



SECURITY CAPITAL

**Investor Memorandum
June 15, 2001**

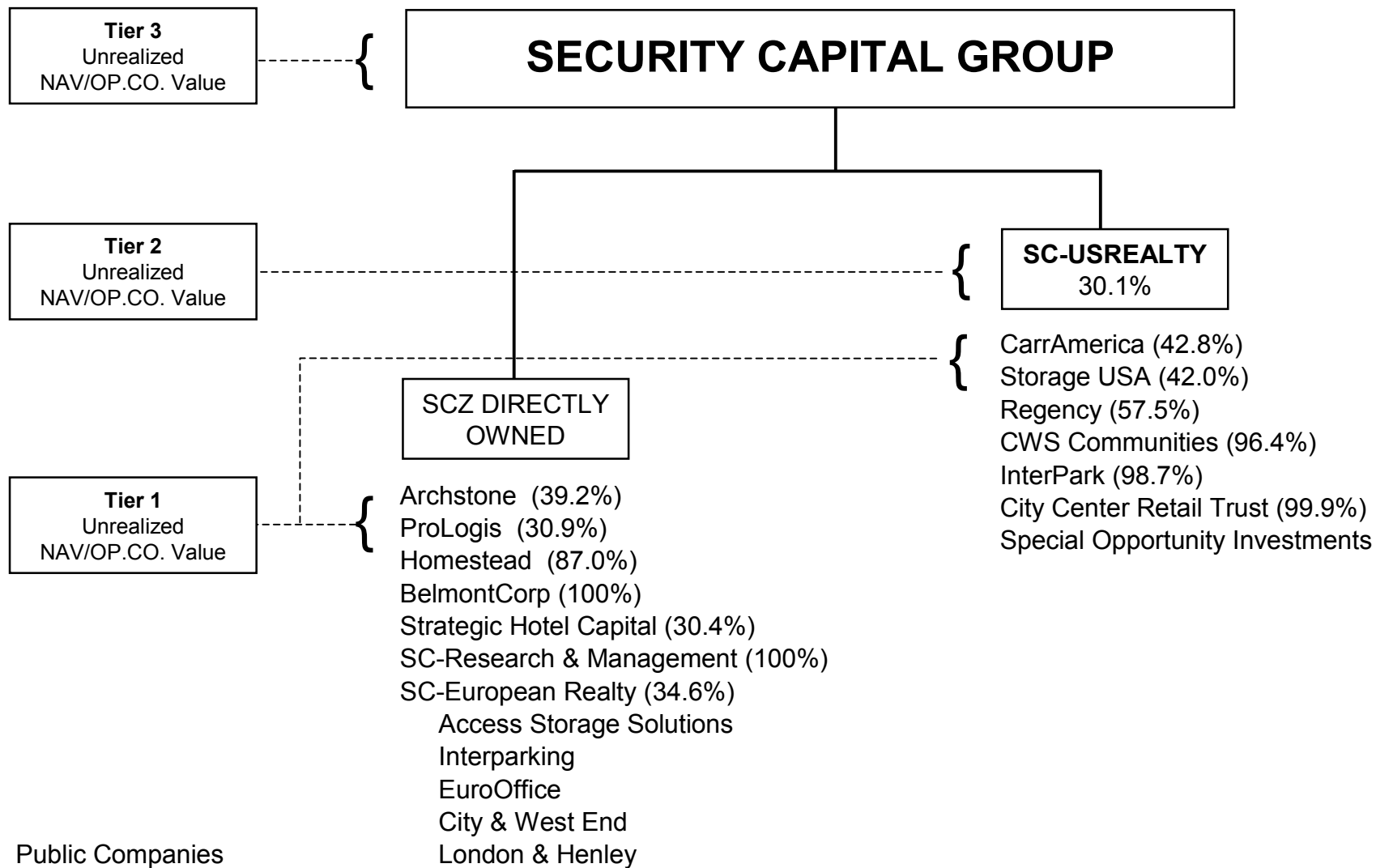
Forward Looking Statements

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

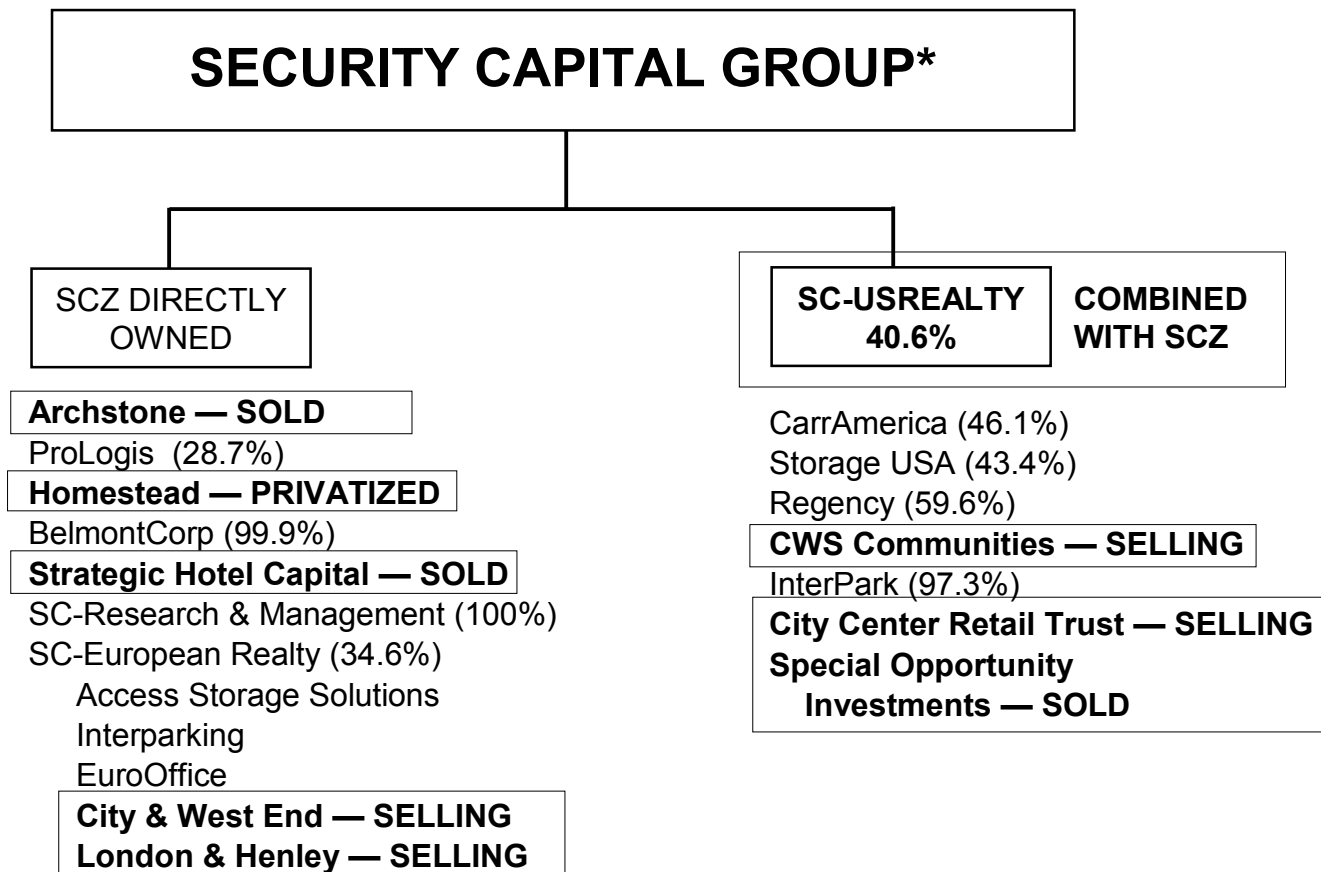
Certain information in this presentation refers to financial analysts' reports. Security Capital does not endorse the views of any financial analysts and any reference to these reports in this presentation should not be viewed as indicating that Security Capital agrees with any of these reports as of the date of preparation of any report, the date of distribution of any report or any other date.

