



# SECURITY CAPITAL

**Investor Memorandum  
April 30, 2001**

## **Forward Looking Statements**

Certain information in this presentation contains forward-looking statements under federal securities laws. These statements are based on current expectations, estimates and projections about the industry and markets in which Security Capital operates, management's beliefs and assumptions made by management. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Actual operating results may be affected by changes in national and local conditions, competitive market conditions, and conditions in the securities markets, and therefore may differ materially from what is expressed or forecasted in this presentation.

## **Analysts' Reports**

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# SIGNIFICANT DISCOUNT TO NAV DRIVES NEW STRATEGY (SHORT TERM)

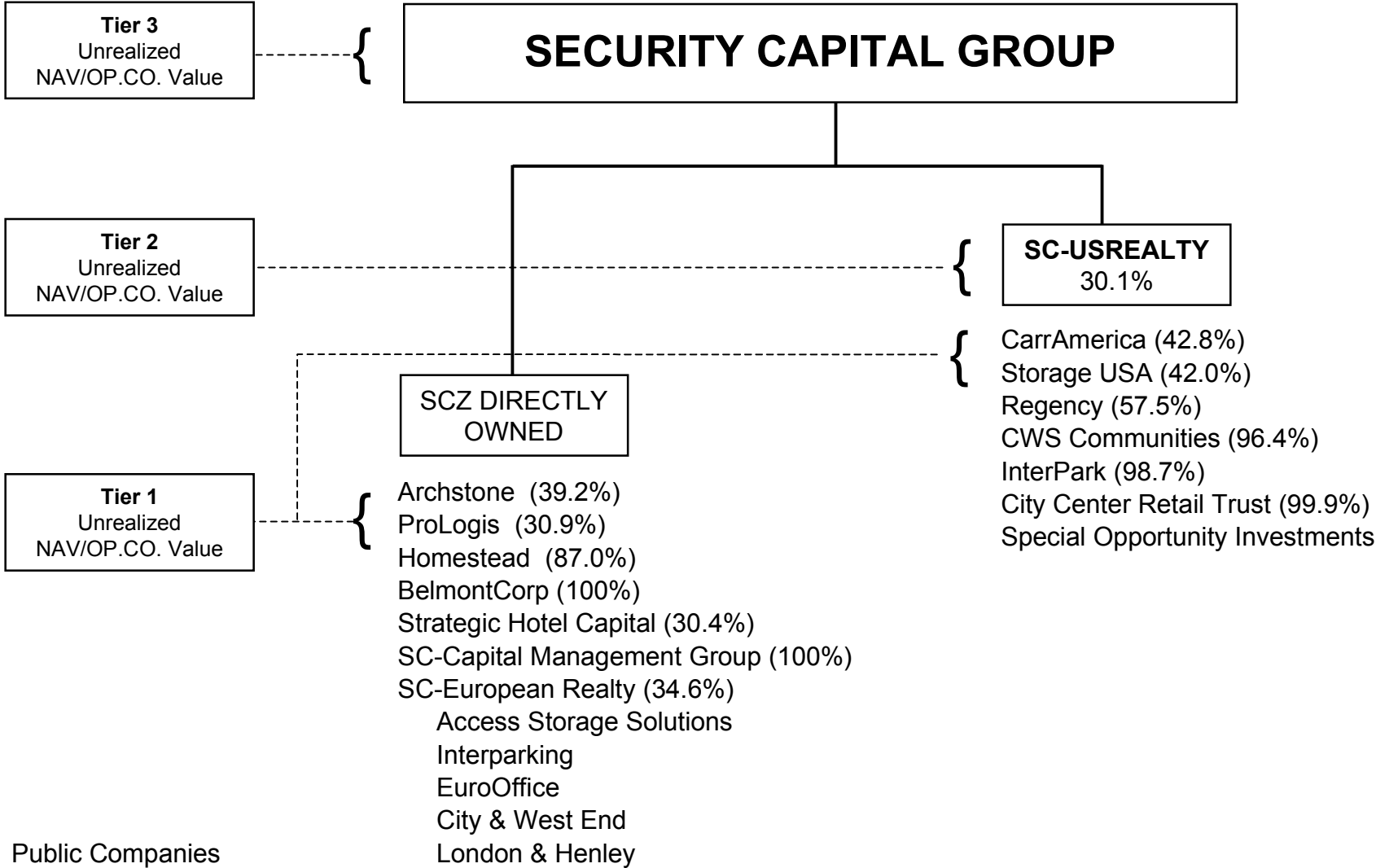
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	<u>SCZ NAV as of 4/26/01</u>	<u>Current Stock Price Discount to Cumulative NAV</u>	
I. Security Capital's Pre-Tax NAV <sup>(1)</sup>	\$26.57	-22.7%	\$0.953 B
– Public Companies at Current Market Value			
– Private Divisions at Cost Basis			
II. Total Current Deferred Tax Liability	(\$1.29)		(\$0.205) B
<b>NET NAV</b> <sup>(2)</sup>	<u><b>\$25.28</b></u>	<b>-18.7%</b>	<u><b>\$0.748 B</b></u>

(1) Does not include a value for the SC-Capital Management Group services which Credit Suisse First Boston Equity Research estimates at \$60 million as of March 16, 2001.

(2) Assumes sale of 100% of SCZ's assets: a 100% sale of SCZ's assets is not part of the company's strategy. The public companies are valued at current market prices. The private divisions are valued at SCZ's cost basis. In addition, this net asset value calculation does not consider the potential incremental value creation from the \$2.8 billion of projects under development at the operating business level.

