



**SECURITY CAPITAL**

**Q4 and Year-End 2000 Results  
Conference Call**

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## **Analysts' Reports**

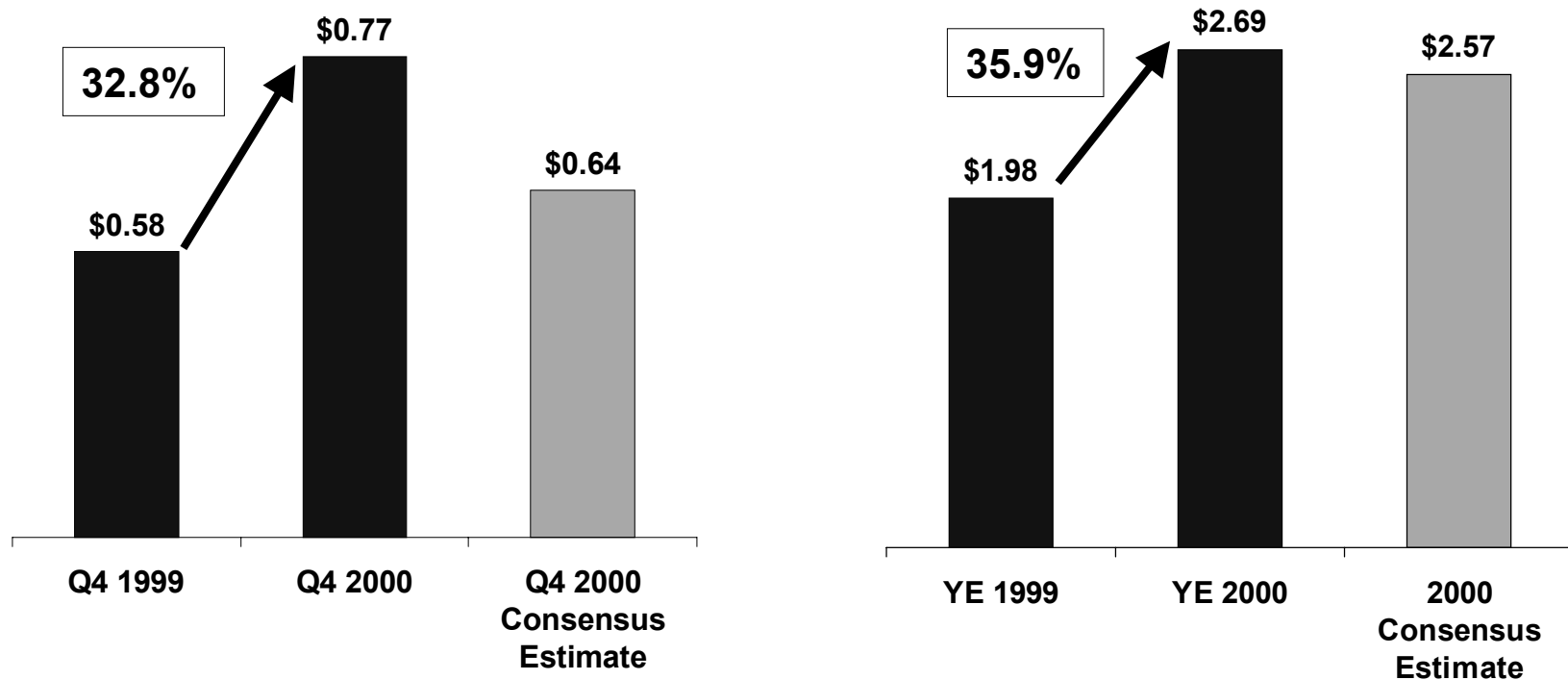
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# SCZ 2000 FINANCIAL HIGHLIGHTS

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Strong per Share Earnings Growth in 2000 — Based on Excellent Operating Fundamentals

EBDADT Per Share



# SCZ Q4 2000 FINANCIAL HIGHLIGHTS

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## Significant Impacts to Earnings Growth<sup>(1)</sup>