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



Public Companies highlighted in Yellow.

JUNE 2001: SIMPLIFICATION 40%+/- COMPLETE WITH \$4.6 BILLION OF TRANSACTIONS EXECUTED



* Repurchased \$501 million of SCZ stock, plus an additional \$80.5 million of convertible debentures

SIMPLIFICATION: MOVING TOWARDS DIVISIONAL STRUCTURE

SECURITY CAPITAL GROUP

	<u>Market Sector</u>	<u>Ownership</u>	<u>SCZ Investment at Public Price / Private Cost Value* (in millions)</u>
• Public Companies			
– CarrAmerica	Office	46%	\$840.9
– ProLogis	Distribution	29%	\$1,097.4
– Regency	Neighborhood Shopping Centers	60%	\$868.8
– Storage USA	Self-Storage	43%	\$424.9
• Private Divisions			
– Belmont	Senior Assisted Living	99%	\$114.8
– Homestead Village	Extended-Stay Lodging	99%	\$642.7
– InterPark	Parking	97%	\$292.2
– SC-Research & Management ⁽¹⁾	Investment Management	100%	\$111.6
– SC-European Realty		35%	\$440.6
– Access Storage Solutions	Self-Storage	100%	
– EuroOffice	Office	100%	
– Interparking	Parking	74%	
– Cash and Other Assets ⁽²⁾			\$716.1
Value of Operating Businesses ⁽³⁾			\$5,549.9

* As of June 15, 2001

(1) No value ascribed for SC-Research & Management fee business.

(2) Includes a value of \$256.7 million for CWS Communities which is under contract to be sold in Q3 2001 for \$289.7 million cash.

(3) Public Companies valued at market and Private Divisions at SCZ's cost basis. Does not consider the potential incremental value creation from the \$2.4 billion of projects under development at the operating business level.

SIGNIFICANT DISCOUNT TO NAV DRIVES NEW STRATEGY (SHORT TERM)

	<u>SCZ NAV as of 6/15/01</u>	<u>Current Stock Price Discount to Cumulative NAV</u>	
Security Capital's Pre-Tax NAV ⁽¹⁾⁽²⁾	\$28.06	-23.6%	\$1.045 B

- Public Companies at Current Market Value
- Private Divisions at Cost Basis

(1) Does not include a value for Security Capital Research & Management fee business which Credit Suisse First Boston Equity Research estimates at \$60 million as of March 16, 2001.

(2) Does not include current deferred tax liability of \$293.6 million (\$1.86/share). 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 \$2.4 billion of projects under development at the operating business level.

OPERATING COMPANY STRUCTURE

SECURITY CAPITAL GROUP

100% / High Percentage Ownership of
Six Real Estate Operating Divisions

Key Characteristics of Operating Divisions

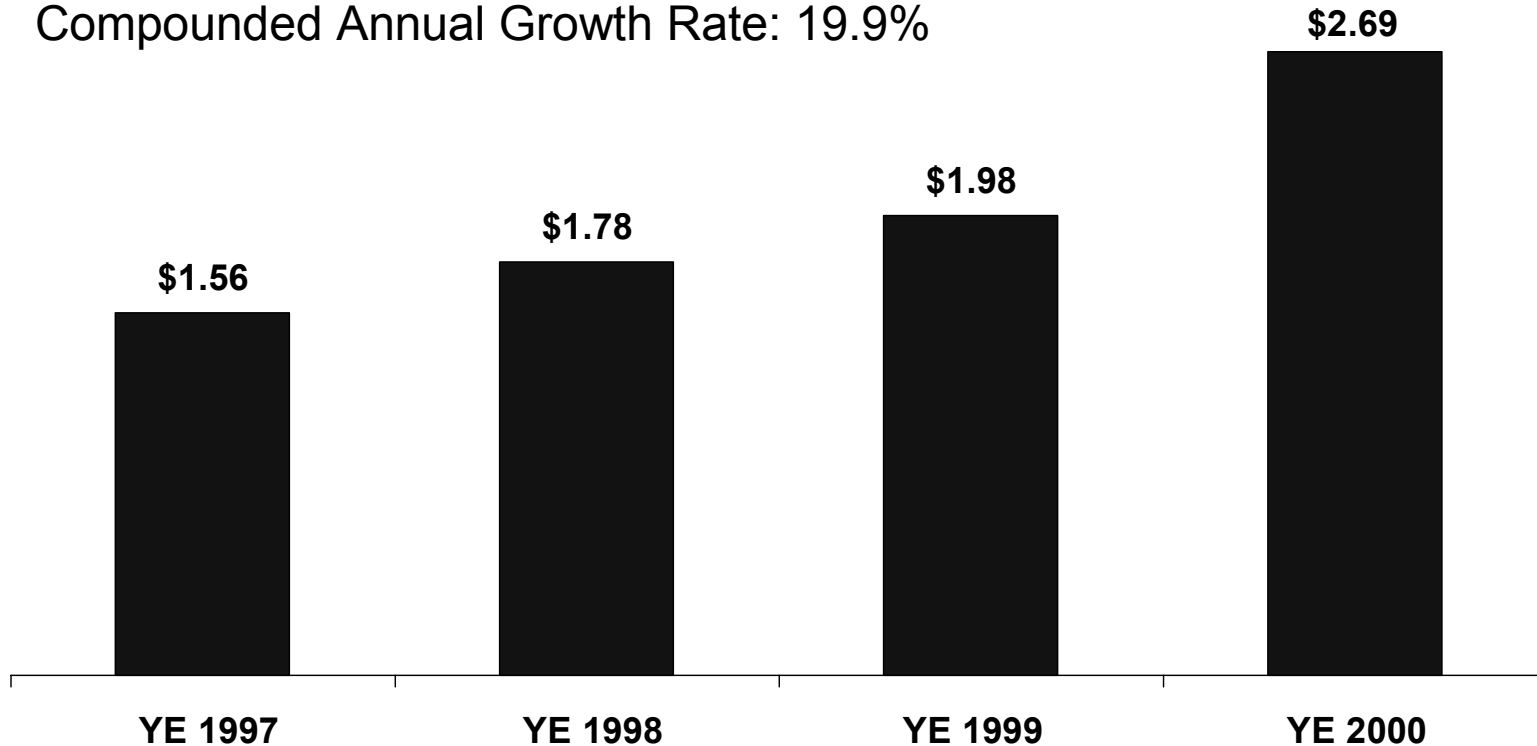
- Ultimately #1 or #2 Brandable Leadership Operating Platform in Specific Niches
- Post Development — Transition Assets to Managed Entities
- Produce Substantial Third-Party Customer Service Income
- High Sustainable ROE Businesses Operating as Private Divisions Which Produce S&P Competitive Returns