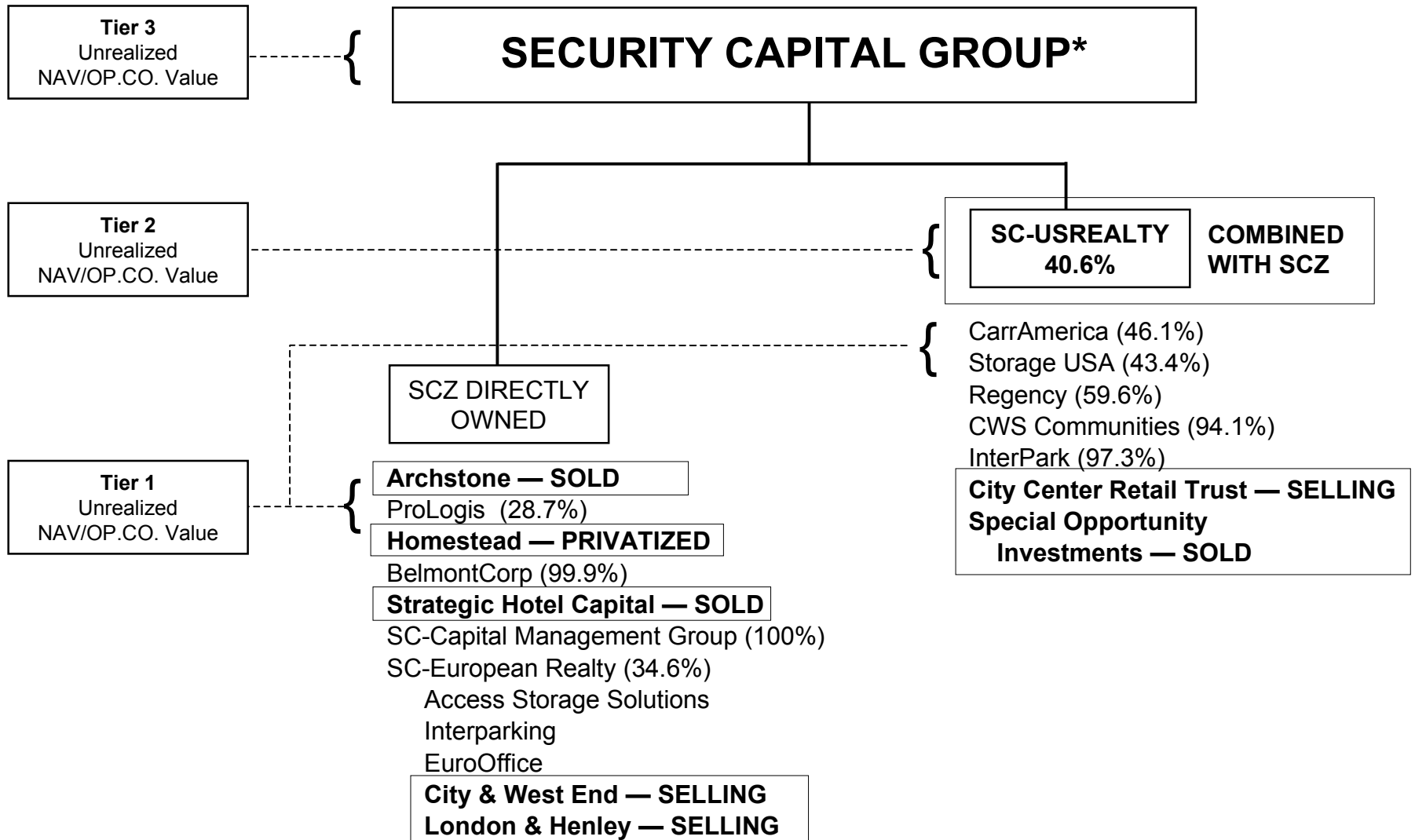
# SCZ Q3 1999: A COMPLEX STRUCTURE WITH THREE TIERS OF UNREALIZED VALUE



Public Companies highlighted in Yellow.

# SIMPLIFICATION STRATEGY: 40%+/- COMPLETE

## \$4.6 BILLION IN TRANSACTIONS EXECUTED



\* Repurchased \$501 million of SCZ stock.

# SCZ – APRIL 2001: CONTINUING TO SIMPLIFY THE STRUCTURE

## SECURITY CAPITAL GROUP

	<u>Ownership</u>	SCZ Investment at Public Price / Private Book Value* (in millions)
• <b>Public Companies</b>		
– CarrAmerica	46%	\$799.5
– ProLogis	29%	\$1,023.0
– Regency	60%	\$830.1
– Storage USA	43%	\$389.6
• <b>Private Divisions</b>		
– Belmont	99%	\$114.8
– CWS Communities	94%	\$256.7
– Homestead Village	99%	\$766.3
– InterPark	97%	\$292.2
– SC-Capital Management Group <sup>(1)</sup>	100%	\$106.9
– SC-European Realty	35%	\$440.6
– Access Storage Solutions	100%	
– EuroOffice	100%	
– Interparking	74%	
• \$5 Million Outstanding on SCZ's \$470 Million Line of Credit		
• \$926 Million of Long-Term Debt with an Average Life of 11.8 Years at an Average Fixed Rate of 7.2%		

\* As of April 26, 2001.

(1) No value ascribed for the service businesses.

# SCZ's SIMPLIFICATION PRODUCES AN INCREASE IN OPERATING CASH FLOW

	<u>2000 Actual</u>	<u>2000 Pro Forma</u>	<u>2000 Pro Forma EBDADT</u>
Dividends from Public Investees			
Archstone	\$68.7 MM	-	-
CarrAmerica		52.9 MM	87.7 MM
ProLogis	66.9 MM	66.9 MM	114.8 MM
Regency		65.8 MM	92.7 MM
Storage USA		32.5 MM	40.5 MM
Operating Cash Flow of Private Divisions <sup>(1)</sup>			
Belmont <sup>(2)</sup>	(6.7) MM	(6.7) MM	(4.9) MM
CWS Communities		8.9 MM	15.3 MM
Homestead Village	100.1 MM	100.1 MM	82.5 MM
InterPark		14.3 MM	15.1 MM
SC-Capital Management Group	72.4 MM	40.5 MM	29.0 MM
SC-European Realty	<u>19.7 MM</u>	<u>19.7 MM</u>	<u>30.6 MM</u>
<b>Consolidated Cash Sources from Operations</b>	<b>321.0 MM</b>	<b>394.8 MM</b>	<b>503.3 MM</b>
Cash retained by Divisions	(63.0) MM	(58.7) MM	
Operating, interest, and tax expense, net	<u>(141.5) MM</u>	<u>(149.5) MM</u>	<u>(149.5) MM</u>
<b>Free Cash Flow</b>	<b><u>\$116.5 MM</u></b>	<b><u>\$186.6 MM</u></b>	<b><u>\$353.8 MM</u></b> <sup>(3)</sup>

(1) SCZ share of investee cash flow from operations

(2) Belmont in start-up phase with \$246.7 MM of assets under development.

