totaling 4.3 million square feet were rejected in March 12, 2019 as part of Sears Holdings' bankruptcy filing) as of March 31, 2020:

| <u>Notice Date</u> | <u>Termination Date</u> | <u>Square Feet</u> | <u>Total Number of Properties</u> | <u>Number of Properties Redeveloped by the Company</u> | <u>Number of Properties Sold by the Company</u> |
|--------------------|-------------------------|--------------------|-----------------------------------|--|---|
| November 2019      | March 2020              | 4,332              | 29                                | 7  | 1   |
| August 2018        | December 2018           | 1,605              | 13                                | 6  | 3   |
| June 2018          | November 2018 (1)       | 1,218              | 9                                 | 6  | 1   |
| April 2018         | August 2018             | 1,494              | 9                                 | 4  | 1   |
| June 2017          | October 2017 (2)        | 3,812              | 20                                | 8  | 4   |
| January 2017       | April 2017              | 1,872              | 19                                | 7  | 8   |
| September 2016     | January 2017            | 1,727              | 17                                | 8  | 6   |
| Total              |                         | 16,060             | 116                               | 46   | 24  |

(1) Two properties were terminated in October 2018.

(2) One property was terminated in November 2017 and one was terminated in January 2018.

**Joint Venture Properties**

March 31, 2020

**Brookfield Retail Partners (formerly GGP, Inc.) Joint Ventures**

|   | <u>Mall Name</u>          | <u>City</u>       | <u>State</u> | <u>Joint Venture</u> | <u>Total<br/>GLA (1)</u> | <u>Leased (1)</u> |
|---|---------------------------|-------------------|--------------|----------------------|--------------------------|-------------------|
| 1 | Northridge Fashion Center | Northridge        | CA           | GGP II JV            | 125,200                  | 94.8%             |
| 2 | Altamonte Mall            | Altamonte Springs | FL           | GGP II JV            | 62,850                   | 61.6%             |
| 3 | Coastland Center          | Naples            | FL           | GGP II JV            | 29,700                   | 100.0%            |
| 4 | Cumberland Mall           | Atlanta           | GA           | GGP II JV            | 96,950                   | 87.6%             |
| 5 | Natick Collection (2)     | Natick            | MA           | GGP I JV             | 95,350                   | 46.4%             |
| 6 | Willowbrook Mall          | Wayne             | NJ           | GGP II JV            | 140,500                  | 73.1%             |
| 7 | Sooner Mall (2)           | Norman            | OK           | GGP I JV             | 33,450                   | 0.0%              |
| 8 | Stonebriar Centre         | Frisco            | TX           | GGP I JV             | 81,450                   | 0.0%              |
| 9 | Alderwood                 | Lynnwood          | WA           | GGP I JV             | 50,000                   | 49.3%             |

(1) Based on signed leases as of March 31, 2020; GLA presented at the Company's proportional share.

(2) Property is subject to a lease or ground lease agreement.

**Simon Joint Venture**

|   | <u>Mall Name</u>    | <u>City</u> | <u>State</u> | <u>Joint Venture</u> | <u>Total<br/>GLA (1)</u> | <u>Leased (1)</u> |
|---|---------------------|-------------|--------------|----------------------|--------------------------|-------------------|
| 1 | Santa Rosa Plaza    | Santa Rosa  | CA           | Simon JV             | 82,700                   | 0.0%              |
| 2 | Briarwood           | Ann Arbor   | MI           | Simon JV             | 85,300                   | 0.0%              |
| 3 | The Shops at Nanuet | Nanuet      | NY           | Simon JV             | 110,700                  | 0.0%              |
| 4 | Woodland Hills Mall | Tulsa       | OK           | Simon JV             | 75,100                   | 0.0%              |
| 5 | Barton Creek Square | Austin      | TX           | Simon JV             | 82,300                   | 0.0%              |

(1) Based on signed leases as of March 31, 2020; GLA presented at the Company's proportional share.

**Macerich Joint Venture**

|   | <u>Mall Name</u>        | <u>City</u> | <u>State</u> | <u>Joint Venture</u> | <u>Total<br/>GLA (1)</u> | <u>Leased (1)</u> |
|---|-------------------------|-------------|--------------|----------------------|--------------------------|-------------------|
| 1 | Chandler Fashion Center | Chandler    | AZ           | Macerich JV          | 69,750                   | 53.0%             |
| 2 | Arrowhead Towne Center  | Glendale    | AZ           | Macerich JV          | 62,500                   | 0.0%              |
| 3 | Los Cerritos Center     | Cerritos    | CA           | Macerich JV          | 138,800                  | 0.0%              |
| 4 | Vintage Faire Mall      | Modesto     | CA           | Macerich JV          | 74,250                   | 54.2%             |
| 5 | Danbury Fair            | Danbury     | CT           | Macerich JV          | 89,250                   | 100.0%            |
| 6 | Deptford Mall           | Deptford    | NJ           | Macerich JV          | 95,850                   | 76.1%             |
| 7 | Freehold Raceway Mall   | Freehold    | NJ           | Macerich JV          | 69,400                   | 100.0%            |
| 8 | Washington Square Mall  | Portland    | OR           | Macerich JV          | 110,000                  | 1.7%              |
| 9 | South Plains Mall       | Lubbock     | TX           | Macerich JV          | 75,300                   | 0.0%              |

(1) Based on signed leases as of March 31, 2020; GLA presented at the Company's proportional share.