SUPERIOR EARNINGS GROWTH

Strong Public Company / Private Division Performance
Results in Growth in Per-Share Earnings

EBDADT Per Share

Compounded Annual Growth Rate: 19.9%



Before Special Charges

SCZ's SIMPLIFICATION PRODUCES A SIGNIFICANT INCREASE IN FREE CASH FLOW

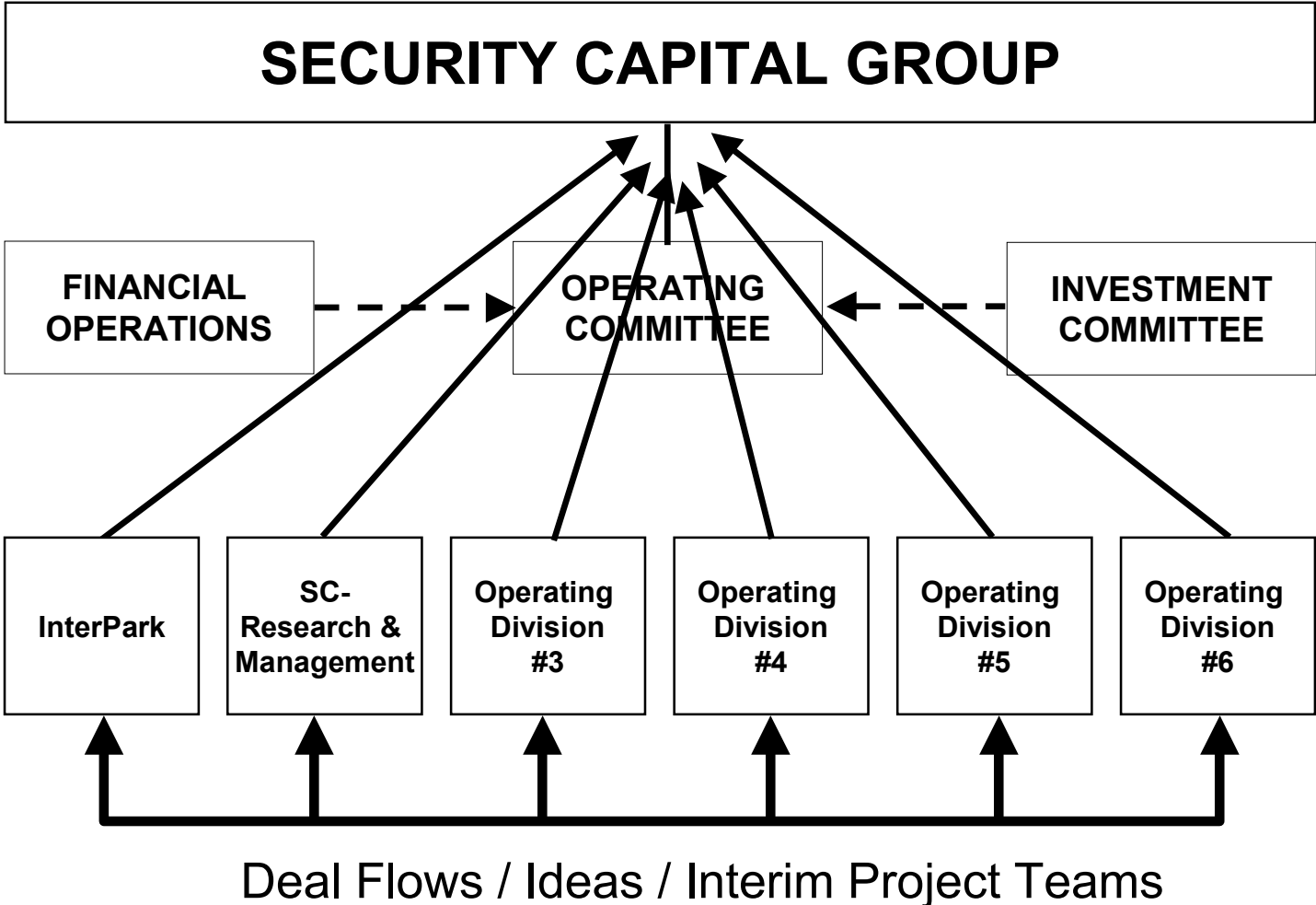
	4 Qtrs. Ended Q1 2000	4 Qtrs. Ended Q1 2001	2000 Pro Forma EBDADT
Dividends from Public Investees			
Archstone	\$81.5 MM	\$60.7 MM	\$ —
CarrAmerica	—	13.2 MM	87.7 MM
ProLogis	65.7 MM	67.4 MM	114.8 MM
Regency	—	17.1 MM	92.7 MM
Storage USA	—	—	40.5 MM
Operating Cash Flow of Private Divisions ⁽¹⁾			
Belmont ⁽²⁾	(12.9) MM	(9.1) MM	(4.9) MM
CWS Communities	—	1.6 MM	15.3 MM
Homestead Village	32.8 MM	147.5 MM	82.5 MM
InterPark	—	4.2 MM	15.1 MM
SC-Research & Management	25.7 MM	37.6 MM	29.0 MM
SC-European Realty	<u>44.2 MM</u>	<u>69.0 MM</u>	<u>30.6 MM</u>
Consolidated Cash Sources from Operations	237.0 MM	409.2 MM	503.3 MM
Cash retained by Divisions	(44.2) MM	(69.1) MM	
Operating, interest, and tax expense, net	<u>(105.6) MM</u>	<u>(126.1) MM</u>	<u>(149.5) MM</u>
Free Cash Flow	<u>\$87.2 MM</u>	<u>\$214.0 MM</u>	<u>\$353.8 MM</u> ⁽³⁾

