

Seritage Growth Properties
Form DEF 14A
March 15, 2017

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

**SCHEDULE 14A
(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as Permitted By Rule 14A-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

SERITAGE GROWTH PROPERTIES
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:

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(1)

Amount Previously Paid:

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Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

489 Fifth Avenue, 18th Floor
New York, NY 10017
(212) 355-7800

March 15, 2017

Dear Shareholder:

The trustees and officers of Seritage Growth Properties (the “Company” or “Seritage”) are pleased to invite you to attend the 2017 annual meeting of the Company’s shareholders on April 25, 2017 at 10:00 a.m. (Eastern Time) at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP at 375 Park Avenue, New York, NY, 10152.

The formal notice of this Annual Meeting and the Proxy Statement appear on the following pages. We have elected to provide access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission’s “notice and access” rules. After reading the Proxy Statement, please submit your proxy through the Internet, by touch-tone telephone or by requesting a printed copy of the proxy materials and using the enclosed proxy card. We must receive properly authorized proxies submitted via mail, the Internet or by touch-tone telephone by 11:59 p.m., Eastern Time, on April 24, 2017 in order for them to be counted at the Annual Meeting. We encourage you to authorize a proxy to vote your shares via the Internet and to choose to view future mailings electronically rather than receiving them on paper. Please review the instructions on each of your voting options described in this Proxy Statement, as well as the Notice of Internet Availability of Proxy Materials you received in the mail.

Whether or not you plan to attend the meeting in person, please read the Proxy Statement and vote your shares.

Sincerely,

Edward S. Lampert
Chairman of the Board of Trustees
Seritage Growth Properties
489 Fifth Avenue 18th Floor
New York, NY 10017

SERITAGE GROWTH PROPERTIES

489 Fifth Avenue, 18th Floor

New York, NY 10017

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 25, 2017

10:00 a.m. Eastern Time

at 375 Park Avenue, New York, NY, 10152

We invite you to attend the 2017 annual meeting of shareholders of Seritage Growth Properties, a Maryland real estate investment trust (“Seritage,” “the Company,” “our company,” “we,” “our” or “us”), to consider and vote upon:

1. The election of Kenneth T. Lombard and Benjamin Schall as Class II trustees, each to serve until the 2020 annual meeting of shareholders and until his successor is duly elected and qualified;
2. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017;
3. An advisory, non-binding, resolution to approve the Company’s executive compensation program for our named executive officers;
4. The determination, on an advisory basis, of the frequency in which shareholders will participate in any advisory vote on executive compensation; and
5. Any other business that may properly come before the meeting or any postponement or adjournment of the meeting.

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The record date for determining shareholders entitled to notice of, and to vote at, this annual meeting is March 10, 2017. Only shareholders of record at the close of business on that date are entitled to vote at the meeting.

For more information, please read the accompanying Proxy Statement.

It is important that your shares are represented at the meeting. Shareholders of record as of the close of business on the record date may vote their shares in person at the annual meeting, or authorize a proxy (1) by telephone, (2) through the Internet or (3) if you requested to receive printed proxy materials, by submitting your enclosed proxy card. Specific instructions for authorizing a proxy to vote your shares by telephone or through the Internet are included in this Proxy Statement and in the Notice of Internet Availability of Proxy Materials you received in the mail.

If you attend and vote at the meeting, your vote at the meeting will replace any earlier vote. If your shares are registered in the name of a broker or other nominee, you will receive instructions from your broker or other nominee describing how to vote your shares.

Sincerely,

Matthew Fernand
General Counsel,
Executive Vice President and Secretary
March 15, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2017 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 25, 2017.

The Company's Proxy Statement for the 2017 annual meeting of shareholders and the 2016 Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are available at www.edocumentview.com/srg.

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QUESTIONS AND ANSWERS

What is included in the proxy materials? What is a proxy statement and what is a proxy?

The proxy materials for the 2017 annual meeting of shareholders (the “Annual Meeting”) of Seritage Growth Properties, a Maryland real estate investment trust (“Seritage,” “the Company,” “our company,” “we,” “our,” or “us”) include the Notice of Annual Meeting, this Proxy Statement, our 2016 Annual Report on Form 10-K and a proxy card or voting instruction form. The Company has made these proxy materials available to you by Internet or, upon your request, has delivered printed versions of these materials to you by mail, because you were a shareholder of record at the close of business on March 10, 2017.

A proxy statement is a document that U.S. Securities and Exchange Commission (“SEC”) regulations require us to give you when we ask you to sign a proxy designating individuals to vote on your behalf. A proxy is the legal designation of another person to cast the votes entitled to be cast by the holder of the shares. That other person is called a proxy.

We have designated two of our officers as proxies for the Annual Meeting. When you authorize a proxy by using the Internet or by signing and returning the proxy card, you appoint Brian Dickman and Matthew Fernand as your representatives at the Annual Meeting (the “proxies”), with full power of substitution. Even if you plan to attend the Annual Meeting, we encourage you to authorize a proxy to vote your shares in advance by using the Internet, or if you received your proxy card by mail, by signing and returning your proxy card. If you authorize a proxy by Internet, you do not need to return your proxy card.

The form of proxy and this Proxy Statement have been approved by our Board of Trustees (“Board”) and are being provided to shareholders by its authority. These materials were first made available or sent to you on March 15, 2017.

Why did I receive a one-page notice in the mail regarding the Internet Availability of Proxy Materials instead of a full set of proxy materials?

In accordance with rules adopted by the SEC, the Company uses the Internet as the primary means of furnishing proxy materials to shareholders. Accordingly, the Company is sending a Notice of Internet Availability of Proxy Materials (the “Notice”) to the Company’s shareholders. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or how to request a printed copy may be found in the Notice, proxy card or voting

instruction form. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. The Company encourages shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of its Annual Meetings and reduce the cost to the Company of physically printing and mailing materials.

What am I voting on at the Annual Meeting?

At the Annual Meeting, our shareholders are asked to consider and vote upon:

the election of Kenneth T. Lombard and Benjamin Schall as Class II trustees, each to serve until the 2020 annual meeting of shareholders and until his successor is duly elected and qualifies;

the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017;

an advisory, non-binding, resolution to approve the Company's executive compensation program for our named executive officers;

the determination, on an advisory basis, of the frequency in which shareholders will participate in any advisory vote on executive compensation; and

any other business that may properly come before the Annual Meeting or any postponement or adjournment thereof.

What does it mean to vote by proxy?

It means that you give someone else the right to vote your shares in accordance with your instructions. In this way, you ensure that your vote will be counted even if you are unable to attend the Annual Meeting. If you give your proxy but do not include specific instructions on how to vote, the individuals named as proxies will vote your shares as follows:

FOR the election of the Board's nominees for Class II trustees;

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017;

FOR, on an advisory basis, the approval of the executive compensation program for our named executive officers; and

FOR A ONE YEAR, on an advisory basis, frequency of any advisory votes on the Corporation's executive compensation.

Who is entitled to vote?

Only holders of our Class A common shares of beneficial interest ("Class A Shares") and Class B common shares of beneficial interest ("Class B Shares") at the close of business on March 10, 2017 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. The holder of each Class A Share and each Class B Share outstanding is entitled to one vote. There were 28,093,772 Class A Shares and 1,439,967 Class B Shares outstanding on the Record Date.