(in millions, except per share data)

	<u>Basic EBDADT</u>	<u>Diluted Per Share</u>
<b>Q4 1999 EBDADT</b>	<b>\$70.5</b>	<b>\$0.58</b>
<b>Changes:</b>		
Investee Operating Improvement		
- Belmont	3.3	.03
- SC-European	10.6	.08
- Public Investees (PLD & RTY)	2.1	.02
Homestead Improvement as a Result of Operating Improvement and Increased Ownership	8.5	.07
Operating Expense Improvement	2.9	.02
Share Repurchase Impact	-	.06
Taxes	(11.2)	(.09)
Other	(0.7)	-
<b>Q4 2000 EBDADT</b>	<b><u><u>\$86.0</u></u></b>	<b><u><u>\$0.77</u></u></b>

(1) EBDADT per share, before special items, increased from \$0.58 per share in 1999 to \$0.77 per share in 2000.

# SCZ 2000 FINANCIAL HIGHLIGHTS

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## Significant Impacts to Earnings Growth<sup>(1)</sup>

(in millions, except per share data)

	<u>Basic EBDADT</u>	<u>Diluted Per Share</u>
<b>1999 EBDADT</b>	<b>\$237.6</b>	<b>\$1.98</b>
<b>Changes:</b>		
Investee Operating Improvement		
- Belmont	5.0	.04
- SC-European	17.1	.13
- Public Investees (ASN, PLD & RTY)	27.7	.21
Homestead Improvement as a Result of Operating Improvement and Increased Ownership	46.0	.36
Loss of EBDADT from Sale of Strategic Hotel	(31.1)	(.24)
Operating Expense Improvement	24.9	.19
Share Repurchase Impact	—	.18
Taxes	(12.2)	(.09)
Other	(9.1)	(.07)
<b>2000 EBDADT</b>	<b><u>\$305.9</u></b>	<b><u>\$2.69</u></b>

(1) EBDADT per share, before special items, increased from \$1.98 per share in 1999 to \$2.69 per share in 2000.

# SCZ Q4 2000 FINANCIAL HIGHLIGHTS

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## Drivers of Growth

- Homestead Village Incorporated
  - EBDADT for Q4 2000 was \$21.0 Million which was \$8.5 Million Higher than the Same Period in 1999
  - 74.7% Occupancy for the Quarter Versus 71.4% in Q4 1999 Resulting in RevPAR Growth of 10.2% Year-Over-Year
  - 2000 Free Cash Flow of \$79.9 Million
  - Through January 31, 2001 Homestead Sold 24 Properties for \$79.6 Million
- BelmontCorp
  - Currently has Four Operating Properties, Five Properties Under Construction and Four Properties in Planning
  - The Two Stabilized Properties are 99.3% Leased and the Two Prestabilized Properties are 87.2% Leased which is 13.6% Ahead of Plan
  - Rents on Average have Increased 10.3% Since Initial Leasing