**Joint Venture Properties (cont'd)**

December 31, 2019

**Invesco Real Estate Joint Ventures**

|   | <u>Property Address</u>     | <u>City</u>  | <u>State</u> | <u>Joint Venture</u> | <u>Total<br/>GLA (1)</u> | <u>Leased (1)</u> |
|---|-----------------------------|--------------|--------------|----------------------|--------------------------|-------------------|
| 1 | 302 Colorado Avenue         | Santa Monica | CA           | Mark 302 JV          | 51,500                   | 0.0%              |
| 2 | 4575 La Jolla Village Drive | San Diego    | CA           | UTC JV               | 113,150                  | 67.0%             |

(1) Based on signed leases as of March 31, 2020; GLA presented at the Company's proportional share.

**Other Joint Ventures**

|   | <u>Property Address</u>           | <u>City</u>   | <u>State</u> | <u>Joint Venture</u> | <u>Total<br/>GLA (1)</u> | <u>Leased (1)</u> |
|---|-----------------------------------|---------------|--------------|----------------------|--------------------------|-------------------|
| 1 | 1445 New Britain Avenue           | West Hartford | CT           | West Hartford JV     | 81,850                   | 89.6%             |
| 2 | 126 Shawan Road                   | Cockeysville  | MD           | Cockeysville JV      | 80,100                   | 61.4%             |
| 3 | 12625 North Interstate Highway 35 | Austin        | TX           | Tech Ridge JV        | —                        | —                 |

(1) Based on signed leases as of March 31, 2020; GLA presented at the Company's proportional share.