How do I cast my vote?

If you hold your shares directly in your own name, you are a “registered shareholder” (sometimes referred to as a “record shareholder”) and may vote in person at the Annual Meeting or you can complete and submit a proxy through the Internet, by telephone or by mail. If your shares are registered in the name of a broker or other nominee, you are a “street-name shareholder” and will receive instructions from your broker or other nominee describing how to vote your shares.

How do I vote by telephone or through the Internet?

If you are a registered shareholder, you may authorize a proxy to vote your shares by telephone or through the Internet following the instructions in the Notice. If you are a street-name shareholder, your broker or other nominee has provided information for you to use in directing your broker or nominee how to vote your shares.

Who will count the vote?

A representative of Computershare Trust Company, N.A., an independent tabulator, will count the vote and act as the inspector of election.

Can I change my vote after I have voted?

A subsequent vote by any means will change your prior vote. For example, if you voted by telephone, a subsequent Internet vote will change your vote. If you are a registered shareholder and wish to change your vote by mail, you may do so by requesting, in writing, a proxy card from the Corporate Secretary at Seritage Growth Properties, 489 Fifth Avenue, 18th Floor, New York, NY 10017, Attn: Corporate Secretary. The last vote received prior to the Annual Meeting will be the one counted. If you are a registered shareholder, you may also change your vote by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not, by itself, change a prior vote. Street-name shareholders wishing to change their votes after returning voting instructions to their broker or other nominee should contact the broker or nominee directly.

Can I revoke a proxy?

Yes, registered shareholders may revoke a properly executed proxy at any time before it is exercised at the Annual Meeting by (i) submitting a letter addressed to and received by the Corporate Secretary at the address listed in the answer to the previous question or (ii) attending the Annual Meeting in person and revoking your proxy. Street-name shareholders may not revoke their proxies in person at the Annual Meeting because the actual registered shareholders, the brokers or other nominees, will not be present. Street-name shareholders wishing to revoke their proxy after returning voting instructions to their broker or other nominee should contact the broker or nominee directly.

What does it mean if I receive more than one Notice, proxy or voting instruction card?

It means your shares are registered differently or are in more than one account. For all copies of proxy materials, please provide voting instructions for all Notices, proxy cards and voting instruction forms that you receive. We encourage you to register all your accounts in the same name and address. Registered shareholders may contact our transfer agent, Computershare Trust Company, N.A., at 211 Quality Circle, Suite 210, College Station, TX 77845 (1-866-455-9772). Street-name shareholders holding shares through a broker or other nominee should contact their broker or nominee and request consolidation of their accounts.

What constitutes a quorum?

The holders of a majority of the outstanding shares entitled to vote, in person or represented by proxy at Annual Meeting, constitutes a quorum. A quorum is necessary to conduct the Annual Meeting.

How many votes are needed to approve each of the proposals?

Item 1: At least seventy-five percent of all the votes entitled to be cast at a meeting of shareholders at which a quorum is present shall be required to elect a trustee. In the event that an incumbent trustee does not receive a sufficient percentage of votes entitled to be cast for election, he or she will continue to serve on the Board until a successor is duly elected and qualifies.

Item 2: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm requires the affirmative vote of a majority of votes cast in person or represented by proxy at the Annual Meeting.

Item 3: Approval of the advisory vote on the Company's executive compensation program for our named executive officers requires the affirmative vote of a majority of votes cast in person or represented by proxy at the Annual Meeting.

Item 4: Shareholders may vote in favor of holding the vote on the Company's named executive officer compensation every year, every two years or every three years, and they may also choose to abstain. The choice among every one, two or three years which receives a majority of all of the votes cast at the Annual Meeting will be the frequency for

the advisory vote on executive compensation that has been recommended by shareholders. In the event that no option receives a majority of the votes cast, the Board will consider the option that receives the highest number of votes as the preferred choice of the shareholders.

What is the effect of an abstention?

Abstentions occur when a shareholder is present in person or by proxy at the Annual Meeting, but fails to vote. Abstentions will be counted for purposes of determining whether a quorum is present at the Annual Meeting so long as the shareholder is present in person or represented by proxy. An abstention with respect to the election of a trustee will have the same effect as a vote against that trustee. An abstention with respect to the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, the advisory vote on the Company's executive compensation and the vote on the frequency of

advisory votes on the Company's executive compensation will not have an effect on the outcomes of those proposals.

How will votes be counted on shares held through brokers?

If you hold shares beneficially in street name and submit a properly executed proxy, but do not provide your broker with voting instructions on a matter on which the broker is not permitted to vote without instructions from the beneficial owner, your shares represent "broker non-votes." Brokers are not entitled to vote on (i) the election of trustees (Item 1), (ii) the advisory vote on the Company's executive compensation (Item 3) or (iii) the vote on the frequency of advisory votes on the Company's executive compensation (Item 4) unless they receive voting instructions from the beneficial owner. Your broker is entitled to vote your shares if no instructions are received from you on the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm (Item 2). Broker non-votes will be counted for purposes of determining whether a quorum is present at the Annual Meeting. A broker non-vote will have the same effect as a vote against a trustee (Item 1). However, because broker non-votes are not considered votes cast on a proposal, broker non-votes, if any, will not affect the outcome of the proposal to ratify the appoint of Deloitte & Touche LLP as our independent registered public accounting firm (Item 2), the advisory vote on the Company's executive compensation (Item 3) or the vote on the frequency of advisory votes on the Company's executive compensation (Item 4).

Who may attend the Annual Meeting?

Any shareholder as of the Record Date or their duly authorized proxies may attend the Annual Meeting. Seating and registration will begin at 9:30 a.m.

An admission ticket (or other proof of share ownership) and some form of government- issued photo identification (such as a valid driver's license or passport) will be required for admission to the Annual Meeting. Only shareholders who own Seritage shares as of the close of business on March 10, 2017 or their duly authorized proxies will be entitled to attend the Annual Meeting. An admission ticket will serve as verification of your ownership. If you are a registered shareholder, your admission ticket is included in the Notice. Each shareholder may be asked to present valid picture identification (for example, a driver's license or passport). If you are a street-name shareholder, you will need to bring a copy of a brokerage statement, proxy or letter from the broker or other nominee confirming ownership of Seritage shares as of the Record Date. If you are a street-name shareholder and wish to vote at the Annual Meeting you will need to obtain a "legal proxy" from your bank or broker, which may take several days. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

Can I access future annual meeting materials through the Internet?

Yes. Registered shareholders can sign up for electronic delivery at www.envisionreports.com/srg. If you vote through the Internet, you can also sign up for electronic delivery. Just follow the instructions that appear after you finish voting. You will receive an e-mail next year containing our 2017 Annual Report on Form 10-K and the Proxy Statement for our 2018 annual meeting. Street-name shareholders may also have the opportunity

to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your broker or other nominee regarding the availability of this service. This procedure reduces the printing costs and fees our company incurs in connection with the solicitation of proxies.

How are proxies solicited and what is the cost?