# SCZ Q4 2000 FINANCIAL HIGHLIGHTS

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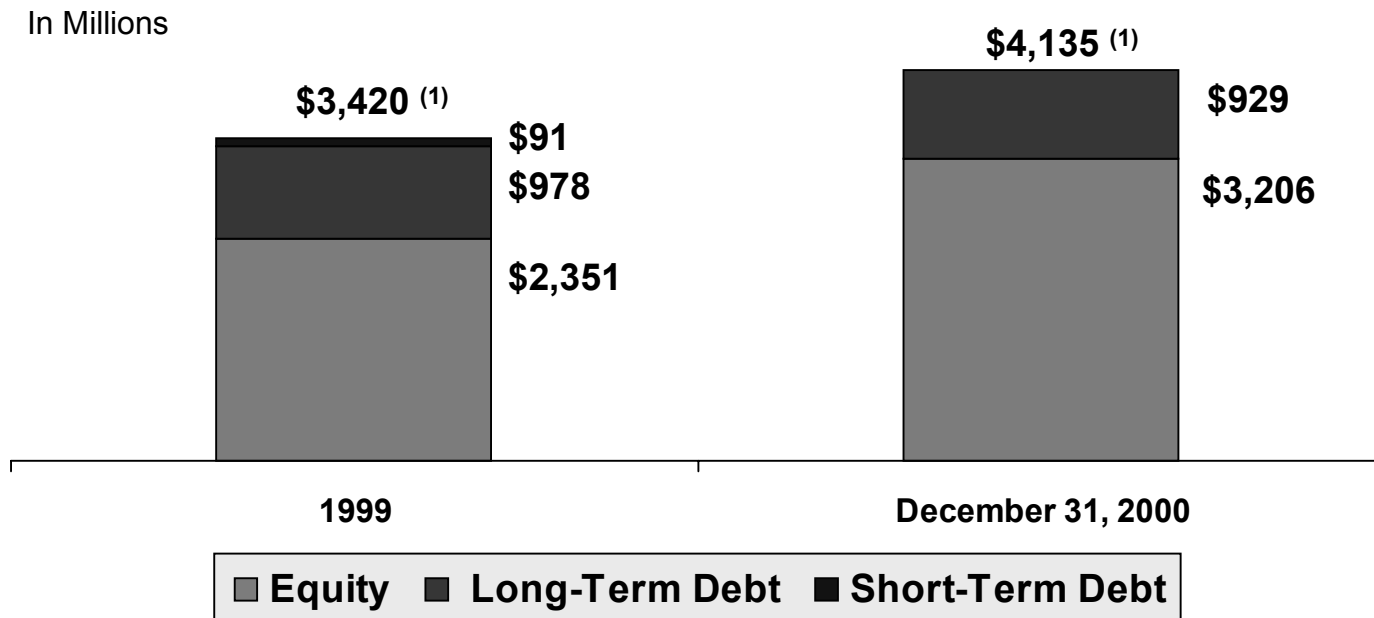
## Drivers of Growth

- SC-European Realty
  - Produced EBDADT of \$45.2 Million in Q4 2000 Versus \$14.4 Million for the Same Period in 1999
    - EBDADT from Parking Increased 80% from Q4 1999
      - Driven by Strong Same Store Sales Growth and Performance of Acquired Businesses
    - EBDADT from the Office Businesses Totaled \$39.0 Million Including \$30.5 Million from Gains on the Sale of Development / Redevelopment Assets
      - At Quarter-End, There was One Office Property Under Contract to be Sold for \$128.1 Million
    - 39% of SC-European's Assets were Prestabilized or in Development at the End of Q4 2000

# SCZ Q4 2000 FINANCIAL HIGHLIGHTS

## Strong Balance Sheet Creates Financial Flexibility

- Free Cash Flow for the Four Quarters Ended December 31, 2000 was \$116.5 Million, an Increase of \$56.2 Million from the Four Quarters Ended December 31, 1999
- The Ratio of Cash Flow to Fixed Charges for the Four Quarters Ended December 31, 2000, was 2.98 Compared to 2.78 as of September 30, 2000
- \$929 Million of Long-Term Debt Average Life of 12.1 Years at an Average Fixed Rate of 7.2% (Leverage of 22.1%)