(3) Basic EBDADT shown. Diluted EBDADT is \$388.0 MM which includes the add back of interest and dividends for dilutive convertible securities (\$16.2 MM of convertible debenture interest and \$18.0 MM of preferred stock dividends).

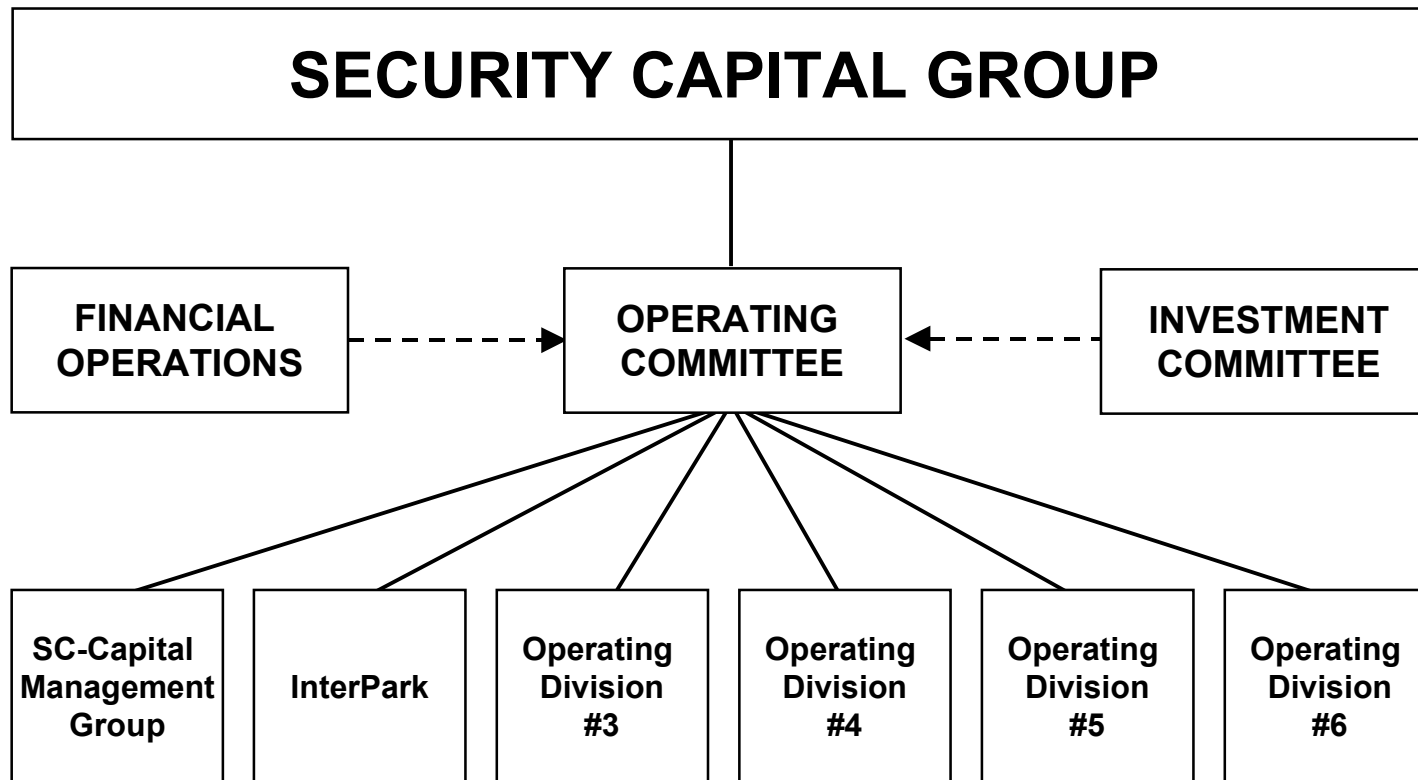
# **SECURITY CAPITAL GROUP**

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

## **Key Characteristics of Operating Divisions**

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



### **Benefits of a Simplified Structure**

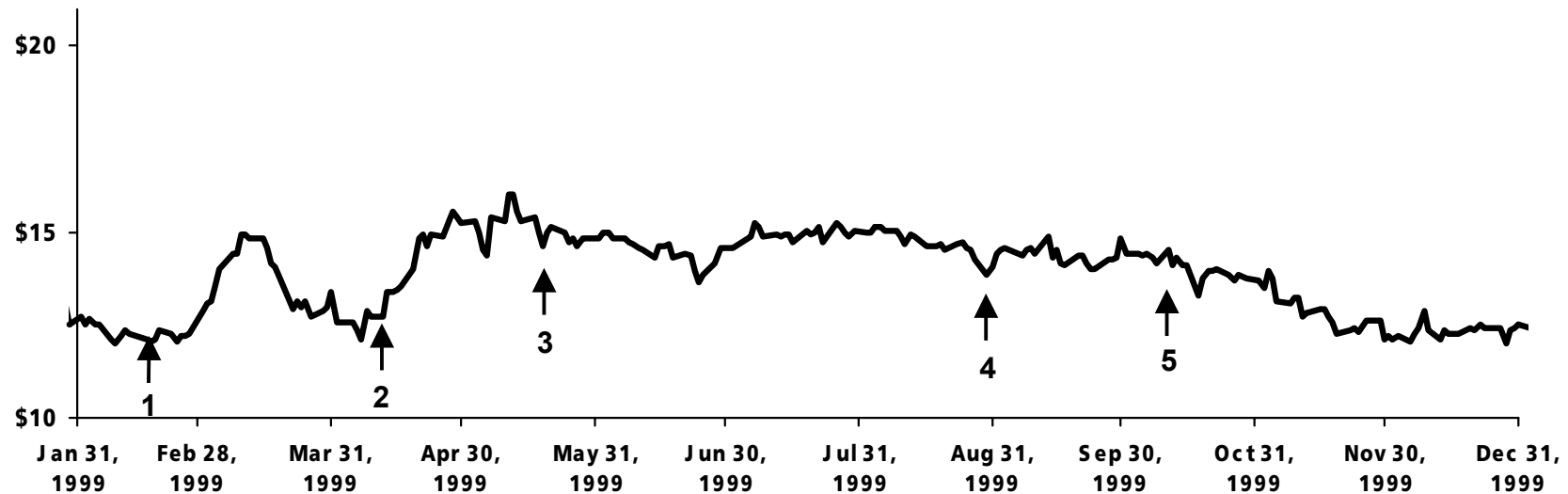
- Economies of Scale
- Cross-Integration of People
- Utilization of Best Practices
- High ROE Businesses Which Produce S&P Competitive Returns



**SECURITY CAPITAL**

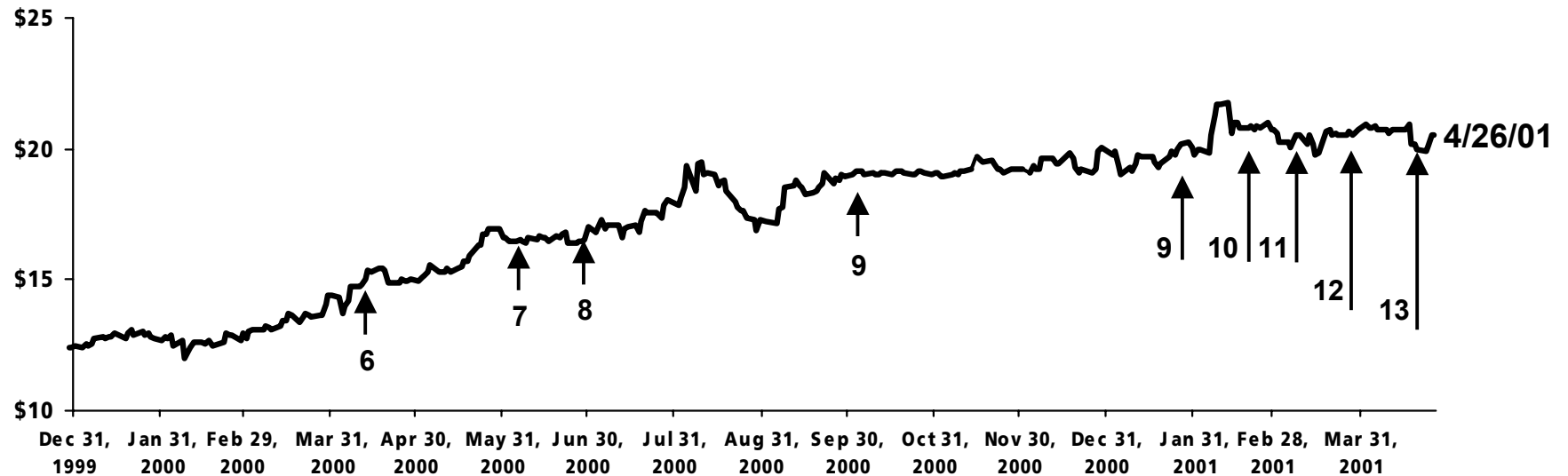
**Investor Memorandum Appendix**

# LOW STOCK PRICE & COMPLEX STRUCTURE - NEW STRATEGY INITIATED



1. Begin Implementation of Board Approved New Strategy
2. Overhead Sized to Meet New Strategy (\$117 Million → \$63.9 Million)
3. Target New Shareholders — As of 1/31/01 13 New Strategic Shareholders Had Purchased 33.8% of SCZ
4. Begin Exiting Businesses that Do Not Meet Strategic Objectives
  - Strategic Hotel Capital \$329 million (100% complete)
  - City Center Retail \$310 million (45% complete)
  - City & West End (SC-European) \$285 million (50% complete)
  - London & Henley (SC-European) \$150 million (80% complete)
5. Initiate SCZ Stock Repurchase Program - To Date Repurchased \$501+ Million of SCZ Stock and \$80.5 Million of Convertible Debentures Retiring 33.6 Million Shares