Seritage will bear the cost of soliciting proxies by or on behalf of our Board. In addition to solicitation through the mail, proxies may be solicited in person or by telephone or electronic communication by our trustees, officers and employees, none of whom will receive additional compensation for these services. We have engaged Georgeson LLC (“Georgeson”) to distribute and solicit proxies on our behalf and will pay Georgeson a fee of \$10,000, plus reimbursement of reasonable out-of-pocket expenses, for these services.

What is “householding”?

Seritage has adopted a procedure called “householding,” which has been approved by the SEC. Under this procedure, shareholders of record who have the same address and last name will receive a single copy of the Notice and, if applicable, the proxy materials unless one or more of these shareholders notifies the Company that they wish to continue receiving individual copies. Shareholders who participate in householding will continue to receive separate proxy cards. This procedure can result in significant savings to our company by reducing printing and postage costs.

If you wish to receive separate copies of Notices and, if applicable, proxy materials, please call the Company at (212) 355-7800 or write to: Corporate Secretary, Seritage Growth Properties, 489 Fifth Avenue 18th Floor, New York, NY 10017. The Company will deliver the requested documents to you promptly upon your request.

Any shareholders of record who share the same address and currently receive multiple copies of Notices and, if applicable, proxy materials who wish to receive only one copy of these materials per household in the future may contact the Corporate Secretary of the Company at the address or telephone number listed above. If you hold your shares through a broker, bank or other nominee, please contact your broker, bank, or other nominee to request information about householding.

How do I revoke my consent to the householding program?

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If you are a holder of record and share an address and last name with one or more other holders of record, and you wish to continue to receive separate Notices and, if applicable, proxy materials, you may revoke your consent by writing to Corporate Secretary, Seritage Growth Properties, 489 Fifth Avenue 18th Floor, New York, NY 10017. You may also revoke your consent by contacting the Company at (212) 355-7800. You will be removed from the householding program within 30 days of receipt of the revocation of your consent.

A number of brokerage firms have instituted householding. If you hold your shares in street-name, please contact your bank, broker or other holder of record to request information about householding.

CORPORATE GOVERNANCE

Corporate Governance Practices

Our Board is committed to effective corporate governance. The Board has approved and adopted Corporate Governance Guidelines that provide the framework for governance of our company. The Nominating and Corporate Governance Committee reviews and assesses the Corporate Governance Guidelines annually and recommends changes to the Board as appropriate. The Corporate Governance Guidelines, along with the charters of our Audit, Compensation and Nominating and Corporate Governance Committees and our Code of Business Conduct and Ethics are available on our website at www.seritage.com on our Investor Relations page under the heading “Governance Documents.” (We are not including the information contained on, or available through, our website as a part of, or incorporating such information by reference into, this Proxy Statement.)

Among other things, the Corporate Governance Guidelines provide that:

• A majority of the members of the Board must be independent trustees;

• Independent trustees are to meet regularly, at least twice a year, in executive session without management present;

The Board and its committees have the power to engage, at the Company’s expense, independent legal, financial or other advisors as deemed necessary, without consulting or obtaining the approval of the Company’s officers in advance; and

- The Board conducts an annual evaluation to assess whether it and its committees are functioning effectively.

Trustee Independence

Based on the review and recommendation by the Nominating and Corporate Governance Committee, the Board analyzed the independence of each trustee. In making its independence determinations, the Board considers transactions, relationships and arrangements between Seritage and entities with which trustees are associated as executive officers or trustees. When these transactions, relationships and arrangements exist, they are in the ordinary course of business and are of a type customary for a real estate company such as Seritage.

As a result of this review, the Board affirmatively determined that the following trustees meet the standards of independence under our Corporate Governance Guidelines and the applicable NYSE listing rules, including that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment:

David S. Fawer

Kenneth T. Lombard

John T. McClain

Thomas M. Steinberg

The Board has also determined that all members of the Audit Committee meet additional, heightened independence criteria applicable to audit committee members under the NYSE listing rules. The Board has further determined that John T. McClain, the chair of the Audit Committee, David S. Fawer and Kenneth T. Lombard are “audit committee financial experts,” as defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC.

The Board has also determined that the members of the Compensation Committee meet independence criteria applicable to compensation committee members under the NYSE listing rules.

Risk Management

Consistent with our leadership structure, our Chief Executive Officer and other members of senior management are responsible for the identification, assessment and management of risks that could affect the Company, and the Board provides oversight in connection with these efforts. The Board’s oversight is conducted primarily through committees of the Board, as disclosed in the descriptions of the Audit Committee and the Compensation Committee below and in the charters of the Audit Committee and the Compensation Committee. The full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee’s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company, including our Chief Financial Officer and our General Counsel.

Public Policy Matters

We are committed to ethical business conduct and expect our trustees, officers and employees to act with integrity and to conduct themselves and our business in a way that protects our reputation for fairness and honesty. Consistent with these principles, we have established policies and practices in our Code of Business Conduct and Ethics with respect to political contributions and other public policy matters.

We encourage our employees to be active in the political and civic life of their communities. Trustees, officers and employees acting in their individual capacities may not give the impression that they are speaking on our behalf or representing the Company in such activities. In addition, no trustee or employee is permitted to make, authorize or permit any unlawful contributions, expenditure or use of the Company’s funds or property for political purposes. Trustees and employees must not give anything of value to government officials if this could be interpreted as an attempt to curry favor on behalf of the Company.

THE BOARD OF TRUSTEES

Board Membership

The Nominating and Corporate Governance Committee of our Board is responsible for reviewing the qualifications and independence of members of the Board and its various committees on a periodic basis, as well as the composition of the Board as a whole. This assessment includes members' qualification as independent and their economic interest in the

Company through meaningful share ownership, as well as consideration of diversity, skills and experience in relation to the needs of the Board. Trustee nominees will be recommended to the Board by the Nominating and Corporate Governance Committee in accordance with the policies and principles in its charter. The ultimate responsibility for selection of trustee nominees resides with the Board.

While the Company does not have a formal diversity policy, the Board considers diversity in identifying trustee nominees. The Board and the Nominating and Governance Committee believe that it is important that our trustees represent diverse viewpoints. In addition to diversity of experience, the Nominating and Corporate Governance Committee seeks trustee candidates with a broad diversity of professions, skills and backgrounds. This process is designed so that the Board includes members with diverse backgrounds that represents appropriate financial and other expertise relevant to our business.

The Board held four regular meetings and three special meetings during fiscal year 2016. All of the trustees who served on the Board during 2016 attended at least 75% of the total meetings of the Board and each of the Board committees on which such trustee served during their respective tenure. In addition to the foregoing, during fiscal year 2016, the trustees from time to time held additional meetings and conference calls (with Mr. Lampert recusing himself) to discuss Company business relating to Sears and/or ESL Investments (including, for example, the settlement of the Sears derivative litigation and the entry into the credit facility with ESL Investments).

Committees of the Board of Trustees

The Board has standing Audit, Compensation, Nominating and Corporate Governance, and Investment Committees. All members of the Audit, Compensation, and Nominating and Corporate Governance Committees are independent, as defined in the NYSE listing rules.

The table below reflects the current membership of each committee and the number of meetings held by each committee in fiscal year 2016.