**Wholly Owned Properties**

March 31, 2020

|    | <b>Property Address</b>            | <b>City</b>       | <b>State</b> | <b>Property Type (1)</b> | <b>Holdco<br/>Master Lease<br/>(2)</b> | <b>Total<br/>GLA (3)</b> | <b>Leased<br/>(3)</b> | <b>Land<br/>Acres</b> |
|----|------------------------------------|-------------------|--------------|--------------------------|--|--------------------------|-----------------------|-----------------------|
| 1  | 700 East Northern Lights Boulevard | Anchorage         | AK           | Shopping Center          |  | 158,500                  | 83.1%                 | 26                    |
| 2  | 1731 2nd Avenue Southwest          | Cullman           | AL           | Freestanding             |  | 88,500                   | 100.0%                | 6                     |
| 3  | 3930 McCain Boulevard              | North Little Rock | AR           | Mall                     |  | 177,000                  | 5.6%                  | 15                    |
| 4  | 6515 East Southern Avenue          | Mesa              | AZ           | Mall                     |  | 121,900                  | 13.9%                 | 11                    |
| 5  | 10140 North 91st Avenue            | Peoria            | AZ           | Shopping Center          |  | 104,400                  | 100.0%                | 10                    |
| 6  | 7611 West Thomas Road              | Phoenix           | AZ           | Mall                     |  | 144,200                  | 8.4%                  | 10                    |
| 7  | 12025 North 32nd Street            | Phoenix           | AZ           | Freestanding             |  | 151,300                  | 100.0%                | 11                    |
| 8  | 3400 Gateway Boulevard             | Prescott          | AZ           | Mall                     |  | 102,300                  | 0.0%                  | 10                    |
| 9  | 2250 El Mercado Loop               | Sierra Vista      | AZ           | Mall                     |  | 94,700                   | 0.0%                  | 7                     |
| 10 | 5950 East Broadway Boulevard       | Tucson            | AZ           | Mall                     |  | 218,900                  | 23.1%                 | 20                    |
| 11 | 3150 South 4th Avenue              | Yuma              | AZ           | Shopping Center          |  | 90,400                   | 0.0%                  | 14                    |
| 12 | 3625 East 18th Street              | Antioch           | CA           | Shopping Center          |  | 95,200                   | 0.0%                  | 7                     |
| 13 | 42126 Big Bear Boulevard           | Big Bear Lake     | CA           | Shopping Center          | X                                      | 80,000                   | 91.6%                 | 8                     |
| 14 | 20700 South Avalon Boulevard       | Carson            | CA           | Mall                     |  | 182,200                  | 60.2%                 | 13                    |
| 15 | 565 Broadway                       | Chula Vista       | CA           | Mall                     |  | 250,100                  | 0.0%                  | 16                    |
| 16 | 5900 Sunrise Mall                  | Citrus Heights    | CA           | Mall                     |  | 289,500                  | 0.0%                  | 22                    |
| 17 | 575 Fletcher Parkway               | El Cajon          | CA           | Mall                     |  | 244,900                  | 76.6%                 | 22                    |
| 18 | 3751 South Dogwood Road            | El Centro         | CA           | Mall                     |  | 139,700                  | 37.7%                 | 14                    |
| 19 | 1420 Travis Boulevard              | Fairfield         | CA           | Mall                     |  | 163,500                  | 27.6%                 | 9                     |
| 20 | 5901 Florin Road                   | Florin            | CA           | Shopping Center          |  | 329,700                  | 20.9%                 | 20                    |
| 21 | 3636 North Blackstone Avenue       | Fresno            | CA           | Shopping Center          |  | 216,600                  | 20.0%                 | 13                    |
| 22 | 1500 Anna Sparks Way               | McKinleyville     | CA           | Shopping Center          | X                                      | 94,800                   | 100.0%                | 8                     |
| 23 | 1011 West Olive Avenue             | Merced            | CA           | Shopping Center          |  | 92,600                   | 86.2%                 | 10                    |
| 24 | 5080 East Montclair Plaza Lane     | Montclair         | CA           | Mall                     |  | 174,700                  | 0.0%                  | 3                     |
| 25 | 22550 Town Circle                  | Moreno Valley     | CA           | Mall                     |  | 169,400                  | 0.0%                  | 11                    |
| 26 | 6000 Mowry Avenue                  | Newark            | CA           | Mall                     |  | 145,800                  | 24.7%                 | 10                    |
| 27 | 12121 Victory Boulevard            | North Hollywood   | CA           | Shopping Center          |  | 161,900                  | 46.3%                 | 4                     |
| 28 | 72880 Highway 111                  | Palm Desert       | CA           | Mall                     |  | 136,500                  | 21.1%                 | 8                     |
| 29 | 1855 Main Street                   | Ramona            | CA           | Shopping Center          | X                                      | 107,500                  | 94.6%                 | 10                    |
| 30 | 5261 Arlington Avenue              | Riverside         | CA           | Freestanding             |  | 214,200                  | 5.7%                  | 19                    |
| 31 | 3001 Iowa Avenue                   | Riverside         | CA           | Freestanding             |  | 132,600                  | 28.7%                 | 13                    |
| 32 | 1191 Galleria Boulevard            | Roseville         | CA           | Mall                     |  | 136,200                  | 88.0%                 | 9                     |
| 33 | 1700 North Main Street             | Salinas           | CA           | Mall                     | X                                      | 132,900                  | 100.0%                | 10                    |
| 34 | 100 Inland Center                  | San Bernardino    | CA           | Mall                     |  | 264,700                  | 0.0%                  | 22                    |
| 35 | 1178 El Camino Real                | San Bruno         | CA           | Mall                     |  | 276,600                  | 14.2%                 | 13                    |
| 36 | 2180 Tully Road                    | San Jose          | CA           | Mall                     |  | 262,500                  | 0.0%                  | 22                    |