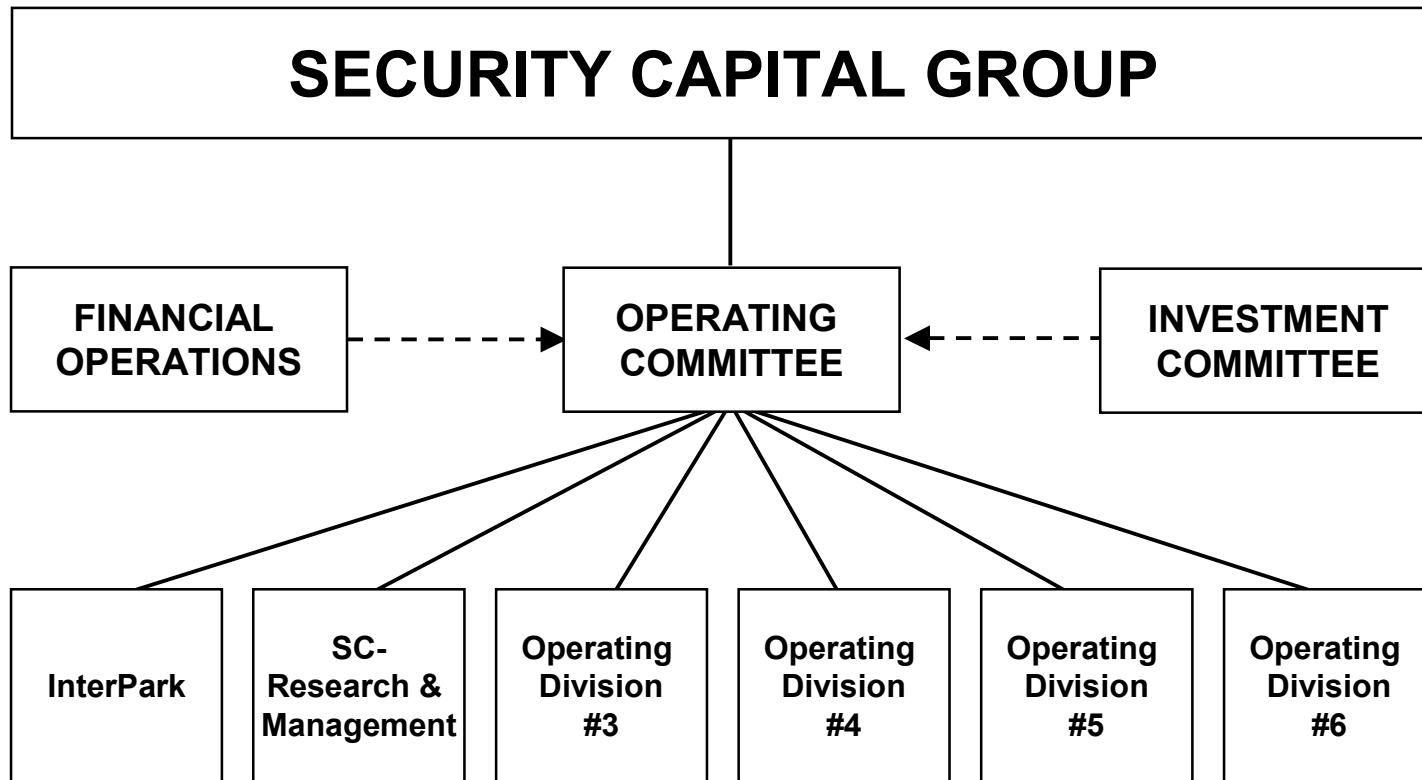
(1) SCZ share of investee cash flow from operations

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

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

6 PRIVATE DIVISIONS WILL RESULT IN SIGNIFICANT OPERATING IMPROVEMENTS, INCREASED CASH FLOW AND HIGHER SUSTAINABLE ROE





Benefits of a Simplified Structure

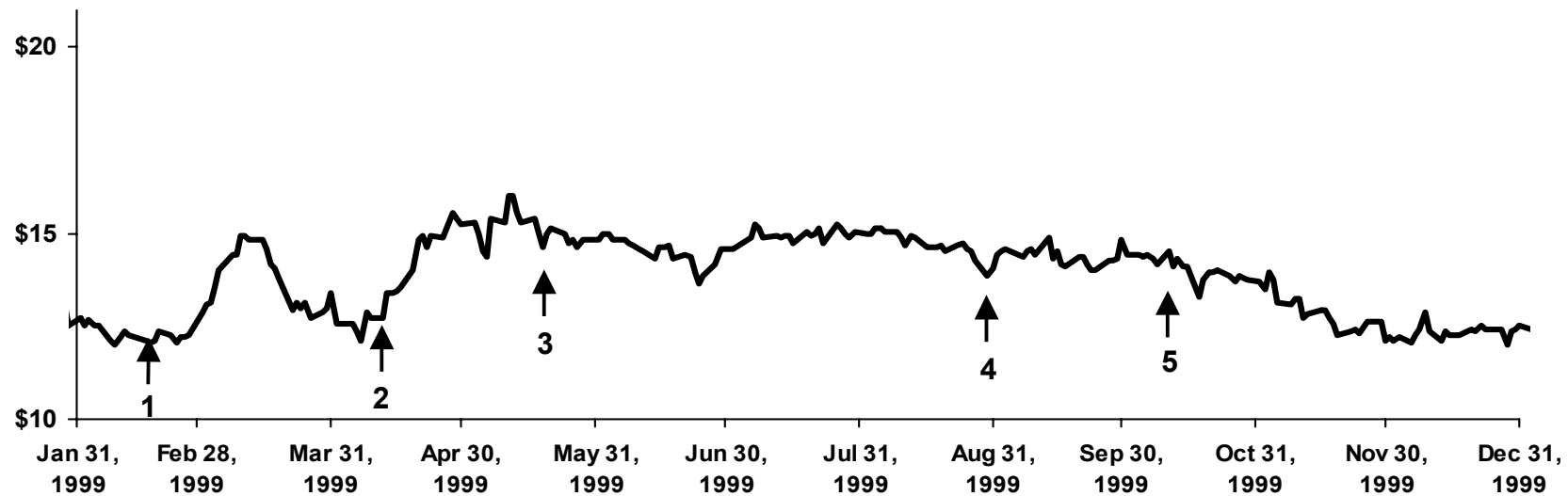
- Economies of Scale
- Cross-Integration of People
- Utilization of Best Practices
- High ROE Businesses Operating as Private Divisions Which Produce S&P Competitive Returns