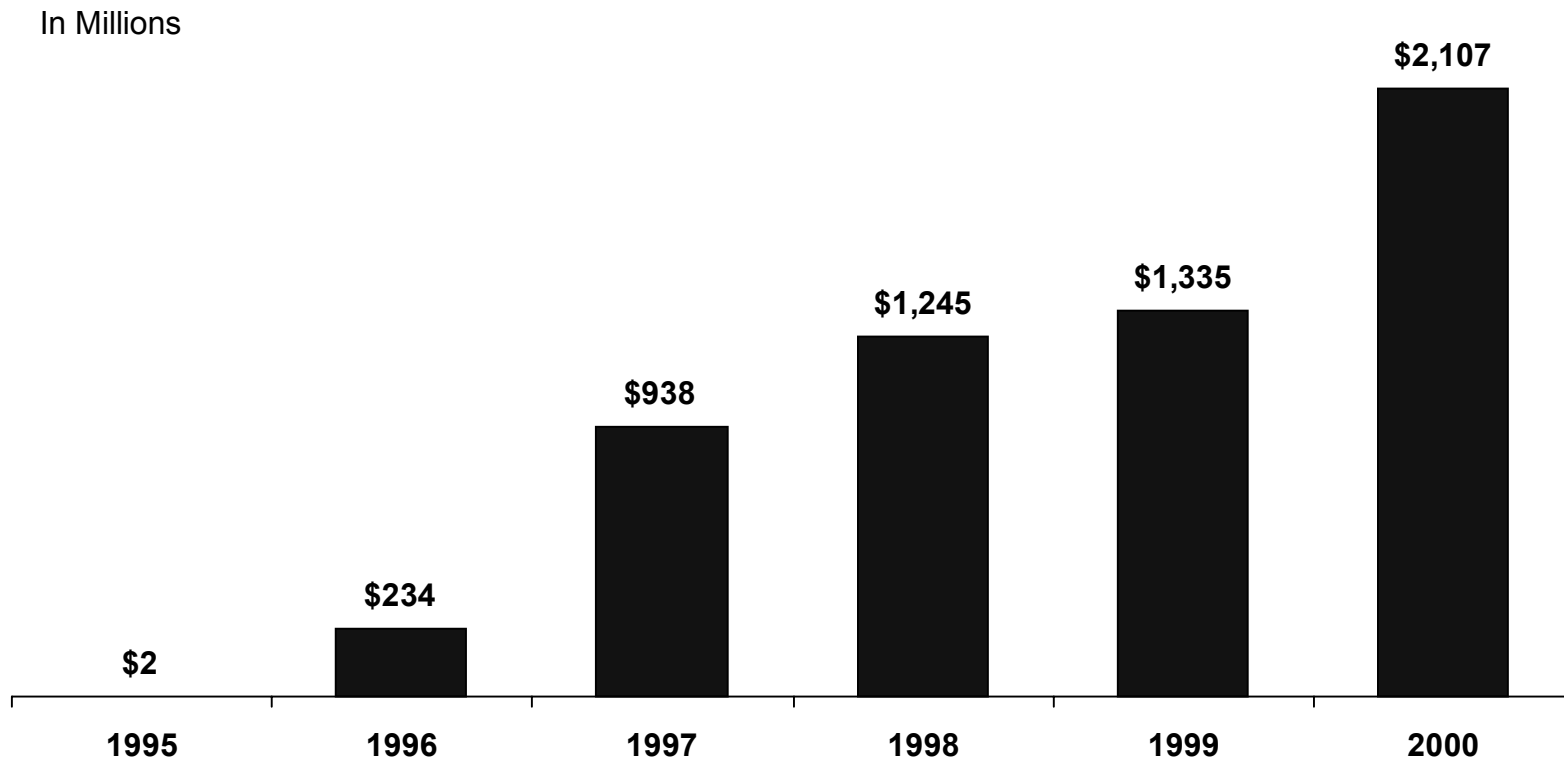


(1) After reduction for accounts payable and other liabilities.

# SCZ 2000 FINANCIAL HIGHLIGHTS

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Global Capital Management Group (U.S.):  
\$2.1 Billion Assets Under Management as of 12/31/00



# SCZ Q4 2000 FINANCIAL HIGHLIGHTS

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## Q4 2000 Investment Return Analysis

	<u>Q4 1999</u>	<u>Q4 2000</u>
<b>Weighted Average Investment Yield <sup>(1)</sup></b>	<b>9.8%</b>	<b>13.0%</b>
<b>Return on Invested Capital <sup>(2)</sup></b>	<b>10.6%</b>	<b>13.7%</b>
<b>Return on Equity <sup>(3)</sup></b>	<b>12.9%</b>	<b>15.1%</b>

- Investment Yield -- Overall operating improvements by investees
- ROIC -- Expense controls improve overall margins
- ROE -- Expense controls and stock buyback improve returns

(1) Calculated as Equity in EBDADT from investees (before special items) divided by total investment cost.