## Wholly Owned Properties (cont'd)

March 31, 2020

|    | <b>Property Address</b>      | <b>City</b>    | <b>State</b> | <b>Property Type (1)</b> | <b>Holdco<br/>Master Lease<br/>(2)</b> | <b>Total<br/>GLA (3)</b> | <b>Leased<br/>(3)</b> | <b>Land<br/>Acres</b> |
|----|------------------------------|----------------|--------------|--------------------------|--|--------------------------|-----------------------|-----------------------|
| 37 | 200 Town Center East         | Santa Maria    | CA           | Mall                     |  | 108,600                  | 0.0%                  | 5                     |
| 38 | 895 Faulkner Road            | Santa Paula    | CA           | Freestanding             |  | 71,300                   | 0.0%                  | 10                    |
| 39 | 40710 Winchester Road        | Temecula       | CA           | Mall                     |  | 120,100                  | 40.5%                 | 10                    |
| 40 | 145 West Hillcrest Drive     | Thousand Oaks  | CA           | Shopping Center          |  | 161,400                  | 100.0%                | 11                    |
| 41 | 3295 East Main Street        | Ventura        | CA           | Mall                     |  | 178,600                  | 0.0%                  | 2                     |
| 42 | 1209 Plaza Drive             | West Covina    | CA           | Mall                     |  | 142,000                  | 0.0%                  | 16                    |
| 43 | 100 Westminster Mall         | Westminster    | CA           | Mall                     |  | 197,900                  | 0.0%                  | 14                    |
| 44 | 10785 West Colfax Avenue     | Lakewood       | CO           | Shopping Center          |  | 153,000                  | 7.8%                  | 8                     |
| 45 | 1400 East 104th Avenue       | Thornton       | CO           | Shopping Center          |  | 203,000                  | 30.4%                 | 25                    |
| 46 | 850 Hartford Turnpike        | Waterford      | CT           | Mall                     |  | 149,200                  | 0.0%                  | 11                    |
| 47 | 19563 Coastal Highway        | Rehoboth Beach | DE           | Freestanding             |  | 118,300                  | 44.9%                 | 13                    |
| 48 | 5900 Glades Road             | Boca Raton     | FL           | Mall                     |  | 178,500                  | 2.4%                  | 19                    |
| 49 | 7350 Manatee Avenue West     | Bradenton      | FL           | Shopping Center          |  | 82,900                   | 0.0%                  | 9                     |
| 50 | 27001 U.S. 19 North          | Clearwater     | FL           | Mall                     |  | 211,300                  | 41.5%                 | 14                    |
| 51 | 1625 Northwest 107th Avenue  | Doral          | FL           | Mall                     |  | 212,900                  | 0.0%                  | 13                    |
| 52 | 4125 Cleveland Avenue        | Ft. Myers      | FL           | Mall                     |  | 146,800                  | 0.0%                  | 12                    |
| 53 | 1675 West 49th Street        | Hialeah        | FL           | Mall                     |  | 148,200                  | 64.2%                 | 8                     |
| 54 | 1460 West 49th Street        | Hialeah        | FL           | Freestanding             |  | 106,300                  | 100.0%                | 9                     |
| 55 | 2211 West Vine Street        | Kissimmee      | FL           | Shopping Center          |  | 140,400                  | 73.6%                 | 14                    |
| 56 | 3800 US Highway 98 North     | Lakeland       | FL           | Mall                     |  | 156,200                  | 0.0%                  | 12                    |
| 57 | 1050 South Babcock Street    | Melbourne      | FL           | Freestanding             |  | 102,600                  | 0.0%                  | 14                    |
| 58 | 19505 Biscayne Boulevard     | Miami          | FL           | Mall                     |  | 215,400                  | 51.8%                 | 12                    |
| 59 | 20701 Southwest 112th Avenue | Miami          | FL           | Mall                     |  | 170,100                  | 0.0%                  | 15                    |
| 60 | 10700 Biscayne Boulevard     | North Miami    | FL           | Freestanding             |  | 125,400                  | 100.0%                | 11                    |
| 61 | 3100 Southwest College Road  | Ocala          | FL           | Mall                     |  | 146,200                  | 0.0%                  | 12                    |
| 62 | 3111 East Colonial Drive     | Orlando        | FL           | Mall                     |  | 132,200                  | 94.7%                 | 18                    |
| 63 | 733 North Highway 231        | Panama City    | FL           | Mall                     |  | 139,300                  | 0.0%                  | 15                    |
| 64 | 7171 North Davis Highway     | Pensacola      | FL           | Shopping Center          |  | 122,100                  | 89.2%                 | 15                    |
| 65 | 8000 West Broward Boulevard  | Plantation     | FL           | Mall                     |  | 184,400                  | 81.9%                 | 18                    |
| 66 | 8201 South Tamiami Trail     | Sarasota       | FL           | Mall                     |  | 212,400                  | 0.0%                  | 15                    |
| 67 | 4501 66th Street North       | St. Petersburg | FL           | Freestanding             |  | 113,800                  | 86.8%                 | 11                    |
| 68 | 2300 Tyrone Boulevard North  | St. Petersburg | FL           | Mall                     |  | 138,400                  | 100.0%                | 14                    |
| 69 | 7810 Abercorn Street         | Savannah       | GA           | Mall                     |  | 167,300                  | 0.0%                  | 15                    |
| 70 | 500 North Nimitz Highway     | Honolulu       | HI           | Freestanding             |  | 76,100                   | 100.0%                | 4                     |
| 71 | 1501 Highway 169 North       | Algona         | IA           | Freestanding             |  | 99,300                   | 0.0%                  | 7                     |
| 72 | 4600 1st Avenue Northeast    | Cedar Rapids   | IA           | Mall                     |  | 146,000                  | 0.0%                  | 12                    |