	Audit	Compensation	Nominating and Corporate Governance	Investment
D. Fawer	X		X*	
E. Lampert ¹				X
J. McClain	X*	X		
K. Lombard	X	X*		

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T. Steinberg			X	X*
2016 Meetings	7	2	2	2
		*		Committee chair

¹ Mr. Lampert resigned as a member of the Compensation Committee on July 4, 2016.

Each committee operates under a written charter. The principal functions of each Committee are summarized below (charters for the Audit, Compensation and Nominating and Corporate Governance Committees may be viewed on our website at www.seritage.com under the “Investors” – Governance Documents heading or by writing to our Corporate Secretary at our principal executive office):

Audit Committee

Responsible for compensation and oversight of the work of the independent registered public accounting firm in connection with the annual audit report;

Hires, subject to shareholder ratification, the independent registered public accounting firm to perform the annual audit;

Reviews the Company's annual and quarterly financial statements, including disclosures made in management's discussion and analysis of results of operations and financial condition;

Reviews the reports prepared by the independent registered public accounting firm and management's responses thereto;

Pre-approves audit and permitted non-audit services performed by the independent registered public accounting firm;

- - Reviews financial reports, internal controls and risk exposures;

- - Reviews and approves all related party transactions, as defined by applicable NYSE rules.

- - Reviews management's plan for establishing and maintaining internal controls;

- - Reviews the scope of work performed by the internal audit staff;

- Discusses with the Company's General Counsel matters that involve our compliance and ethics policies; and

- Prepares the Audit Committee Report required by SEC rules to be included in our annual Proxy Statement.

Compensation Committee

- - Reviews recommendations for and approves the compensation of senior executive officers;

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· Reviews and approves corporate goals and objectives relevant to CEO compensation, evaluates the CEO's performance and recommends to the Board the CEO's overall compensation level;

· Reviews and approves employment agreements, severance arrangements and change in control arrangements affecting the CEO and other senior executives; and

· Prepares the Compensation Committee Report required by SEC rules to be included in our annual Proxy Statement.

Nominating and Corporate Governance Committee

- Reports annually to the full Board with an assessment of the Board's performance;
- Recommends to the full Board the nominees for trustees;
- Reviews and recommends to the Board the composition and committee chairperson;
- Reviews recommended compensation arrangements for the Board; and
- Reviews and reassesses the adequacy of our Corporate Governance Guidelines.

Investment Committee

Assists the Board in fulfilling its responsibility to oversee acquisitions, dispositions, development projects, financings and other similar investments by the Company;

- Assists the Company's executive officers and management in evaluating and formulating proposed investments;
- Reviews and assesses proposed investments in light of the Company's strategic goals and objectives; and

Has the authority to approve certain transactions and presents and recommends certain other transactions to the full Board for their approval.

Compensation Committee Interlocks and Insider Participation

Edward S. Lampert (until July 4, 2016), Kenneth T. Lombard and John T. McClain served as members of our Compensation Committee during fiscal year 2016. No current member of the Compensation Committee is a current or former executive officer or employee of the Company (nor was any member of the Compensation Committee a current or former executive officer or employee of the Company while serving in such role), and no current member of the Compensation Committee had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of certain related-party transaction. None of the Company's executive officers served as a director

or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, an executive officer of which served as a director or member of the Company's Compensation Committee during fiscal year 2016. See "*Certain Relationships and Transactions*" for discussion of any related party transactions related to Mr. Lampert.

Communications with the Board of Trustees

You may contact any non-employee trustee, or the entire Board, at any time, subject to the exceptions described below. Your communication should be sent to the Seritage Growth

Properties Board of Trustees — c/o Corporate Secretary, Seritage Growth Properties, 489 Fifth Avenue 18th Floor, New York, NY 10017. Communications are distributed to the Board, a committee of the Board, or any Board member as appropriate, depending on the facts and circumstances outlined in the communication. Certain items that are unrelated to the duties and responsibilities of the Board will be excluded, such as new product suggestions, resumes and other job inquiries, surveys and business solicitations or advertisements.

Board Leadership Structure

The Board has no policy that mandates the separation of the offices of Chairman of the Board and Chief Executive Officer. Under our Corporate Governance Guidelines, the Board believes that it is in the best interest of the Company to make such a determination at the time that it elects a new Chairman of the Board or Chief Executive Officer. The Board believes this determination should be made based on the Company's best interests in light of the circumstances at the time. Taking these considerations into account, the Board has concluded that the separation of the roles of Chairman and Chief Executive Officer best serves the interests of shareholders and the Company at this time. Currently, Mr. Lampert is the Chairman of the Board and Mr. Schall is the Chief Executive Officer of the Company. The Board believes it is important to maintain flexibility as to the Board's leadership structure, but firmly supports maintaining a non-management trustee in a leadership role at all times, whether as non-executive Chairman or Lead Independent Trustee.

Nomination of Trustee Candidates

The Nominating and Corporate Governance Committee considers candidates proposed by shareholders and evaluates them using the same criteria as for other candidates. The Nominating and Corporate Governance Committee will, when appropriate, actively seek individuals qualified to become Board members, and solicit input on trustee candidates from a variety of sources, including our current trustees. As a matter of course, the Committee will evaluate a candidate's qualifications and review all proposed nominees for the Board, including those proposed by shareholders, in accordance with its charter and our Corporate Governance Guidelines. This will include a review of the person's qualifications and independence, economic interest in the Company through meaningful share ownership, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. While the Committee has the ability to retain a third party to assist in the nomination process, the Company did not pay a fee to any third party to identify or assist in identifying or evaluating potential nominees in fiscal year 2016.

Trustee nominees recommended by the Nominating and Corporate Governance Committee are expected to be committed to representing the long-term interests of our shareholders. The Committee believes that it is important to align the interests of trustees with those of our shareholders, and therefore expects that each non-employee trustee acquire, by the third anniversary of his or her election, a number of Seritage Class A Shares with a cost at least equal to the annual retainer of each trustee in effect on the date when the trustee first becomes a member of the Board.

Board members should possess a high degree of integrity and have broad knowledge, experience and mature judgment. In addition to a meaningful economic commitment to our company as expressed in share ownership, trustees and nominees should

have predominately business backgrounds, have experience at policy-making levels in business, and bring a diverse set of business experiences and perspectives to the Board.

Any recommendation by our shareholders should include any supporting material the shareholder(s) considers appropriate in support of that recommendation, but must include information that would be required under the rules of the SEC to be included in a proxy statement soliciting proxies for the election of such candidate and a written consent of the candidate to serve as one of our trustees if elected. The Nominating and Corporate Governance Committee also reserves the right to request such additional information as it deems appropriate. All recommendations for nomination received by the Corporate Secretary will be presented to the Nominating and Corporate Governance Committee for its consideration. See section entitled “*Communications with the Board of Trustees*” for more information.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

Review and Approval of Transactions With Related Persons

The Company’s Audit Committee charter requires that the Audit Committee review and approve all related party transactions required to be disclosed pursuant to SEC rules and applicable NYSE rules. With respect to each related-party transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms that are no less favorable to the Company than terms generally available from an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

Our Relationship with Sears Holdings

On June 11, 2015, Sears Holdings effected a rights offering (the “Rights Offering”) to Sears Holdings stockholders to purchase common shares of Seritage in order to fund, in part, Seritage’s \$2.7 billion acquisition of 234 of Sears Holdings’ owned properties and one of its ground leased properties, and its 50% interests in three joint ventures that collectively own 28 properties, ground lease one property and lease two properties (collectively, the “Transaction”). 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 Transaction with Sears Holdings and commenced operations. The Company’s only operations prior to the completion of the Rights Offering and Transaction were those incidental to the

completion of such activities.