(2) Calculated as total EBDADT (before special items) for the Capital and Financial Services Divisions less taxes and expenses (G&A, Capital and Services Division), before depreciation and interest, divided by total capital cost.

(3) Calculated as EBDADT(before special items), divided by GAAP equity.

# COMBINATION OF SCZ AND SC-U.S. REALTY

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The Expected Benefits Include:

- A Simplified Company with a Stronger Market Profile
  - Elimination of a Tier of Discount and Unrealized Value
  - Elimination of a Complex Structural Relationship
- Increased Liquidity and Financial Flexibility
- Significant Step Towards an Operating Company Structure
- Enhanced Opportunities Including Monetization or Consolidation of Existing Businesses
- Significant Stock Repurchases — \$250 Million Currently Authorized

# IMPACT OF TRANSACTION

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- Consideration in Transaction
  - 45.4 Million SCZ Shares Issued to RTY Shareholders
  - \$112 Million of Cash Elections
  - \$433.9 Million of Debt Incurred to Repay RTY Liabilities
- Elimination of Approximately \$8 Million of Annual Expense Savings Related to RTY
- Elimination of SCZ's Management Fee From RTY (\$31.8 Million)
- Additional Interest Expense Related to \$142 Million Borrowed to Fund the Cash Payment to Dissenting RTY Shareholders and Transaction Costs
- Normalized Tax Rate in the Range of 10%-12% of Pre-Tax EBDADT

# PRO FORMA FINANCIAL IMPACT OF TRANSACTION

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Based on the Issuance of 45.4 Million SCZ Shares and Distribution of \$112 Million of Cash to Dissenting Shareholders

	12-MONTHS ENDED DECEMBER 31, 2000	
	SCZ ACTUAL	PRO FORMA
EBDADT / Share	\$2.69	\$2.49
Cash Flow From Operations	\$116.5	\$187.8
Cash Flow / Share	\$1.08	\$1.23
Reported NAV <sup>(1)</sup>	\$25.91	\$28.34
Cash Flow Coverage Ratio	2.98x	3.04x
Leverage Ratio <sup>(2)</sup>	22.1%	24.9%

(1) Calculated using fair market value of public investments and book value for private investments.  
Does not factor in current deferred taxes of \$2.07 and \$2.26 per share, respectively.

(2) Calculated as total debt to fair value of assets.

# ADJUSTED PRO FORMA FINANCIAL IMPACT OF TRANSACTION

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The Adjusted Pro Forma Results Shown Below Reflect the Additional \$250 Million of Stock Repurchases Authorized by SCZ's Board and Anticipated Expense Savings from the Transaction

	12-MONTHS ENDED DECEMBER 31, 2000	
	SCZ ACTUAL	PRO FORMA <sup>(1)</sup>
EBDADT / Share	\$2.69	\$2.66
Cash Flow / Share	\$1.08	\$1.31
Reported NAV <sup>(2)</sup>	\$25.91	\$28.99

(1) Assumes completion of an additional \$250 million of stock repurchases using SCZ's closing stock price on January 26, 2001 of \$20.1875 and approximately \$8 million of annual expense savings.

(2) Calculated using fair market value of public investments and book value for private investments. Does not factor in current deferred taxes of \$2.07 and \$2.26 per share, respectively.