## Wholly Owned Properties (cont'd)

March 31, 2020

|     | <u>Property Address</u>      | <u>City</u>        | <u>State</u> | <u>Property Type (1)</u> | <u>Holdco<br/>Master Lease<br/>(2)</u> | <u>Total<br/>GLA (3)</u> | <u>Leased<br/>(3)</u> | <u>Land<br/>Acres</u> |
|-----|------------------------------|--------------------|--------------|--------------------------|--|--------------------------|-----------------------|-----------------------|
| 73  | 1405 South Grand Avenue      | Charles City       | IA           | Freestanding             |  | 96,600                   | 0.0%                  | 11                    |
| 74  | 2307 Superior Street         | Webster City       | IA           | Shopping Center          |  | 40,800                   | 0.0%                  | 4                     |
| 75  | 460 North Milwaukee Street   | Boise              | ID           | Mall                     |  | 123,600                  | 0.0%                  | 8                     |
| 76  | 4730 West Irving Park Road   | Chicago            | IL           | Freestanding             |  | 356,700                  | 11.8%                 | 6                     |
| 77  | 1601 North Harlem Avenue     | Chicago            | IL           | Freestanding             |  | 293,700                  | 25.6%                 | 7                     |
| 78  | 5050 South Kedzie Avenue     | Chicago            | IL           | Shopping Center          |  | 120,700                  | 73.8%                 | 9                     |
| 79  | 17550 Halsted Street         | Homewood           | IL           | Shopping Center          |  | 196,100                  | 100.0%                | 19                    |
| 80  | 3340 Mall Loop Drive         | Joliet             | IL           | Mall                     |  | 204,600                  | 19.6%                 | 17                    |
| 81  | 2860 South Highland Avenue   | Lombard            | IL           | Freestanding             |  | 139,300                  | 100.0%                | 8                     |
| 82  | 7503 West Cermak Road        | North Riverside    | IL           | Mall                     | X                                      | 196,500                  | 83.5%                 | 13                    |
| 83  | 2 Orland Square Drive        | Orland Park        | IL           | Mall                     |  | 140,000                  | 61.1%                 | 16                    |
| 84  | 2500 Wabash Avenue           | Springfield        | IL           | Shopping Center          |  | 119,500                  | 86.2%                 | 14                    |
| 85  | 3231 Chicago Road            | Steger             | IL           | Freestanding             |  | 87,400                   | 0.0%                  | 3                     |
| 86  | 3101 Northview Drive         | Elkhart            | IN           | Shopping Center          |  | 86,600                   | 100.0%                | 8                     |
| 87  | 4201 Coldwater Road          | Ft. Wayne          | IN           | Mall                     |  | 84,400                   | 75.5%                 | 15                    |
| 88  | 101 West Lincoln Highway     | Merrillville       | IN           | Shopping Center          |  | 170,900                  | 87.1%                 | 17                    |
| 89  | 9701 Metcalf Avenue          | Overland Park      | KS           | Shopping Center          |  | 215,000                  | 5.6%                  | 19                    |
| 90  | 3010 Fort Campbell Boulevard | Hopkinsville       | KY           | Shopping Center          |  | 85,100                   | 75.9%                 | 13                    |
| 91  | 5101 Hinkleville Road        | Paducah            | KY           | Mall                     |  | 97,300                   | 68.7%                 | 9                     |
| 92  | 5715 Johnston Street         | Lafayette          | LA           | Mall                     |  | 194,900                  | 0.0%                  | 16                    |
| 93  | 900 East Admiral Doyle Drive | New Iberia         | LA           | Freestanding             |  | 114,600                  | 100.0%                | 12                    |
| 94  | 200 Grossman Drive           | Braintree          | MA           | Shopping Center          |  | 89,700                   | 94.8%                 | 34                    |
| 95  | 1325 Broadway                | Saugus             | MA           | Mall                     | X                                      | 210,800                  | 53.0%                 | 16                    |
| 96  | 15700 Emerald Way            | Bowie              | MD           | Shopping Center          |  | 130,500                  | 17.2%                 | 11                    |
| 97  | 3207 Solomons Island Road    | Edgewater          | MD           | Shopping Center          | X                                      | 117,200                  | 100.0%                | 14                    |
| 98  | 417 Main Street              | Madawaska          | ME           | Shopping Center          |  | 49,700                   | 0.0%                  | 2                     |
| 99  | 2100 Southfield Road         | Lincoln Park       | MI           | Shopping Center          |  | 301,700                  | 22.8%                 | 17                    |
| 100 | 1560 US 31 South             | Manistee           | MI           | Shopping Center          |  | 94,700                   | 0.0%                  | 12                    |
| 101 | 32123 Gratiot Avenue         | Roseville          | MI           | Mall                     |  | 364,600                  | 42.4%                 | 21                    |
| 102 | 2760 I-75 Business Spur      | Sault Sainte Marie | MI           | Freestanding             |  | 92,700                   | 0.0%                  | 11                    |
| 103 | 22801 Harper Avenue          | St. Clair Shores   | MI           | Freestanding             |  | 103,000                  | 100.0%                | 11                    |
| 104 | 300 West 14 Mile Road        | Troy               | MI           | Mall                     |  | 379,600                  | 26.1%                 | 30                    |
| 105 | 3100 Washtenaw Road          | Ypsilanti          | MI           | Freestanding             |  | 99,400                   | 100.0%                | 12                    |
| 106 | 14250 Buck Hill Road         | Burnsville         | MN           | Mall                     |  | 167,300                  | 0.0%                  | 15                    |
| 107 | 3001 White Bear Avenue North | Maplewood          | MN           | Mall                     |  | 175,000                  | 0.0%                  | 14                    |
| 108 | 425 Rice Street              | St. Paul           | MN           | Freestanding             |  | 217,900                  | 0.0%                  | 17                    |