# SCZ STOCK PRICE BEGINS TO RESPOND TO INITIAL PHASE OF NEW STRATEGY IMPLEMENTATION

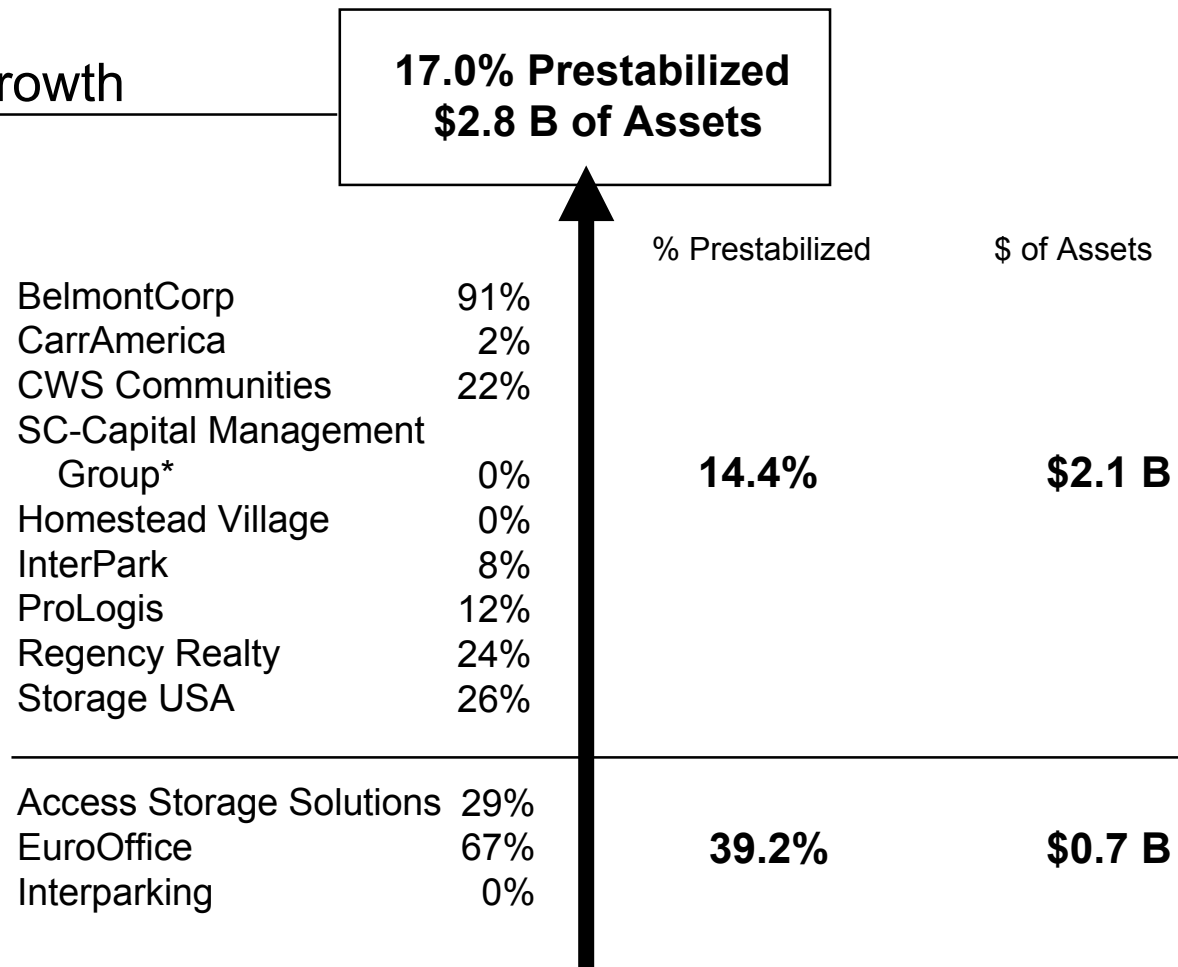


6. Begin Archstone Sales — \$503 Million of Sales Completed in Three Successful Tranches
7. Homestead Village Reengineered / 100% Privatization Completed
8. SC-Capital Management Group Assets Under Management Top \$2 Billion
9. Announced and Completed \$1.6 Billion SCZ / SC-U.S. Realty Business Combination
10. Report Strong Q4 / Year-End Earnings Results (35.9% Year-over-Year per Share EBDADT Growth)
11. Completed Sale of Remaining Archstone Shares
12. Announced \$200 Million Tender Offer to Repurchase SCZ Stock
13. Completed Tender Offer - Repurchased 9.3 Million SCZ Shares at \$20.50/share

# SCZ EARNINGS GROWTH IS POSITIVELY IMPACTED BY DEVELOPMENT PIPELINE

Since Q2 1991, SCZ Affiliates / Divisions Have Developed \$7+ Billion of Assets

Strong Embedded Growth



Data as of December 31, 2000.

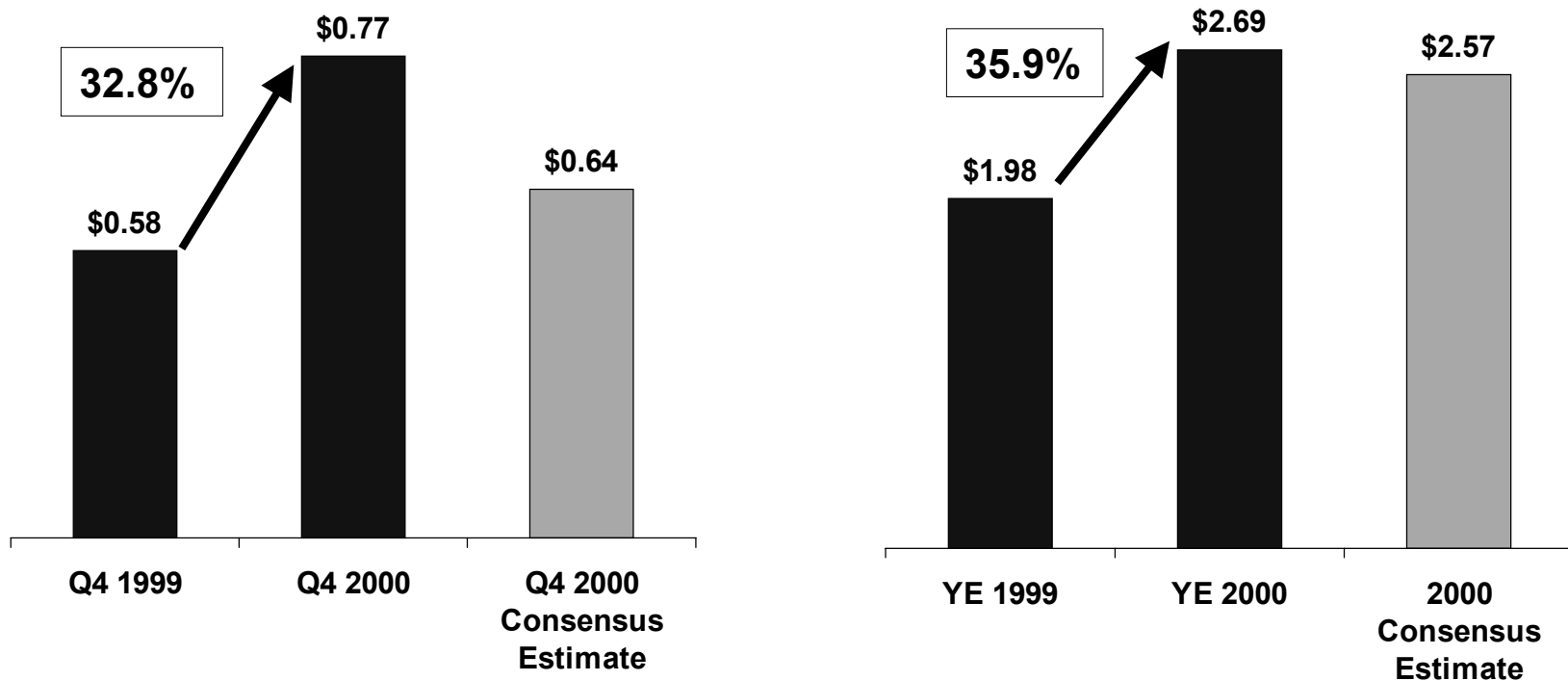
\* Money management group which does not develop properties.