Since the Transaction, the Company has operated as an independent public company. However, one of our trustees, Edward S. Lampert, and entities affiliated with him, together as a group, currently beneficially own significant portions of both Sears Holdings' outstanding common stock and equity in Seritage Growth Properties, L.P., a Delaware limited partnership ("Operating Partnership"). Seritage is the sole general partner of Operating Partnership. In addition, Sears Holdings is our largest tenant. Accordingly, Sears Holdings is considered a related party.

In connection with the Transaction, we entered into certain agreements with Sears Holdings or its subsidiaries to effect the Transaction and to provide a framework for our relationship with Sears Holdings after the separation. The following is a summary of the terms of the material agreements that we have entered into with Sears Holdings or its subsidiaries. The summary of the agreements is qualified in its entirety by reference to the full text of the applicable agreements filed as exhibits to our SEC reports.

The Master Lease

On July 7, 2015, subsidiaries of Seritage and subsidiaries of Sears Holdings entered into a master lease (the “Master Lease”). The Master Lease generally is a triple net lease with respect to all space which is leased thereunder to Sears Holdings, subject to proportional sharing by Sears Holdings for repair and maintenance charges, real property taxes, insurance and other costs and expenses which are common to both the space leased by Sears Holdings and other space occupied by unrelated third-party tenants in the same or other buildings pursuant to third-party leases, space which is recaptured pursuant to the Company recapture rights under the Master Lease and all other space which is constructed on the properties. Under the Master Lease, Sears Holdings and/or one or more of its subsidiaries will be required to make all expenditures reasonably necessary to maintain the premises in good appearance, repair and condition for as long as they lease the space.

The Master Lease has an initial term of 10 years and contains three options for five-year renewals of the term and a final option for a four-year renewal. As of December 31, 2016, the annual base rent paid directly by Sears Holdings and its subsidiaries under the Master Lease was approximately \$134.0 million. Revenues from the Master Lease for the year ended December 31, 2016 was approximately \$189.1 million.

The Master Lease contains certain provisions that are designed to optimize the utilization of its subject properties and provide a certain degree of flexibility to the parties over the lifetime of the Master Lease, including providing the Company with the right to recapture and re-lease specified space governed by the Master Lease. As of December 31, 2016, the Company had exercised its recapture rights with respect to 27 properties.

The Master Lease also provides for certain rights of Sears Holdings to terminate the Master Lease with respect to properties that cease to be profitable for operation by Sears Holdings, subject to limitations as set forth in the Master Lease. During the year ended December 31, 2016, Sears Holdings provided notice that it intended to exercise its right to terminate the Master Lease with respect to 17 stores totaling 1.7 million square feet of gross leasable area. The aggregate annual base rent at these stores was approximately \$6.0 million. Sears Holdings continued to pay Seritage rent until it vacated the stores in January 2017 and also paid Seritage a termination fee of approximately \$10.0 million, an amount equal to one year of aggregate annual base rent plus one year of estimated real estate taxes and operating expenses.

Subscription, Distribution and Purchase and Sale Agreement

Through the Subscription, Distribution and Purchase and Sale Agreement, Sears Holdings subscribed for rights to acquire Seritage Class A common shares and distributed such

subscription rights to its stockholders. The Subscription, Distribution and Purchase and Sale Agreement also provided for the sale of properties and joint venture interests (both directly and indirectly) to Operating Partnership for an aggregate purchase price of approximately \$2,677.3 million. The Subscription, Distribution and Purchase and Sale Agreement allocated responsibility for liabilities relating to the acquired properties between Seritage and Sears Holdings subject to the provisions of the Master Lease. It also contains indemnification obligations between Seritage and Sears Holdings.

Transition Services Agreement

On July 7, 2015, the Operating Partnership and Sears Holdings Management Corporation (“SHMC”), a wholly owned subsidiary of Sears Holdings, entered into a transition services agreement (the “Transition Services Agreement”, or “TSA”). Pursuant to the TSA, SHMC was to provide certain limited services to the Operating Partnership during the period from the closing of the Transaction through the 18-month anniversary of the closing. On January 7, 2017, the TSA expired by its terms.

During the year ended December 31, 2016, the services provided by SHMC were limited to specific accounting and tax services, substantially all of which were in support of the Company’s 2015 year-end activities. Fees incurred for these services were approximately \$0.1 million.

ESL Exchange Agreement

Seritage, Operating Partnership and ESL Investments, Inc. and its affiliates, including Edward S. Lampert (collectively, “ESL”) entered into an exchange agreement (the “ESL Exchange Agreement”) pursuant to which ESL exchanged subscription rights that, if exercised, would have resulted in ESL receiving in excess of 3.1% of the Seritage common shares, together with an amount of cash equal to the aggregate amount ESL would have paid had it exercised such subscription rights in the rights offering plus the value of the Seritage non-economic shares, for Seritage non-economic shares having 5.4% of the voting power of Seritage but not entitled to dividends or distributions and Operating Partnership units. ESL, which holds all of the Seritage non-economic shares, has agreed with us that upon any sale or other transfer to a non-affiliate of any of its Operating Partnership units, it will surrender to Seritage a pro rata portion of the Seritage non-economic shares that it holds prior to the sale or other transfer, whereupon the surrendered Seritage non-economic shares will be cancelled and the aggregate voting power of ESL in Seritage will be proportionately reduced.

Partnership Agreement of Operating Partnership

The partnership agreement of Operating Partnership provides holders of Operating Partnership units (other than Seritage and entities controlled by it) approval rights over certain change of control transactions involving Seritage or Operating Partnership, sales of all or substantially all of the assets of Operating Partnership and waivers to the excess share provisions in the declaration of trust of Seritage until after the first six continuous months in which ESL holds less than 40% of the economic interests of Seritage and Operating Partnership on a consolidated basis. In addition, the partnership agreement provides such holders (other than

Seritage and entities controlled by it) approval rights over certain modifications to the partnership agreement, withdrawal or succession of Seritage as general partner of Operating Partnership, tax elections and certain other matters at all times. In addition, ESL has the right to acquire additional Operating Partnership units to allow it to maintain its relative ownership interest in Operating Partnership if Operating Partnership issues additional units to Seritage.

In addition, the partnership agreement of Operating Partnership provides holders of Operating Partnership units (other than Seritage and entities controlled by it) the right to cause Operating Partnership to redeem each of their Operating Partnership units in exchange for cash or, at the election of Seritage, common shares of Seritage on a one-for-one basis. The partnership agreement of Operating Partnership also permits ESL to transfer its Operating Partnership units to one or more underwriters to be exchanged for Seritage common shares in connection with certain dispositions in order to achieve the same effect as would occur if ESL were to exchange its Operating Partnership units for Seritage common shares, which may be limited under the ownership restrictions set forth in the Seritage declaration of trust, and then dispose of those shares in an underwritten offering. As of December 31, 2016, the Company held a 56.7% interest in the Operating Partnership and ESL held a 43.3% interest. The portions of consolidated entities not owned by the Company are presented as non-controlling interest as of and during the period presented.