SECURITY CAPITAL

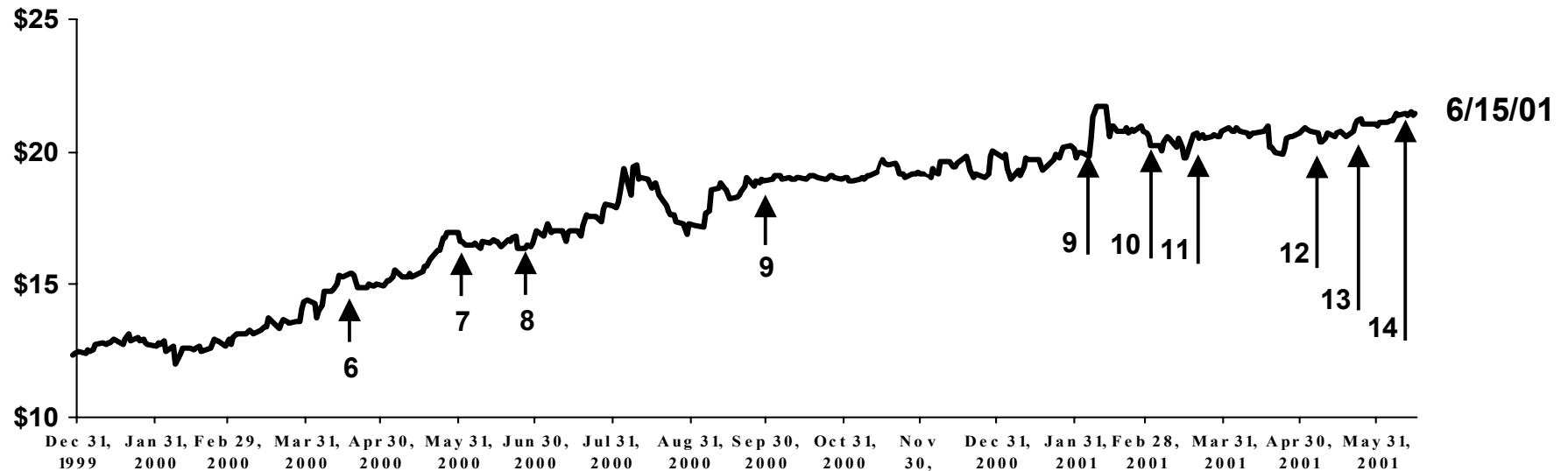
Investor Memorandum Appendix

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

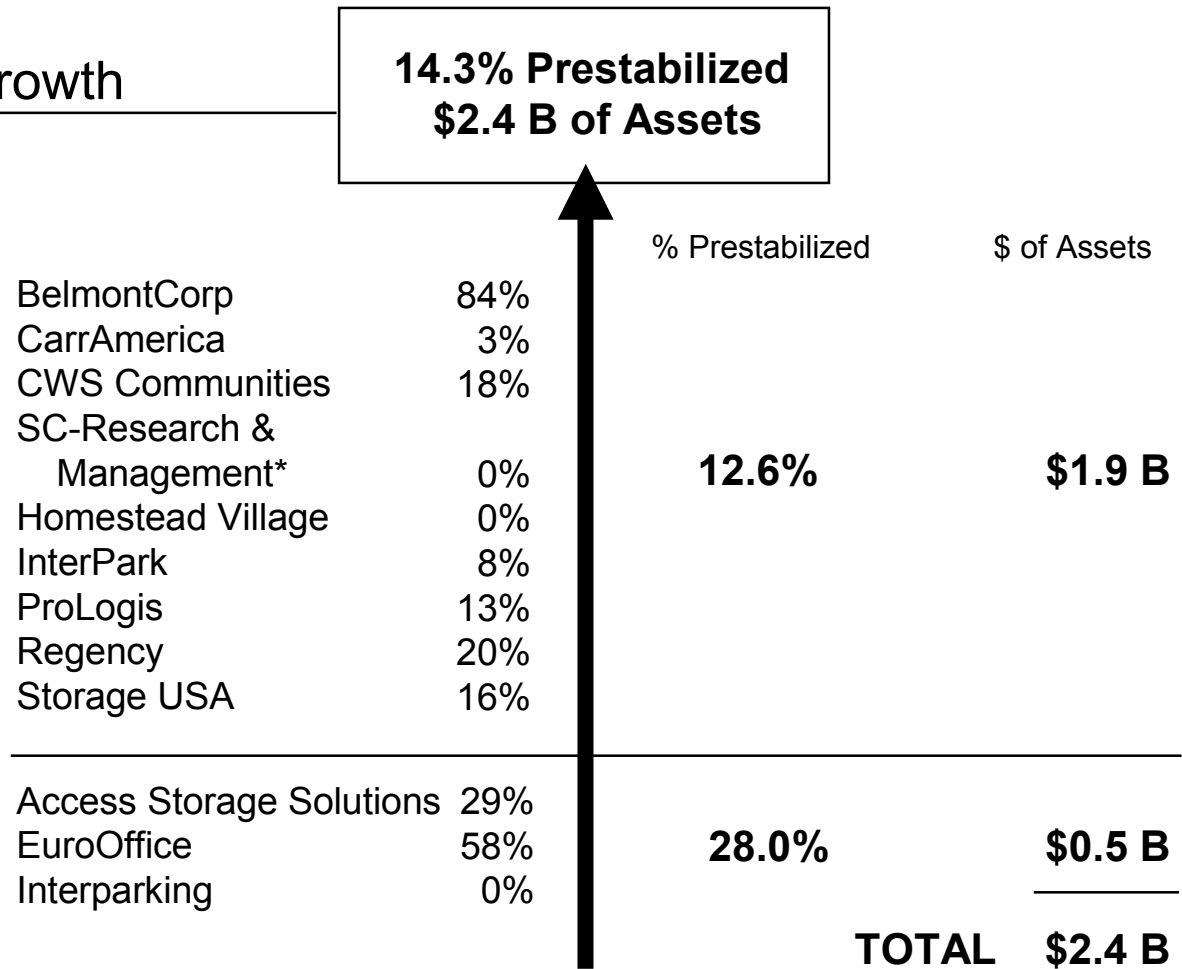


6. Begin Archstone Sales — \$503 Million of Sales Completed in Three Successful Tranches
7. Homestead Village Reengineered / 100% Privatization Completed
8. SC-Capital Management Group Assets Under Management Top \$2 Billion
9. Announced and Completed \$1.6 Billion SCZ / SC-U.S. Realty Business Combination
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. Completed Tender Offer — Repurchased 9.3 Million SCZ Shares at \$20.50/share
13. Report 16.4% Increase in Per Share Operating Performance for First Quarter 2001
14. Announced Agreement to Sell 94.1% Interest in CWS Communities for \$289.7 Million Cash

SCZ EARNINGS GROWTH IS POSITIVELY IMPACTED BY DEVELOPMENT PIPELINE

Since Q2 1991, SCZ Affiliates / Divisions Have Developed \$7+ Billion and Placed into Managed Entities \$5+ Billion of Assets

Strong Embedded Growth



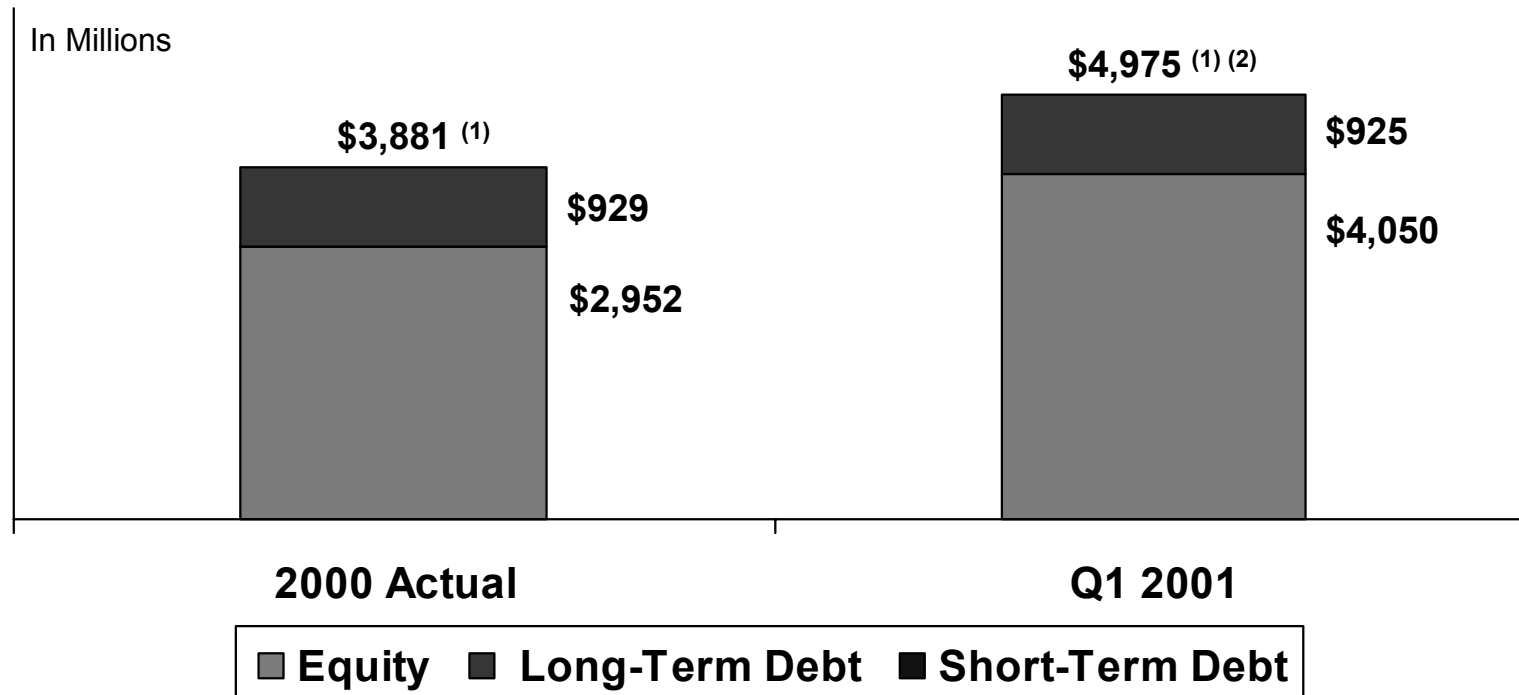
Data as of March 31, 2001.

* Money management group which does not develop properties.

SCZ FINANCIAL FLEXIBILITY

Strong Balance Sheet Creates Financial Flexibility

- Free Cash Flow for the Four Quarters Ended March 31, 2001, was \$214.0 Million, up from \$87.2 Million for the Four Quarters Ended March 31, 2000
- \$925 Million of Long-Term Debt Average Life of 11.8 Years at an Average Fixed Rate of 7.2% (Leverage of 18.8%)



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

(2) Adjusted to reflect the impact of the Tender Offer which was completed on April 17, 2001.

SCZ FINANCIAL METRICS

Q1 2001 Investment Return Analysis

	<u>Q1 2000</u>	<u>Q1 2001</u>
Weighted Average Investment Yield ⁽¹⁾	11.8%	12.7%
Return on Invested Capital ⁽²⁾	10.5%	11.2%
Return on Equity ⁽³⁾	12.0%	11.3%

- Investment Yield -- Overall operating improvements by investees
- ROIC -- Expense controls improve overall margins
- ROE -- Reduction due to the deleveraging impact of the ASN sale

(1) Calculated as annualized Equity in EBDADT, including net fees from Security Capital Research & Management, divided by total investment cost.