# SCZ FINANCIAL HIGHLIGHTS

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Strong Per-Share Earnings Growth – Based on Aggressive Management Action and Strong Operating Fundamentals

EBDADT Per Share

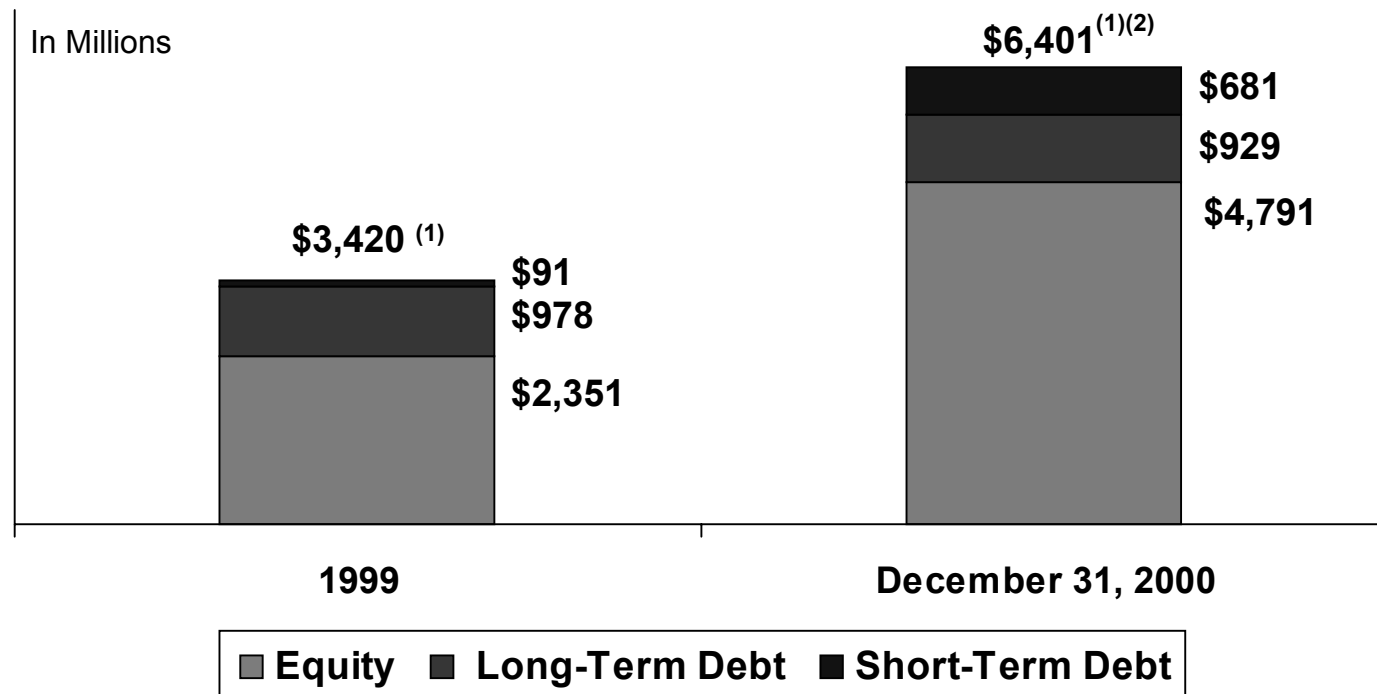


# SCZ FINANCIAL HIGHLIGHTS

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## Strong Balance Sheet Creates Financial Flexibility

- \$929 Million of Long-Term Debt with an 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.

(2) Based on pro forma combination of SCZ and RTY, which was completed on January 16, 2001.

