

SECURITY CAPITAL

U.S. REAL ESTATE

TAX-MANAGED GROWTH

INVESTMENT OBJECTIVE

Security Capital U.S. Real Estate Tax-Managed Growth is a separate account designed for long-term investors seeking to maximize the total rate of return potential of real estate securities through a tax-managed investment program. Each portfolio seeks to achieve above-average long-term total returns while limiting exposure to tax liability for the investor.

INVESTMENT STRATEGY

Security Capital U.S. Real Estate Tax-Managed Growth is a focused portfolio targeted to hold approximately 12 equity securities of public real estate companies believed to offer the highest total rate of return potential over a tax-efficient holding period. In selecting securities, the investment management team takes a disciplined approach, first considering the universe of public real estate companies in the United States. The team's proprietary research provides supply and demand forecasts of local real estate markets for all property types, assessment of individual companies' sustainable growth potential and analysis of the effect of market dynamics on company cash flow, growth and valuation.

TAX-MANAGEMENT TECHNIQUES

In addition to seeking growth, the portfolio investment management team utilizes three primary tax-management techniques.

- Low portfolio turnover—employing a “buy and hold” strategy to minimize taxable capital gains that can result from frequent changes to the portfolio mix. The investment management team generally rebalances the portfolio every 12 to 18 months, subject to market or other conditions.
- Dividend management—identifying and investing in those public real estate companies that offer the greatest potential to deliver total return through capital appreciation rather than through high dividend yields, to minimize taxable income.
- Tax lot accounting—tracking each holding from its date of purchase enables the portfolio management team to make the most tax-efficient decisions if a security is sold.

Highly focused portfolio



Securities market pricing
• *Cost of capital*
• *Price / cash flow multiple*



Individual company analysis
• *Cash flow stability and growth*
• *Management strength*
• *Business strategy*
• *Capitalization*



Real estate market research
• *Supply and demand fundamentals*
• *All property types*
• *Demographics*

Our investment approach provides a sound foundation for assessing value in public real estate companies.



SECURITY CAPITAL

THE SECURITY CAPITAL ADVANTAGE

Security Capital Research & Management Incorporated (SC-R&M), the investment adviser, is a recognized expert in developing and providing real estate investment products to institutional clients. A subsidiary of Security Capital, an acknowledged leader in the global public real estate industry, SC-R&M has the dedicated resources and depth of experience we believe are necessary to deliver top-quartile performance. SC-R&M integrates comprehensive market research with in-depth valuation methodologies to structure portfolios geared to capitalize on the income and growth potential within real estate securities.

With over \$3.4 billion in total assets under management, SC-R&M is uniquely positioned to provide the management expertise that permits investing with confidence.

INVESTMENT TEAM

Security Capital U.S. Real Estate Tax-Managed Growth is supported by an investment team that includes investment strategists, company sector analysts and real estate market researchers. This team is led by:

Anthony R. Manno Jr., Chief Investment Officer

27 years investment management experience

- Oversees all investment and capital allocation decisions for public market securities, company and industry analysis, market strategy, and trading and reporting
- Previously served as managing director of LaSalle Partners Incorporated, a real estate investment firm
- MBA, University of Chicago; MA, BA, Northwestern University

Kevin W. Bedell, Senior Vice President, Investment Research

15 years investment management experience

- Directs all activities of the investment analysis team, which provides in-depth, proprietary research and analysis on publicly traded real estate companies
- Previously served as equity vice president and portfolio manager for LaSalle Partners Incorporated
- MBA, University of Chicago; BA, Kenyon College

Kenneth D. Statz, Senior Market Strategist

20 years investment management experience

- Responsible for implementing day-to-day investment strategy
- Formerly served as senior REIT analyst in the investment research department of Goldman, Sachs & Co., and REIT portfolio manager and managing director of Chancellor Capital Management
- MBA, BBA, University of Wisconsin

PORTFOLIO AT A GLANCE

Benchmark	Wilshire Real Estate Securities Index
Adviser	Security Capital Research & Management Incorporated

AVERAGE ANNUAL TOTAL RETURNS as of 3/31/02

	Security Capital Managed Account Tax-Managed Composite ¹	Real Estate Securities Benchmark ²
Current Quarter	7.9%	9.1%
YTD 2002	7.9%	9.1%
One year	23.9%	21.7%
Since inception (4/1/99)	20.6%	16.4%

¹Net of fees.

²The Wilshire Real Estate Securities Index (WARES) is an unmanaged, broad-based, market capitalization-weighted index comprised of publicly traded REITs and real estate operating companies, not including special purpose or healthcare REITs.

FOR MORE INFORMATION

To learn more about SC-US Real Estate Tax-Managed Growth, call Security Capital toll-free at **1-888-868-9644**.