(2) Calculated as annualized EBDADT before interest and depreciation, including income taxes, divided by total investment cost. Reflects fee income and expenses.

(3) Calculated as annualized EBDADT divided by GAAP equity.

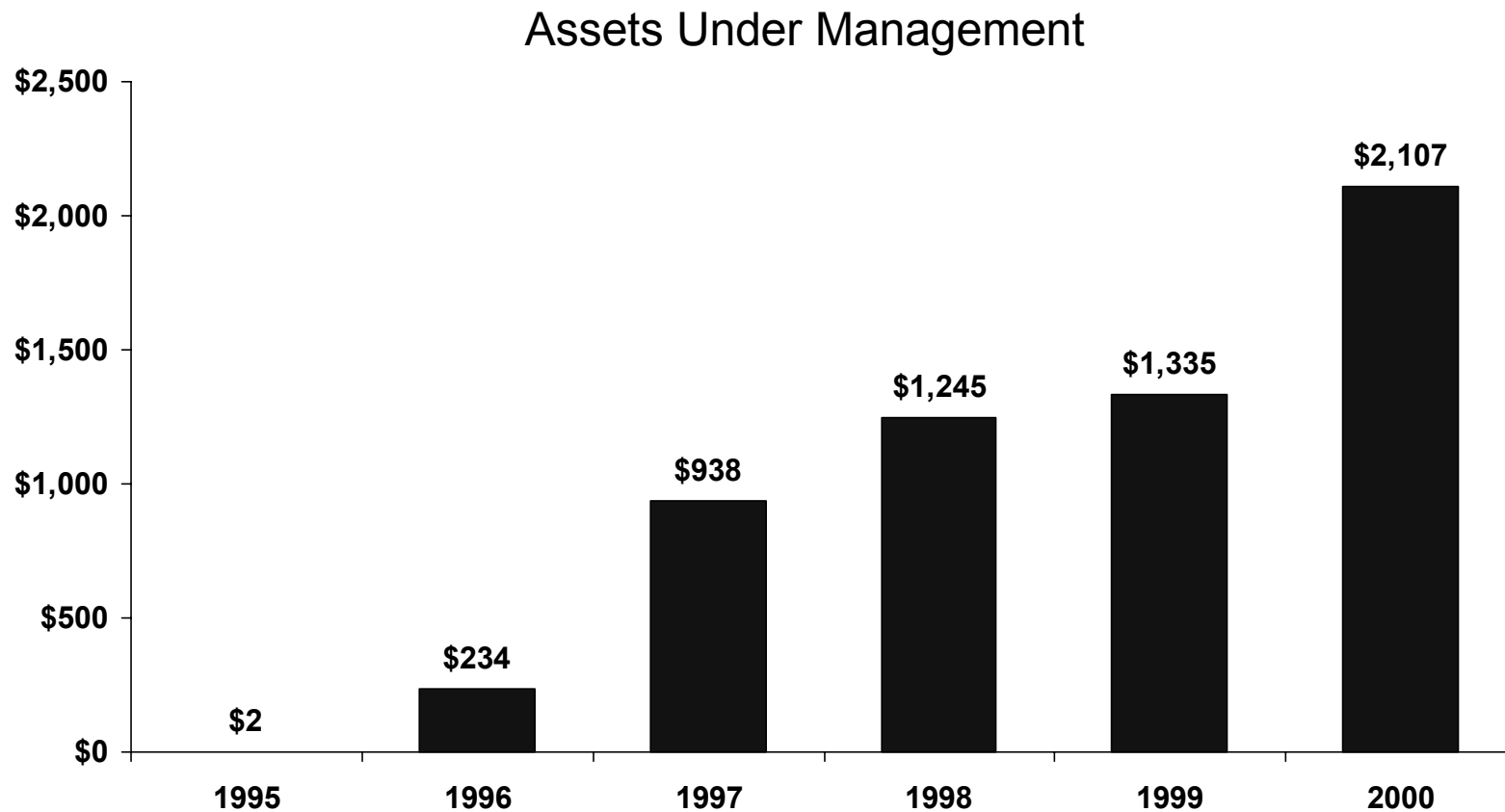
SECURITY CAPITAL RESEARCH & MANAGEMENT

In 1994 SCZ Created Security Capital Research & Management Incorporated (SC-R&M) 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 22-person Asset Evaluation Team Preparing to Broaden Its Penetration in Both the Public and Private Real Estate Capital Management Sectors. Currently, SC-R&M Runs Two Real Estate Mutual Funds, One Private REIT and Manages Third Party Assets for a Multitude of Institutional Separate Accounts.