# SC-CAPITAL MANAGEMENT GROUP

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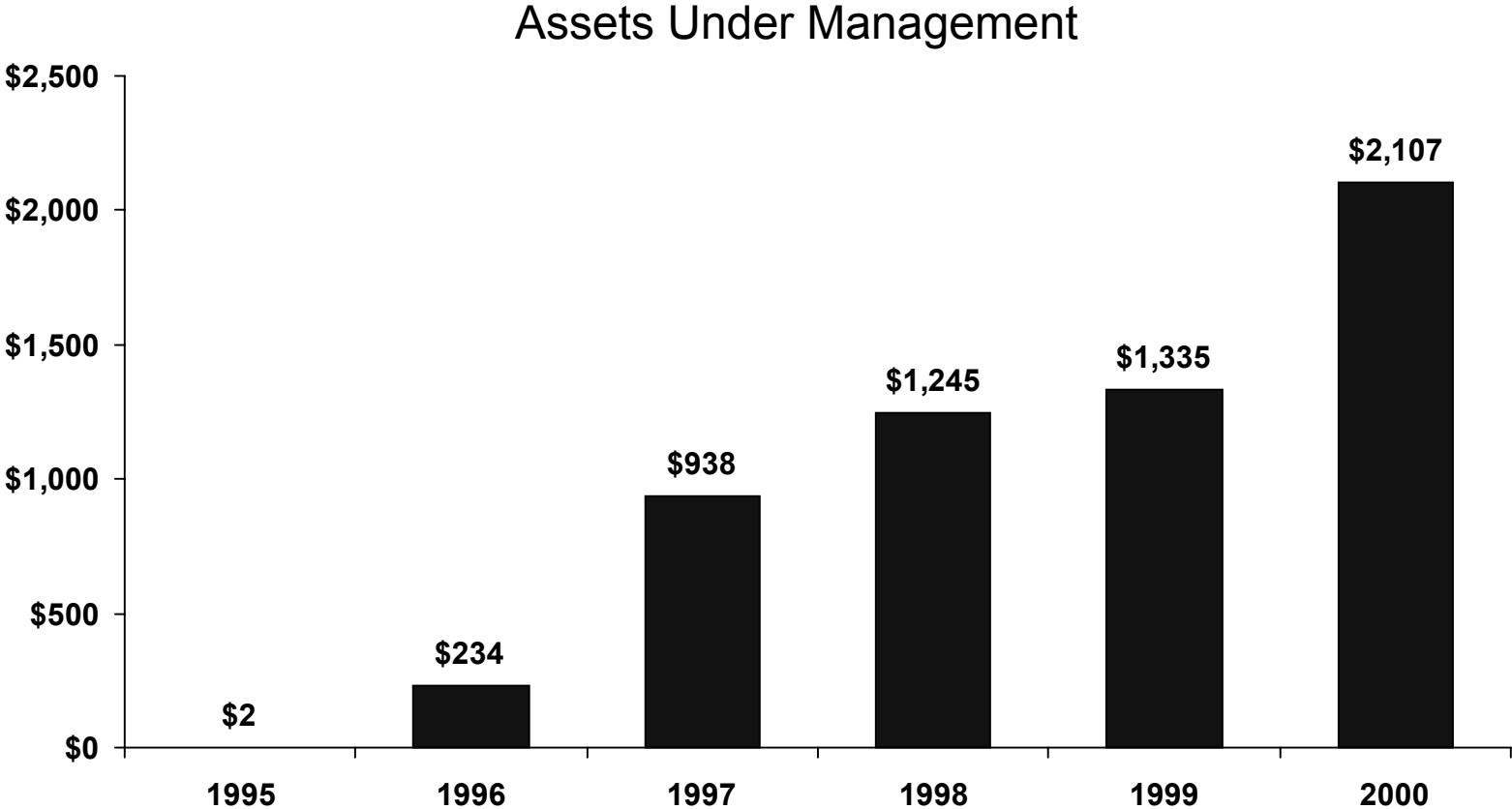
In 1994 SCZ Created SC-Capital Management Group (CMG) With the Objective of Building the Leading Asset Management Group in the Real Estate Industry. The Focus During the First Phase Has Been Solely on Building the Deepest and Most Successful Operator (See Following 3 Pages) in the Public Real Estate Securities Sector.

Today, the U.S.-Based Operations Have a 20-person Asset Evaluation Team Preparing to Broaden Its Penetration in Both the Public and Private Real Estate Capital Management Sectors. Currently, CMG Runs Two Real Estate Mutual Funds, One Private REIT and Manages Third Party Assets for a Multitude of Institutional Separate Accounts.

# SC-CAPITAL MANAGEMENT GROUP

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\$2.1 Billion Assets Under Management as of 12/31/00