Subsequent to December 31, 2016, 2,267,821 Operating Partnership units were converted to Class A shares resulting in the Company holding a 60.6% interest in the Operating Partnership and ESL holding a 39.4% interest.

Registration Rights Agreement with ESL

We entered into a registration rights agreement with ESL (the “Registration Rights Agreement”). The Registration Rights Agreement provides for, among other things, demand registration rights and piggyback registration rights for ESL. Pursuant to the Registration Rights Agreement and the partnership agreement of Operating Partnership, if ESL proposes to engage in an offering, it may transfer Operating Partnership units to an underwriter to be exchanged for Seritage common shares before they are sold in the offering. We are also required to indemnify ESL against losses suffered by it or certain other persons based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement, related prospectus, preliminary prospectus or free writing prospectus, or the omission or alleged omission to state therein a material fact required to be stated therein, necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, except to the extent based upon information furnished in writing by ESL specifically for use therein.

ESL owns approximately 3.8% of the outstanding Class A common shares, as well as Class B non-economic common shares having, in the aggregate, 4.7% of the voting power of the Company.

Unsecured Term Loan Facility with ESL

On February 23, 2017 (the “Closing Date”), the Operating Partnership, as borrower, and the Company, as guarantor, entered into a \$200 million senior unsecured delayed draw term loan

facility (the “Facility”) with JPP, LLC (“JPP”) and JPP II, LLC, as lenders (collectively, the “Initial Lenders”), and JPP, as administrative agent (the “Administrative Agent”). Mr. Edward S. Lampert, the Company’s Chairman, is the sole stockholder, chief executive officer and director of ESL, which controls JPP and JPP II, LLC. As discussed above, ESL held a 43.3% interest in the Operating Partnership as of December 31, 2016. The Company expects to use the proceeds of the Facility, among other things, to fund redevelopment projects and for other general corporate purposes. Loans under the Facility are guaranteed by the Company.

Loans under the Facility (which was undrawn on the Closing Date) may be requested by the Operating Partnership at any time from the Closing Date until thirty days prior to the stated maturity date, upon five business days prior notice to the Administrative Agent. The total commitments of the lenders under the Facility are \$200 million, provided that the maximum draw amount under the Facility through April 30, 2017 is \$100 million, which amount increases to \$150 million on May 1, 2017 and \$200 million on September 1, 2017, in each instance so long as no cash flow sweep period (as defined in our existing mortgage loan facility on file with the Securities Exchange Commission) is then in effect and continuing as of such date under the Company’s existing mortgage loan facility. Amounts drawn under the Facility and repaid may not be redrawn.

The Facility will mature the earlier of (i) December 31, 2017 and (ii) the date on which the outstanding indebtedness under the Company’s existing mortgage and mezzanine facilities are repaid in full. The Facility may be prepaid at any time in whole or in part, without any penalty or premium.

The principal amount of loans outstanding under the Facility will bear a base annual interest rate of 6.50%. If a cash flow sweep period were to occur and be continuing under the Company’s existing mortgage loan indebtedness (i) the interest rate on any outstanding advances would increase from and after such date by 1.50% per annum above the base interest rate and (ii) the interest rate on any advances made after such date would increase by 3.50% per annum above the base interest rate, in each case, for so long as the cash flow sweep is continuing. Accrued and unpaid interest will be payable in cash, except that during the continuance of a cash flow sweep period under the Company’s existing mortgage loan facility, the Operating Partnership may defer the payment of interest which deferred amount would be added to the outstanding principal balance of the loans and on which interest would be payable from and after the date of such deferral.

On the Closing Date, the Operating Partnership paid to the Initial Lenders an upfront commitment fee equal to \$1 million. The Operating Partnership will also be required to pay an additional commitment fee of \$1 million on the date that is ninety days after the Closing Date unless prior thereto (i) at least 33.33% of the total commitments of the lenders have been syndicated to lenders who are not affiliates of the Initial Lenders or (ii) the Facility has been paid in full and the lenders’ commitments have been terminated.

The Facility documentation requires that the Company at all times maintain (i) a net worth of not less than \$1 billion and (ii) a leverage ratio not to exceed 60.00%.

The Facility includes customary representations and warranties, covenants and indemnities. The Facility also has customary events of default, including (subject to certain materiality thresholds and grace periods) payment default, failure to comply with covenants, material inaccuracy of representation or warranty, and bankruptcy or insolvency proceedings. If there is an event of default, the lenders may declare all or any portion of the outstanding indebtedness to be immediately due and payable, exercise any rights they might have under any of the Facility documents, and require the Operating Partnership to pay a default interest rate on overdue amounts equal to 1.50% in excess of the then applicable interest rate.

ITEM 1. ELECTION OF TRUSTEES

Item 1 is the election of two Class II trustee nominees to our Board. If elected, the two nominees will serve until the 2020 annual meeting of shareholders, and until their successors are duly elected and qualify. The proxies will vote **FOR** the election of all of the nominees listed below, unless otherwise instructed.

The number of trustees constituting the entire Board is currently fixed at six. Our declaration of trust provides that our trustees are divided into three classes. One class of trustees is elected at each annual meeting of shareholders to serve until the third succeeding annual meeting of shareholders and until their respective successors have been duly elected and qualify.

The Board expects all nominees to be available for election. If any nominee should become unavailable to serve as a trustee for any reason prior to the Annual Meeting, the Board may substitute another person as a nominee. In that case, your shares will be voted for that other person.

THE BOARD RECOMMENDS THAT YOU VOTE “FOR” THE ELECTION OF THE TWO NOMINEES FOR TRUSTEE.

The biographies of each of the nominees below contain information regarding the person’s service as a trustee, business experience, trustee or director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board to determine that the person should serve as a trustee for the Company.

Kenneth T. Lombard

Trustee since 2015

Kenneth T. Lombard, age 62, is president of MacFarlane Partners and is responsible for its real estate investment management business. He serves on the firm’s investment and senior management committees, and assists with its real estate development business. Previously, Mr. Lombard served as Vice Chairman, Head of Investments and Partner for Capri Investment Group, LLC, and was a member of Capri’s investment committee. From 2004 to 2008, he served as President of Starbucks Entertainment and helped launch Johnson Development Corporation in 1992, where he spent

12 years as the President and Partner. Mr. Lombard has extensive experience in business development, management, investment banking, economic development, corporate expansion and real estate investment over a career that spans three decades, which qualifies him to serve as a trustee of the Company.

Benjamin Schall

Trustee since 2015

Benjamin Schall, age 41, is the Chief Executive Officer and President of Seritage. Prior to becoming CEO and President, he served as Chief Operating Officer of Rouse Properties, Inc. from 2012 to 2015 and held a number of roles at Vornado Realty Trust from 2003 to 2012, where his positions included Senior Vice President. Mr. Schall's extensive experience as an

executive in public real estate investment trusts and in the retail real estate industry qualifies him to serve as a trustee of the Company.