## Wholly Owned Properties (cont'd)

March 31, 2020

|     | <b>Property Address</b>                 | <b>City</b>        | <b>State</b> | <b>Property Type (1)</b> | <b>Holdco<br/>Master Lease<br/>(2)</b> | <b>Total<br/>GLA (3)</b> | <b>Leased<br/>(3)</b> | <b>Land<br/>Acres</b> |
|-----|---|--------------------|--------------|--------------------------|--|--------------------------|-----------------------|-----------------------|
| 109 | 1 Flower Valley Shopping Center         | Florissant         | MO           | Shopping Center          |  | 124,000                  | 17.2%                 | 11                    |
| 110 | 2304 Missouri Boulevard                 | Jefferson City     | MO           | Freestanding             |  | 97,700                   | 100.0%                | 10                    |
| 111 | 3700 South Campbell Avenue              | Springfield        | MO           | Shopping Center          |  | 112,900                  | 100.0%                | 8                     |
| 112 | 2308 Highway 45 North                   | Columbus           | MS           | Shopping Center          |  | 166,700                  | 27.2%                 | 18                    |
| 113 | 1 South Tunnel Road                     | Asheville          | NC           | Mall                     |  | 110,600                  | 40.7%                 | 16                    |
| 114 | 1302 Bridford Parkway                   | Greensboro         | NC           | Shopping Center          |  | 178,500                  | 78.4%                 | 16                    |
| 115 | 4700 2nd Avenue                         | Kearney            | NE           | Freestanding             |  | 64,900                   | 100.0%                | 8                     |
| 116 | 1500 South Willow Street                | Manchester         | NH           | Mall                     |  | 106,600                  | 75.4%                 | 11                    |
| 117 | 310 Daniel Webster Highway              | Nashua             | NH           | Mall                     |  | 167,100                  | 0.0%                  | 7                     |
| 118 | 50 Fox Run Road                         | Portsmouth         | NH           | Mall                     |  | 127,100                  | 0.0%                  | 13                    |
| 119 | 77 Rockingham Park Boulevard            | Salem              | NH           | Mall                     |  | 251,600                  | 48.9%                 | 14                    |
| 120 | 1500 Highway 35                         | Middletown         | NJ           | Freestanding             |  | 191,200                  | 100.0%                | 23                    |
| 121 | 1640 Route 22                           | Watchung           | NJ           | Freestanding             |  | 116,400                  | 99.3%                 | 19                    |
| 122 | 1205 East Pine Street                   | Deming             | NM           | Freestanding             |  | 96,600                   | 0.0%                  | 10                    |
| 123 | 10405 South Eastern Avenue              | Henderson          | NV           | Shopping Center          |  | 143,500                  | 100.0%                | 12                    |
| 124 | 4000 Meadows Lane                       | Las Vegas          | NV           | Mall                     |  | 130,300                  | 32.6%                 | 11                    |
| 125 | 5400 Meadowood Mall Circle              | Reno               | NV           | Mall                     |  | 162,700                  | 25.4%                 | 3                     |
| 126 | 1425 Central Avenue                     | Albany             | NY           | Mall                     |  | 277,900                  | 28.9%                 | 21                    |
| 127 | 4155 State Route 31                     | Clay               | NY           | Mall                     |  | 146,500                  | 0.0%                  | 12                    |
| 128 | 4000 Jericho Turnpike                   | East Northport     | NY           | Shopping Center          |  | 179,700                  | 51.9%                 | 18                    |
| 129 | 195 North Broadway                      | Hicksville         | NY           | Freestanding             |  | 284,800                  | 35.4%                 | 30                    |
| 130 | 2801 West State Street                  | Olean              | NY           | Freestanding             |  | 120,700                  | 45.9%                 | 13                    |
| 131 | 317 Greece Ridge Center Drive           | Rochester          | NY           | Mall                     |  | 128,500                  | 0.0%                  | 15                    |
| 132 | 171 Delaware Avenue                     | Sidney             | NY           | Shopping Center          |  | 94,400                   | 0.0%                  | 19                    |
| 133 | 200 Eastview Mall                       | Victor             | NY           | Mall                     |  | 122,700                  | 83.6%                 | 14                    |
| 134 | 600 Lee Boulevard                       | Yorktown Heights   | NY           | Mall                     |  | 160,000                  | 24.1%                 | 12                    |
| 135 | 4100 Belden Village Avenue<br>Northwest | Canton             | OH           | Mall                     |  | 190,600                  | 65.3%                 | 19                    |
| 136 | 2000 Brittain Road                      | Chapel Hill        | OH           | Mall                     |  | 194,700                  | 0.0%                  | 21                    |
| 137 | 2700 Miamisburg Centerville Road        | Dayton             | OH           | Mall                     |  | 180,200                  | 7.4%                  | 16                    |
| 138 | 1005 East Columbus Street               | Kenton             | OH           | Freestanding             |  | 96,100                   | 0.0%                  | 11                    |
| 139 | 7875 Johnnycake Ridge Road              | Mentor             | OH           | Mall                     |  | 219,100                  | 0.0%                  | 20                    |
| 140 | 6950 West 130th Street                  | Middleburg Heights | OH           | Shopping Center          |  | 359,000                  | 10.0%                 | 15                    |
| 141 | 1447 North Main Street                  | North Canton       | OH           | Shopping Center          |  | 87,100                   | 3.3%                  | 9                     |
| 142 | 3408 West Central Avenue                | Toledo             | OH           | Shopping Center          |  | 218,700                  | 0.0%                  | 11                    |
| 143 | 4400 South Western Avenue               | Oklahoma City      | OK           | Freestanding             |  | 223,600                  | 22.5%                 | 24                    |
| 144 | 1180 Southeast 82nd Avenue              | Happy Valley       | OR           | Mall                     |  | 144,300                  | 31.2%                 | 12                    |