SECURITY CAPITAL RESEARCH & MANAGEMENT

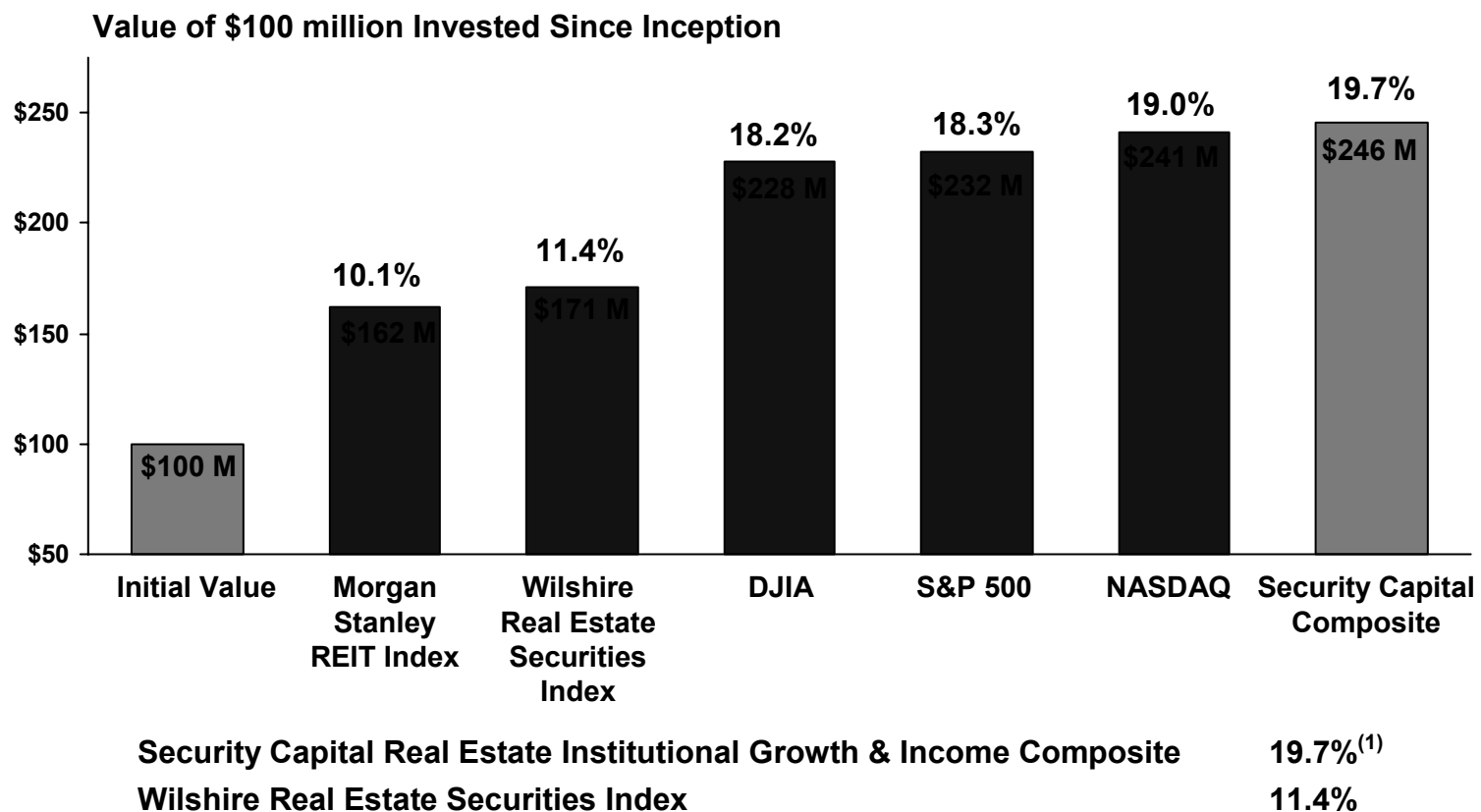
\$2.1 Billion Assets Under Management as of Year End 2000



SECURITY CAPITAL RESEARCH & MANAGEMENT

Institutional Separate Accounts

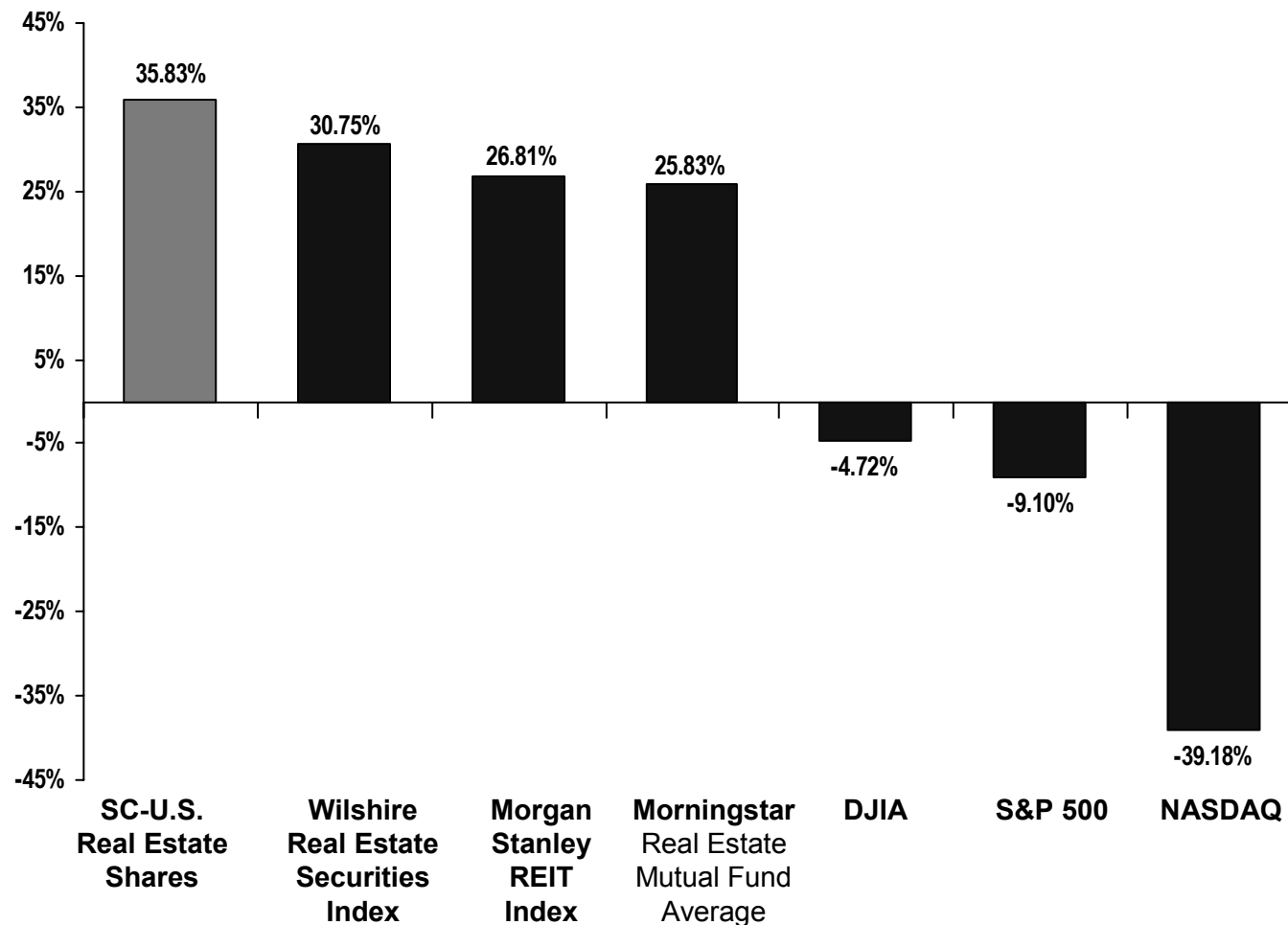
Average Annual Rate of Return
December 31, 1995–December 31, 2000



(1) Net of fees.

SECURITY CAPITAL RESEARCH & MANAGEMENT

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





SECURITY CAPITAL

Summary of Operating Businesses

PUBLIC COMPANIES

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

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.

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

Security Capital Research & Management Incorporated

Security Capital Research & Management (SC-R&M) 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—SC-R&M utilizes a rigorous investment process directed by an experienced team of 22 investment professionals. SC-R&M 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.