Other Trustees

Edward S. Lampert

Trustee since 2015

Edward S. Lampert, age 54, currently serves as the Chairman and Chief Executive Officer of Sears Holdings Corporation (“Sears Holdings”) and the Chairman and Chief Executive Officer of ESL, which he founded in April 1988. Mr. Lampert has extensive experience in business and finance, and he has invested in many retail companies. Mr. Lampert also served on the board of AutoNation from 2002 to 2007.

John T. McClain

Trustee since 2015

John T. McClain, age 55, most recently served as the Chief Financial Officer of Lindblad Expeditions Holdings, Inc., an expedition travel company, from November 2015 to September 2016. Mr. McClain also served as the Chief Financial Officer of the Jones Group Inc., a leading global designer, marketer and wholesaler of over 25 brands, from July 2007 until its sale to Sycamore Partners in April 2014. From April 2014 to September 2014, he continued to provide Senior Advisor services related to financial operations to Sycamore Partners. Prior to that, Mr. McClain held a number of roles at Avis Budget Group, Inc. (“Avis”), formerly Cendant Corporation. He joined Cendant Corporation in September 1999, serving as the Senior Vice President, Finance & Corporate Controller until 2006. From November 2006 to July 2007, Mr. McClain served as the chief accounting officer of Avis and chief operating officer of Cendant Finance Holdings. Mr. McClain previously held leadership roles at Sirius Satellite Radio Inc. and ITT Corporation. Mr. McClain also serves on the board of directors of Lands’ End, Inc., where he is chair of the audit committee and a member of the technology committee. Mr. McClain has over 25 years of executive financial experience, serving at high-level capacities for the retail and consumer sectors, which qualifies him to serve as a trustee of the Company.

David S. Fawer

Trustee since 2015

David S. Fawer, age 48, served as Vice Chairman of OneWest Bank N.A. until August 2015, where he developed and managed all aspects of the commercial real estate businesses and served as Secretary to the board of directors of IMB HoldCo (the holding company of OneWest Bank). Prior to joining OneWest Bank in March of 2009, he was Managing Director / Partner at Dune Capital where he led commercial real estate finance efforts and Managing Director / Partner at Dune Real Estate Partners. Mr. Fawer has over 20 years of experience in the field of commercial real estate finance, including lending, real estate equity investing, and risk management, which qualifies him to serve as a trustee of the Company.

Thomas M. Steinberg

Trustee since 2015

Thomas M. Steinberg, age 60, is the Founder and Chief Executive Officer of TS Partners, an international, diversified investment firm. Prior to this, Mr. Steinberg was President of Tisch Family Interests from 1996 through 2013, where he directed real estate transactions and was responsible for management of portfolios that included public equity, private equity, debt and alternative investments. Mr. Steinberg also served on the board of directors of Gunther International, a leading producer of intelligent document finishing systems, and as a director of a number of privately held companies including KGB, Inc., the largest independent directory assistance company in the world and Catellus. Mr. Steinberg has over 30 years of experience in the real estate and investment space, which qualifies him to serve as a trustee of the Company.

AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP

Security Ownership of Trustees and Management

The following table sets forth information with respect to the beneficial ownership of our Class A Shares, Class B Shares and Class C Shares as of March 10, 2017 by:

- each of our trustees;
- each named executive officer (as defined under “Summary Compensation Table”);

and

- all of our trustees and executive officers as a group.

Name of Beneficial Owner ⁽¹⁾⁽²⁾	Common Shares Class A		Non-Economic Shares Class B		Non-Voting Shares Class C		% of Total Voting Power ⁽⁴⁾
	Number of Shares Beneficially Owned	Percent ⁽³⁾	Number of Shares Beneficially Owned	Percent	Number of Shares Beneficially Owned	Percent	
James Bry	2,813	*	—	—	—	—	*
Brian Dickman	7,392	*	—	—	—	—	*
Matthew Fernand	9,469	*	—	—	—	—	*
Benjamin Schall	197,767	*	—	—	—	—	*
Mary Rottler	5,887	*	—	—	—	—	*
David S. Fawer	12,000	*	—	—	—	—	*
Edward S. Lampert	1,056,710 ⁽⁵⁾	3.8 %	1,439,967 ⁽⁵⁾	100 %	—	—	8.5 %
Kenneth T. Lombard	0	*	—	—	—	—	*
John T. McClain	1,100	*	—	—	—	—	*
Thomas M. Steinberg	15,374	*	—	—	—	—	*
All trustees and executive officers as a group (10 persons)	1,308,512	4.7 %	1,439,967 ⁽⁵⁾	100 %	—	—	9.3 %

* Less than 1%

(1) The address of each beneficial owner is c/o Seritage Growth Properties, 489 Fifth Avenue 18th Floor, New York, NY 10017.

(2)

Ownership includes:

- shares in which the trustee or executive officer may be deemed to have a beneficial interest; and for executive officers, shares held as nontransferable restricted shares, which are subject to forfeiture under certain circumstances, and restricted stock units that are scheduled to vest within 60 days of March 10, 2017. Unless otherwise indicated, the trustees and executive officers listed in the table have sole voting and investment power with respect to the shares listed next to their respective names. Information is provided for reporting purposes only and should not be construed as an admission of actual beneficial ownership.

(3) “Percent of Class” for each named person was calculated by using the disclosed number of shares beneficially owned as the numerator and 28,093,772, the number of our common shares of that class outstanding as of March 10, 2017 (plus for each named person, the number of shares not outstanding but for which such person is deemed to have beneficial ownership), as the denominator.

(4) The “Percent of Total Voting Power” for each named person was calculated by using the disclosed number of beneficially owned shares as the numerator and 29,533,739 the number of shares of our Class A and Class B common shares outstanding as of March 10, 2017 (plus for each named person, the number of common shares not outstanding but for which such person is deemed to have beneficial ownership), as the denominator, while also considering any applicable ownership limitations.

(5) Please see Footnote 7 to the table of Security Ownership of 5% Beneficial Owners below.

Security Ownership of 5% Beneficial Owners

The following table sets forth information with respect to beneficial ownership of our shares of beneficial interest by persons known by us to beneficially own 5% or more of our outstanding common shares.

Name of Beneficial Owner	Common Shares Class A			Non-Economic Shares Class B			Non-Voting Shares Class C			% of Total Voting Power ⁽³⁾
	Number of Shares Beneficially Owned ⁽¹⁾	Percent ⁽²⁾		Number of Shares Beneficially Owned ⁽¹⁾	Percent		Number of Shares Beneficially Owned ⁽¹⁾	Percent		
Fairholme Capital Management, L.L.C. and related entities ⁽⁴⁾⁽⁵⁾ 4400 Biscayne Blvd. 9th Floor Miami, Florida 33137	3,433,750	12.2 %	—	—	—	—	5,771,985 ⁽⁵⁾	100 %	11.6 %	
The Vanguard Group and related entities ⁽⁶⁾ 100 Vanguard Blvd. Malvern, PA 19355	3,147,705	11.2 %	—	—	—	—	—	—	10.7 %	
ESL Investments, Inc. and related entities ⁽⁷⁾ 1170 Kane Concourse Bay Harbour, Florida 33154	1,056,710	3.8 %	1,439,967	100 %	—	—	—	—	8.5 %	
Blackrock Inc. and related entities ⁽⁸⁾ 55 East 52 nd Street New York, NY 10055	2,405,678	8.6 %	—	—	—	—	—	—	8.1 %	
Warren E. Buffett ⁽⁹⁾ 3555 Farnam Street Omaha, NE 68131	2,000,000	7.1 %	—	—	—	—	—	—	6.8 %	
Vanguard Specialized Funds – Vanguard REIT Index Fund and related entities ⁽¹⁰⁾ 100 Vanguard Blvd. Malvern, PA 19355	1,716,133	6.1 %	—	—	—	—	—	—	5.8 %	
Empyrean Capital Partners, LP and related entities ⁽¹¹⁾ 10250 Constellation	1,348,272	4.8 %	—	—	—	—	—	—	4.6 %	

Boulevard, Suite 2950
Los Angeles, CA 90067

(1) Information is provided for reporting purposes only and should not be construed as an admission of actual beneficial ownership.