## Wholly Owned Properties (cont'd)

March 31, 2020

|     | <b>Property Address</b>           | <b>City</b>     | <b>State</b> | <b>Property Type (1)</b> | <b>Holdco<br/>Master Lease<br/>(2)</b> | <b>Total<br/>GLA (3)</b> | <b>Leased<br/>(3)</b> | <b>Land<br/>Acres</b> |
|-----|-----------------------------------|-----------------|--------------|--------------------------|--|--------------------------|-----------------------|-----------------------|
| 145 | 3975 Columbia Avenue              | Columbia        | PA           | Shopping Center          | X                                      | 86,700                   | 100.0%                | 8                     |
| 146 | 160 North Gulph Road (4)          | King Of Prussia | PA           | Mall                     |  | 210,800                  | 82.8%                 | 14                    |
| 147 | 1745 Quentin Road                 | Lebanon         | PA           | Shopping Center          |  | 117,200                  | 0.0%                  | 15                    |
| 148 | 100 Cross Roads Plaza             | Mount Pleasant  | PA           | Shopping Center          |  | 86,300                   | 67.7%                 | 10                    |
| 149 | 400 North Best Avenue             | Walnutport      | PA           | Freestanding             | X                                      | 121,200                  | 100.0%                | 16                    |
| 150 | PR 167 & Las Cumbres              | Bayamon         | PR           | Shopping Center          | X                                      | 114,600                  | 100.0%                | 10                    |
| 151 | 400 Calle Betances                | Caguas          | PR           | Mall                     | X                                      | 138,700                  | 100.0%                | 8                     |
| 152 | Plaza Carolina Station            | Carolina        | PR           | Mall                     | X                                      | 198,000                  | 100.0%                | 11                    |
| 153 | Martinez Nadal Avenue             | Guaynabo        | PR           | Shopping Center          | X                                      | 225,700                  | 91.9%                 | 18                    |
| 154 | PR Road 2, Km 149.5               | Mayaguez        | PR           | Shopping Center          | X                                      | 118,200                  | 100.0%                | 13                    |
| 155 | 2643 Ponce Bypass                 | Ponce           | PR           | Shopping Center          | X                                      | 126,900                  | 100.0%                | 9                     |
| 156 | 650 Bald Hill Road                | Warwick         | RI           | Shopping Center          |  | 131,500                  | 93.6%                 | 20                    |
| 157 | 3801B Clemson Boulevard           | Anderson        | SC           | Shopping Center          |  | 119,300                  | 100.0%                | 12                    |
| 158 | 7801 Rivers Avenue                | Charleston      | SC           | Mall                     |  | 121,300                  | 55.9%                 | 14                    |
| 159 | 2800 North Germantown Parkway     | Cordova         | TN           | Mall                     |  | 160,900                  | 0.0%                  | 12                    |
| 160 | 4570 Poplar Avenue                | Memphis         | TN           | Freestanding             |  | 112,700                  | 87.7%                 | 11                    |
| 161 | 12625 North Interstate Highway 35 | Austin          | TX           | Shopping Center          |  | 52,700                   | 100.0%                | 25                    |
| 162 | 9484 Dyer Street                  | El Paso         | TX           | Freestanding             |  | 114,200                  | 60.2%                 | 11                    |
| 163 | 300 Baybrook Mall                 | Friendswood     | TX           | Mall                     |  | 166,000                  | 0.0%                  | 13                    |
| 164 | 12605 North Gessner Road          | Houston         | TX           | Freestanding             |  | 134,000                  | 100.0%                | 11                    |
| 165 | 6301 Northwest Loop 410           | Ingram          | TX           | Mall                     |  | 168,400                  | 0.0%                  | 12                    |
| 166 | 2501 Irving Mall                  | Irving          | TX           | Mall                     |  | 92,000                   | 83.5%                 | 18                    |
| 167 | 201 Central Park Mall             | San Antonio     | TX           | Freestanding             |  | 164,200                  | 96.1%                 | 15                    |
| 168 | 4000 North Shepherd               | Shepherd        | TX           | Freestanding             | X                                      | 201,700                  | 100.0%                | 12                    |
| 169 | 13131 Preston Road                | Valley View     | TX           | Mall                     |  | 235,000                  | 24.9%                 | 23                    |
| 170 | 9570 Southwest Freeway            | Westwood        | TX           | Freestanding             |  | 213,600                  | 100.0%                | 18                    |
| 171 | 2010 North Main Street            | Layton          | UT           | Shopping Center          |  | 176,800                  | 84.1%                 | 14                    |
| 172 | 7453 South Plaza Center Drive     | West Jordan     | UT           | Shopping Center          |  | 171,000                  | 100.0%                | 12                    |
| 173 | 5901 Duke Street                  | Alexandria      | VA           | Mall                     | X                                      | 262,100                  | 100.0%                | 18                    |
| 174 | 1401 Greenbrier Parkway           | Chesapeake      | VA           | Mall                     |  | 162,000                  | 50.6%                 | 15                    |
| 175 | 12000 Fair Oaks Mall              | Fairfax         | VA           | Mall                     |  | 211,000                  | 85.0%                 | 15                    |
| 176 | 4588 Virginia Beach Boulevard     | Virginia Beach  | VA           | Mall                     |  | 197,300                  | 56.0%                 | 14                    |
| 177 | 141 West Lee Highway              | Warrenton       | VA           | Shopping Center          |  | 75,500                   | 82.4%                 | 9                     |
| 178 | 2200 148th Avenue Northeast       | Redmond         | WA           | Shopping Center          |  | 230,700                  | 0.0%                  | 15                    |
| 179 | 5200 South 76th Street            | Greendale       | WI           | Mall                     |  | 187,400                  | 75.5%                 | 21                    |
| 180 | 53 West Towne Mall                | Madison         | WI           | Mall                     |  | 112,800                  | 98.0%                 | 18                    |