# SCZ STRUCTURE

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## SECURITY CAPITAL GROUP

**Total Assets: \$6,401 MM** <sup>(1)</sup>

Debt: \$1,610 MM

Equity: \$4,791 MM

<b>• Public Companies</b>	<b><u>Ownership</u></b>
– Archstone	<b>26%</b>
– CarrAmerica	<b>44%</b>
– ProLogis	<b>30%</b>
– Regency	<b>60%</b>
– Storage USA	<b>44%</b>
<b>• Private Divisions</b>	
– Belmont	<b>99%</b>
– CWS Communities	<b>94%</b>
– Homestead Village	<b>99%</b>
– InterPark	<b>97%</b>
– Global Capital Management (U.S.)	<b>100%</b>
– SC-European Realty	<b>35%</b>

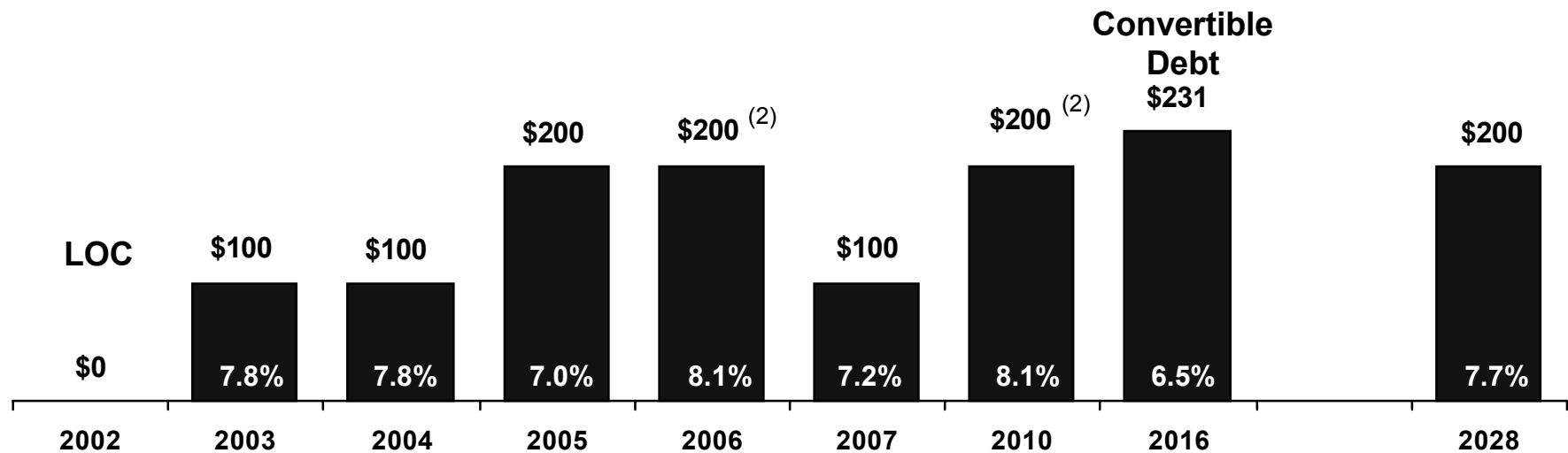
(1) Based on pro forma combination of SCZ and RTY as of December 31, 2000, which was completed on January 16, 2001.

# FINANCIAL FLEXIBILITY MAINTAINED

## Debt Maturity Schedule<sup>(1)</sup>

In Millions

SCZ Credit Rating: Baa2 / BBB



### Fixed Charge Coverage Ratio

(Four quarters ended December 31, 2000)

<b>Current</b>	<b>2.98x</b>
<b>Proforma</b>	<b>3.04x</b>

(1) Based on pro forma combination of SCZ and RTY as of December 31, 2000, which was completed on January 16, 2001.

(2) SCZ's planned issuance of long-term debt in 2001 to replace transaction financing. Market factors could preclude such debt issuance.