(2) “Percent of Class” for each named person was calculated by using the disclosed number of beneficially owned shares as the numerator and 28,093,772, the number of shares of our common shares outstanding as of March 10, 2017 (plus for each named person, the number of common shares not outstanding but for which such person is deemed to have beneficial ownership), as the denominator.

(3) The “Percent of Total Voting Power” for each named person was calculated by using the disclosed number of beneficially owned shares as the numerator and 29,533,739, the number of shares of our Class A and Class B common shares outstanding as of March 10, 2017 (plus for each named person, the number of common shares not outstanding

but for which such person is deemed to have beneficial ownership), as the denominator, while also considering any applicable ownership limitations.

- (4) Beneficial ownership is based on ownership as set forth in the Schedule 13G filed by Fairholme Capital Management, L.L.C., Bruce R. Berkowitz and Fairholme Funds, Inc. with the SEC on February 15, 2017.
- (5) Each Class C Share will automatically convert into one Class A Share upon a transfer to any person other than an affiliate of the holder of such share.
- (6) Beneficial ownership is based on ownership as set forth in the Schedule 13G filed by The Vanguard Group with the SEC on February 13, 2017.
- (7) Beneficial ownership is based on ownership as set forth in the Schedule 13D filed by ESL Partners, L.P., RBS Partners, L.P., ESL Investments, Inc., and Edward S. Lampert with the SEC on February 24, 2017, the surrender of 11,369 Class B shares on March 10th and in the Form 4 filed by Mr. Lampert on March 14, 2017.
- (8) Beneficial ownership is based on ownership as set forth in the Schedule 13G filed by Blackrock Inc. on January 30, 2017.
- (9) Beneficial ownership is based on ownership as set forth in the Schedule 13G filed by Warren E. Buffett with the SEC on December 10, 2015.
- (10) Beneficial ownership is based on ownership as set forth in the Schedule 13G filed by Vanguard Specialized Funds – Vanguard REIT Index Fund on February 14, 2017.
- (11) Beneficial ownership is based on ownership as set forth in the Schedule 13G filed by Empyrean Capital Partners, LP, Empyrean Capital Overseas Master Fund, Ltd., P EMP Ltd., and Mr. Amos Meron on February 14, 2017.

EXECUTIVE OFFICERS

The following table sets forth information regarding the individuals who serve as executive officers of Seritage, together with their biographical information.

Name	Age	Position
Benjamin Schall	41	Chief Executive Officer and President, Trustee
Brian Dickman	41	Chief Financial Officer and Executive Vice President
Matthew Fernand	40	General Counsel, Executive Vice President and Secretary
James Bry	49	Executive Vice President of Development and Construction
Mary Rottler	40	Executive Vice President of Leasing and Operations

Benjamin Schall. See Item 1—“*Election of Trustees*” for Mr. Schall’s biographical information.

Brian Dickman serves as the Chief Financial Officer and Executive Vice President of Seritage and is responsible for all public company finance, financial reporting, and treasury and investor relations activities. Prior to joining Seritage, from February 2014, Mr. Dickman served as the Chief Financial Officer and Secretary of Agree Realty Corporation. Prior to that, Mr. Dickman was a real estate investment banker at RBC Capital Markets from April 2012 to February 2014, Barclays from September 2008 to March 2012 and Lehman Brothers from August 2005 to September 2008.

Matthew Fernand serves as the General Counsel, Executive Vice President and Secretary of Seritage, and is responsible for overseeing all legal compliance, litigation and transactional matters and human resources. Prior to joining Seritage, Mr. Fernand was a partner in Sidley Austin LLP’s Real Estate Group, where he practiced from 2005 to 2015 and focused on the financing, development, acquisition and disposition, and leasing of commercial properties and the formation of real estate joint ventures and partnerships.

James Bry serves as the Executive Vice President of Development and Construction of Seritage and is responsible for overseeing the Company’s development and construction activities. Prior to joining Seritage, Mr. Bry was the Senior Vice President, Development and Construction at Vornado Realty Trust from 2006 to 2015, where he oversaw development and redevelopment of approximately six million square feet of its shopping malls, community centers and urban retail properties.

Mary Rottler serves as the Executive Vice President of Leasing and Operations of Seritage and is responsible for overseeing the Company’s leasing activities as well as certain internal and external operational functions. Prior to

joining Seritage, Ms. Rottler served as the Vice President of Real Estate at Wal-Mart Stores, Inc. In this capacity, she was responsible for overseeing all facets of new store development in the eastern half of the United States. Prior to that time, she was the Vice President for Realty Supplier Management and Compliance at Wal-Mart. She joined Wal-Mart in 2001.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The following discussion is intended to supplement the detailed information concerning executive compensation that appears in the tables and the accompanying narrative that follows. It is also intended to provide insight into Seritage's compensation philosophy and policies applicable to 2016 compensation matters for our named executive officers ("NEOs"). Our NEOs for the fiscal year ended December 31, 2016 include Messrs. Schall, Dickman, Fernand and Bry and Ms. Rottler.

Executive Summary and 2016 Performance Highlights

After establishing the Company on July 7, 2015 and building the initial platform, the Company's focus in 2016 was on executing the initial phases of its business plan, including the leasing of space to new retailers and launching its initial set of redevelopment projects. This activity was executed across a breadth of assets and markets and a mix of projects that included the repurposing of existing buildings as well as the demolition and construction of larger scale shopping centers. In addition, the Company continued to expand its team and capabilities by hiring leading professionals with retail real estate expertise and redevelopment experience, and further developed its systems and management capabilities.

On reviewing the accomplishments of the Company, CEO and the NEO's in 2016, the Compensation Committee recognized that performance was above expectations, as illustrated by the following achievements, among others:

• Over 2.2 million square feet leased to new retailers since the Company's inception at an average rent of approximately \$18.50 per square foot;

• Total of 48 projects completed or commenced since inception with projected spend of \$470 million, and 9 joint venture projects commenced or announced;

• 33 wholly-owned projects initiated since the Company's inception with projected spend of \$400 million, and projected incremental returns of above 12% on an unlevered basis;

- Significant advancements made on a number of larger scale projects, including planning and approvals;

• Expanded the capabilities of the platform through the hiring of internal staff, the engagement of third party resources, and the expansion of the Company's systems and management processes;