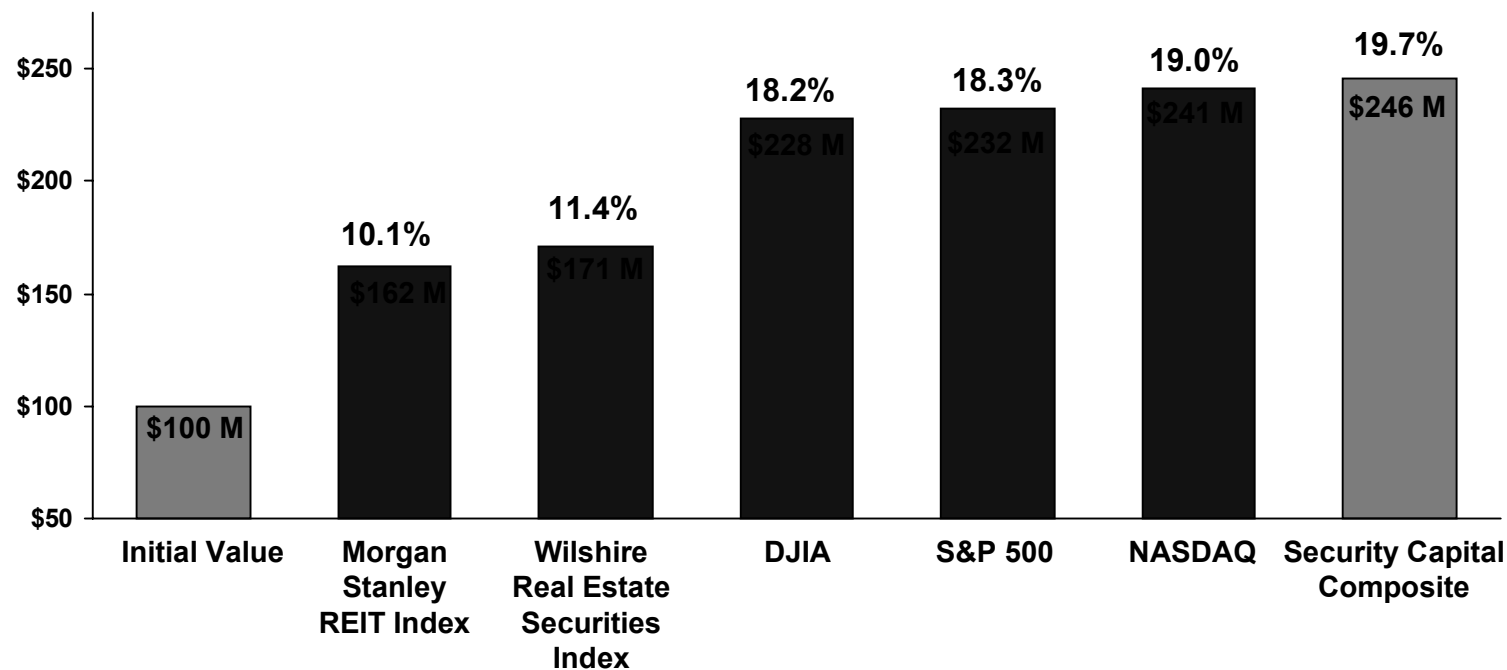
# SC-CAPITAL MANAGEMENT GROUP

## Institutional Separate Accounts

### Average Annual Rate of Return

December 31, 1995–December 31, 2000

#### Value of \$100 million Invested Since Inception



Security Capital Real Estate Institutional Growth & Income Composite 19.7%<sup>(1)</sup>

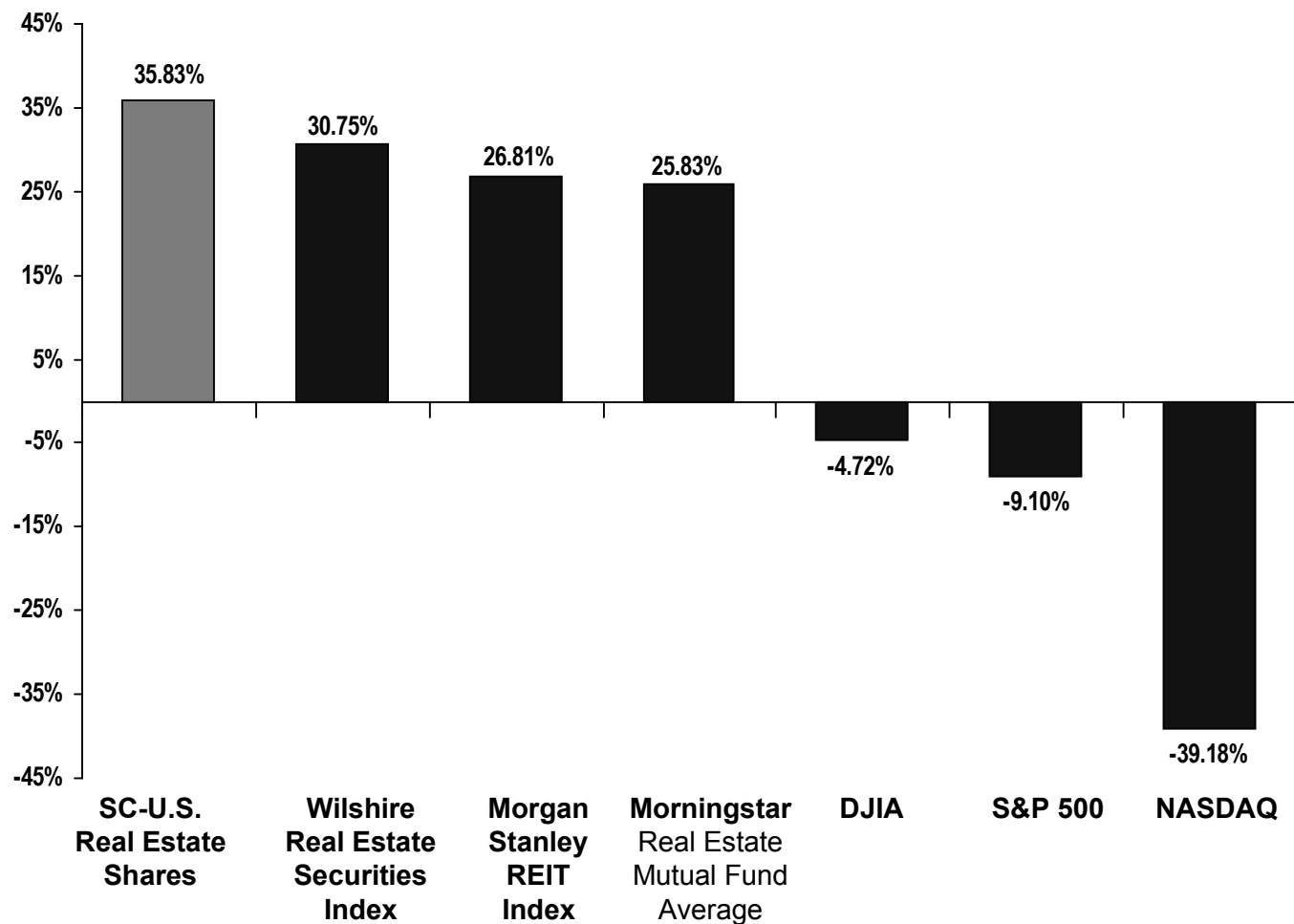
Wilshire Real Estate Securities Index 11.4%

(1) Net of fees.

# SC-CAPITAL MANAGEMENT GROUP

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## Security Capital U.S. Real Estate Shares – 2000 Performance vs. Benchmark Indices





# SECURITY CAPITAL

## **Summary of Operating Businesses**

# PUBLIC COMPANIES

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## **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.

## **Regency Centers Corporation**

(NYSE: REG)

Regency Centers 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 \$3.0 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.

# 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.

# PRIVATE DIVISIONS

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## **SC-Capital Management Group**

SC-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 Capital Management Group utilizes a rigorous investment process directed by an experienced team of 20 investment professionals. The Capital Management Group currently runs two real estate mutual funds, one private REIT and manages third party assets for a multitude of institutional separate 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.