# SCZ's CONTINUED ACTION STEPS

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- Continued Simplification of the Structure and Elimination of Public / Private Market Discount
- Ultimately Concentrate Capital in Operating Divisions and Opportunistically Sell / Reposition Investments in Businesses Not Meeting New Operating Business Criteria (defined on page 19)
  - \$2.7 Billion of Total Capital / Simplification Transactions Since September 1999
- Continue Targeting New Key Long-Term Strategic Shareholders
- Continue to Buy Undervalued SCZ Stock
- Achieve Sustainable Long-Term Earnings Growth (EBDADT) from Real Estate Operating Businesses

# SCZ's CONTINUED ACTION STEPS

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- On February 5, 2001, SCZ Announced Its Intention to Sell 15 Million Shares of Archstone
  - Sale will Reduce Security Capital's Ownership of Archstone to 13.6% from 25.8%
  - Offering Expected to Occur in the Next Several Weeks
  - To Date, SCZ has Completed \$503 Million of Sales of Its Archstone Holdings



SECURITY CAPITAL

**Appendix**

# SCZ STRATEGY

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100% / High Percentage Ownership of  
a Few Select Real Estate Operating Divisions

## **SECURITY CAPITAL GROUP**

**Total Assets: \$6,401 MM**

Debt: \$1,610 MM

Equity: \$4,791 MM

Equity Market Capitalization: \$3.4 B

- Ultimately #1 or #2 Leadership Business in Specific Niches
- Post Development — Transition Assets to Managed Entities
- Produce Substantial Third-Party Customer Service Income
- Create Measurable Brand Value
- High ROE Businesses Which Produce S&P Competitive Returns

# PUBLIC COMPANIES

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	Ownership	Shares (MM)	Investment (\$ MM)	Current Market Value (\$ MM)	Growth Rate <sup>(1)</sup>	
					2000	2001E
Archstone	26%	31.7	\$464.9	\$816.8	9.2% <sup>(2)</sup>	8.4% <sup>(2)</sup>
CarrAmerica	44%	28.6	699.9	895.6	15.6%	9.5%
ProLogis	30%	49.9	657.8	1,110.4	9.4%	8.6%
Regency	60%	34.3	759.8	811.8	7.8%	7.6%
Storage USA	44%	11.8	394.4	373.4	3.6%	11.7%

(1) Reflects actual 2000 growth rates and First Call analysts consensus 2001 growth rates

(2) Before the gain on the sale of HSD Mortgages reported in 2000

# PRIVATE DIVISIONS

	Ownership	SCZ Investment	Prestabilized Assets <sup>(1)</sup>	Under Development <sup>(1)</sup>	Cost to Complete	Total Assets	Debt
Belmont	99%	\$102.3	\$38.9	\$106.5	\$58.4	\$133.8	\$45.5
CWS Communities	94%	256.7	69.7	31.3	12.4	478.5	186.6
Homestead Village	99%	799.3	—	—	—	991.6	203.5
InterPark	97%	273.2	33.1	33.1	—	517.0	304.7
SC-European Realty	35%	440.6	—	—	—	1,364.9	157.0
Access Storage Solutions	100%	270.6	66.6	71.4	24.1	286.4	67.1
EuroOffice	100%	370.4	23.9	323.8	3.2	467.8	280.0
Interparking	74%	272.4	—	2.7	—	495.1	294.5

(1) Total Expected Investment

All data as of December 31, 2000

Dollar amounts in millions.

# SUMMARY OF PUBLIC COMPANIES

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## **Archstone Communities Trust**

(NYSE: ASN)

Archstone Communities is a leading owner and operator of apartment communities throughout the United States. With a current total market capitalization of approximately \$6.1 billion, Archstone has a strategic national presence with 229 communities representing 70,685 units, including 8,176 units in its development pipeline, in markets that include 31 of the nation's 50 largest metropolitan markets.

## **CarrAmerica Realty Corporation**

(NYSE: CRE)

CarrAmerica owns, develops and operates office properties in 14 markets throughout the United States. With a current total market capitalization of approximately \$3.9 billion, CarrAmerica and its affiliates own a controlling interest in a portfolio of 252 operating office properties and have six office buildings under development in five key growth markets.