**Wholly Owned Properties (cont'd)**

March 31, 2020

| <u>Property Address</u>                | <u>City</u> | <u>State</u> | <u>Property Type (1)</u> | <u>Holdco<br/>Master Lease<br/>(2)</u> | <u>Total<br/>GLA (3)</u> | <u>Leased<br/>(3)</u> | <u>Land<br/>Acres</u> |
|--|-------------|--------------|--------------------------|--|--------------------------|-----------------------|-----------------------|
| <b>Total - Wholly-Owned Properties</b> |             |              |                          |  | <b>28,277,800</b>        | <b>42.2%</b>          | <b>2,412</b>          |

(1) Company classification. Mall properties are attached to regional malls; Shopping Center properties include properties attached, within or adjacent to neighborhood shopping or power centers, as well as freestanding properties.

(2) Denotes property subject to the Holdco Master Lease.

(3) Based on signed leases as of March 31, 2020.

(4) Property is subject to a ground lease.

**Non-GAAP Measures**

The Company makes reference to NOI, Total NOI, EBITDA<sub>re</sub>, Company EBITDA, 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, EBITDA<sub>re</sub>, Company EBITDA, 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 this Supplemental Information package.

**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 NOI and 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.

**Earnings before Interest Expense, Income Tax, Depreciation, and Amortization for Real Estate (“EBITDA<sub>re</sub>”) and Company EBITDA**

EBITDA<sub>re</sub> is calculated in accordance with the definition set forth by the National Association of Real Estate Investment Trusts (“NAREIT”), which may not be comparable to measures calculated by other companies who do not use the NAREIT definition of EBITDA. EBITDA<sub>re</sub> is calculated as net income computed in accordance with GAAP, excluding interest expense, income tax expense, depreciation and amortization, gains (or losses) from property sales and impairment charges on depreciable real estate assets. The Company believes EBITDA<sub>re</sub> provides useful information to investors regarding our results of operations because it removes the impact of the Company’s capital structure (primarily interest expense) and its asset base (primarily depreciation and amortization). Management also believes the use of EBITDA<sub>re</sub> facilitates comparisons between us and other equity REITs and real property owners that are not REITs.

The Company makes certain adjustments to EBITDA<sub>re</sub>, which it refers to as Company EBITDA, 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 and certain up-front-hiring costs that it does not believe are representative of ongoing operating results.

**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 costs, that it does not believe are representative of ongoing operating results.

**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; the litigation filed against us and other defendants in the Sears Holdings adversarial proceeding pending in bankruptcy court; 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; failure to achieve expected occupancy and/or rent levels within the projected time frame or at all; the impact of ongoing negative operating cash flow on our ability to fund operations and ongoing development; our ability to access or obtain sufficient sources of financing to fund our liquidity needs; our relatively limited history as an operating company; and the impact of the COVID-19 pandemic on the business of our tenants and our business, income, cash flow, results of operations, financial condition, liquidity, prospects, ability to service our debt obligations and our ability to pay dividends and other distributions to our shareholders. 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.



SERITAGE  
GROWTH PROPERTIES

Seritage Growth Properties  
500 Fifth Avenue | New York, NY 10110  
212-355-7800 | [www.seritage.com](http://www.seritage.com)

[\(Back To Top\)](#)