## **ProLogis Trust**

(NYSE: PLD)

ProLogis is the leading global provider of integrated distribution facilities and services, with more than 1,600 distribution facilities owned and operating throughout North America and Europe. With a current total market capitalization of approximately \$6.9 billion, ProLogis has built the first and only global network of distribution facilities that truly provides the global distribution solution and completely meets customer expansion and reconfiguration needs.

# SUMMARY OF PUBLIC COMPANIES

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## **Regency Realty Corporation**

(NYSE: REG)

Regency Realty Corporation is the leading national owner, operator and developer of grocery anchored neighborhood retail centers in the United States. With a current total market capitalization of approximately \$3.1 billion, Regency currently owns and operates 242 properties in 22 states in key markets throughout the country, accounting for over 27 million square feet of prime retail space.

## **Storage USA, Inc.**

(NYSE: SUS)

Storage USA is a national company that acquires, develops, constructs, franchises, owns and operates self-storage facilities throughout the United States. With a current market capitalization of approximately \$1.9 billion, Storage USA currently owns, manages and franchises 528 facilities containing 35.8 million square feet in 31 states and the District of Columbia.

# SUMMARY OF PRIVATE DIVISIONS

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## **BelmontCorp**

BelmontCorp is focused on becoming an industry leader as a developer, owner and operator of senior assisted living residential communities in the United States. The company is concentrating development activity in large urban markets with very limited supply relative to demand for assisted living. The company currently has communities open or under construction in Houston, Texas; Nashville and Memphis, Tennessee; Louisville, Kentucky; Chicago, Illinois; San Diego, Los Angeles and San Jose, California.

## **CWS Communities Trust**

CWS Communities was created in 1997 to become the leading developer, owner and operator of manufactured housing communities by providing superior operating and industry solutions in high-growth markets in the United States. Currently, CWS Communities has 17,881 operating homesites that are owned, managed, or under development in 51 communities across eleven states and Canada.

## **Homestead Village**

Homestead is a leading owner and operator of moderately priced, extended stay lodging hotels with over 130 locations in key business destinations across the United States. The company targets large corporate customers with multi-location extended stay needs. Homestead provides a quality lodging experience for business travelers staying four nights or more with services and facilities adjacent to major business centers, with close proximity to retail and entertainment areas for guest convenience.

## **InterPark Incorporated**

InterPark is a leading manager and owner of parking facilities in 24/7 cities throughout the United States. With a growing network of operations in key, targeted markets, the company is well positioned to become the premier operator, developer and manager of parking facilities, InterPark manages more than 250 locations and 84,000 parking spaces. The company currently operates in major markets nationally, including Chicago, Tampa, Washington, D.C., Atlanta and Denver.

# SUMMARY OF PRIVATE DIVISIONS

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## **Global Capital Management Group (U.S.)**

Security Capital Global Capital Management Group is a registered investment adviser with over \$2 billion in assets under management. Investing in public real estate securities since 1995—it is the leading real estate investment management company in performance for the past three years—consistently outperforming relevant industry benchmarks in both up and down markets—the Global Capital Management Group utilizes a rigorous investment process directed by an experienced team of 20 investment professionals. The Global Capital Management Group currently runs two real estate mutual funds, one private REIT and manages third party assets for a multitude of institutional accounts.

## **Security Capital European Realty**

SC-European Realty, with \$1.5 billion of committed equity capital, has three strategic operating businesses: Interparking, Access Storage Solutions, and SC-EuroOffice, which are engaged in owning and/or operating public car-park facilities, self-storage facilities and offices for multinational companies, respectively. Each of the businesses plans to be pan-European and has significant opportunities for branding, market expansion, and increased service revenues.

- **Access Storage Solutions**

Access is the largest developer and owner of self-storage facilities in Europe with 70 properties in three countries.

- **EuroOffice**

EuroOffice is a major developer and operator of office facilities for multinational companies in six key European markets.

- **Interparking Group**

Interparking is continental Europe's largest owner and operator of off-street parking facilities operating in seven countries.