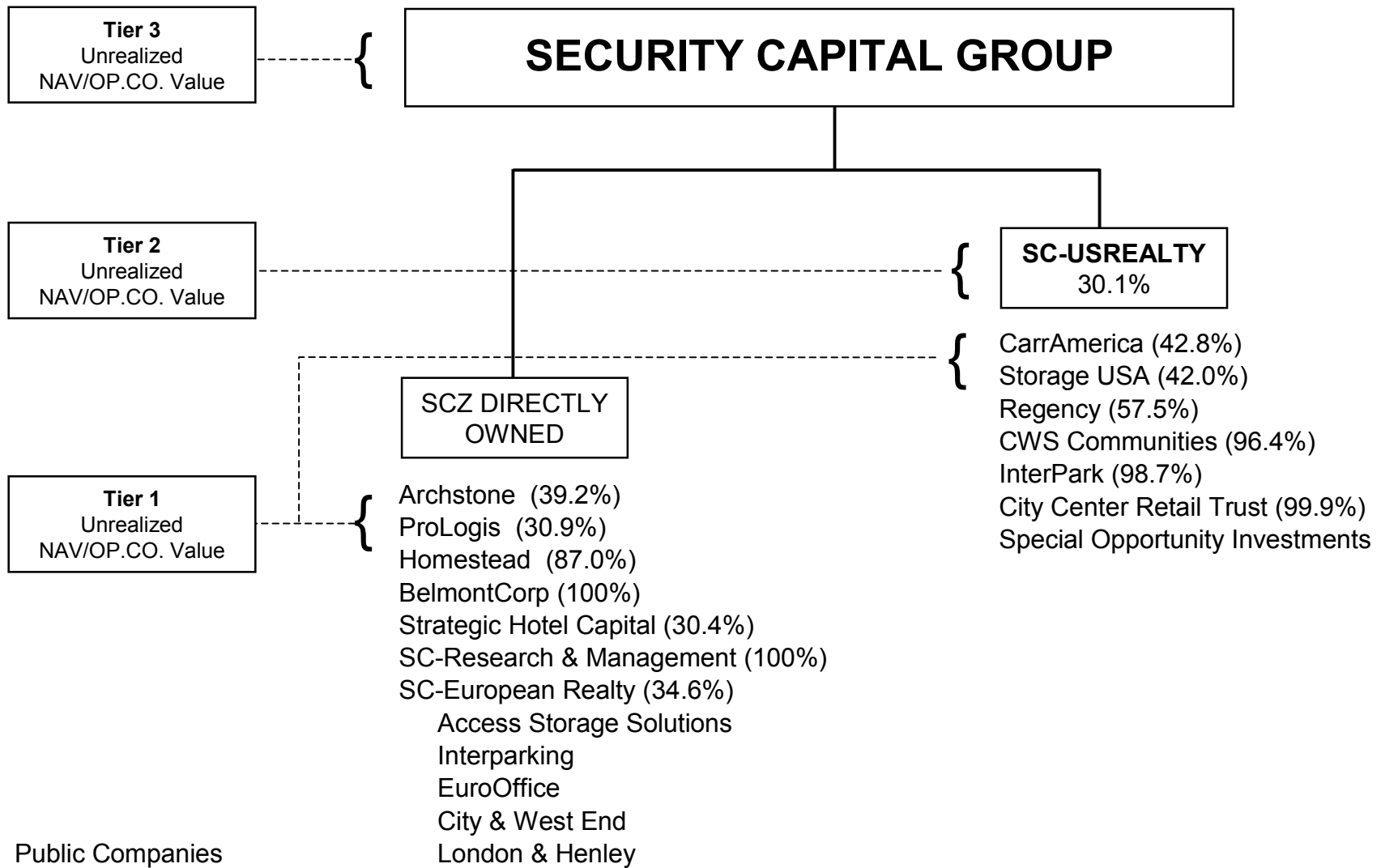




SECURITY CAPITAL

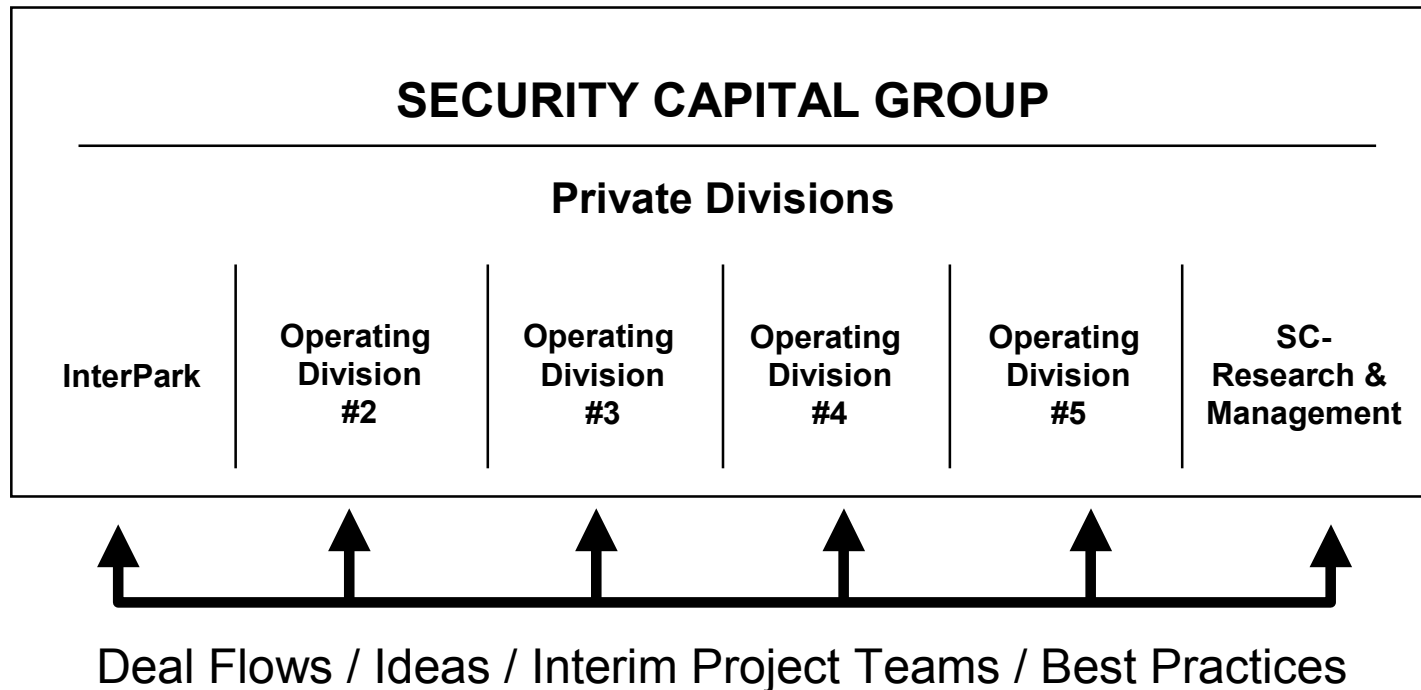
**Investor Memorandum
October 19, 2001**

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



Public Companies highlighted in Yellow.

SCZ'S STRATEGY: AN OPERATING COMPANY STRUCTURE WITH FOCUSED PRIVATE DIVISIONS



Six Integrated Operating Divisions that Produce
High Sustainable ROE Competitive with
Leading S&P Companies

SEPTEMBER 1999 - OCTOBER 2001: SIMPLIFICATION 40%+/- COMPLETE WITH \$5.2 BILLION OF TRANSACTIONS EXECUTED

SECURITY CAPITAL GROUP*

Simplification Transactions

	<u>Status</u>	<u>Amount in MM</u>	<u>Date Initiated / Completed</u>
1 Strategic Hotel Capital	SOLD	\$329.0	September 1999
2 SCZ Stock Repurchase Program	COMPLETED	\$601.0	September 1999 – June 2001
3 Special Opportunity Investments	SOLD	\$223.3	March 2000
4 City Center Retail Trust ⁽¹⁾	SELLING	\$243.7	March 2000
5 London & Henley ⁽¹⁾⁽²⁾	SELLING	\$119.0	April 2000
6 Homestead	PRIVATIZED	\$142.6	June 2000
7 City & West End ⁽¹⁾⁽²⁾	SELLING	\$126.4	July 2000
8 SC-USREALTY	COMBINED WITH SCZ	\$1,600.0	January 2001
9 Archstone	SOLD	\$1,243.0	February 2001
10 CWS Communities	SOLD	\$570.0	August 2001
11 New SCZ Stock Repurchase Program	ANNOUNCED	\$250.0	August 2001

(1) Remaining assets in process of being sold.

(2) SC-European Realty Investee.

SIMPLIFICATION: MOVING TOWARDS DIVISIONAL STRUCTURE WITH A STRONG BALANCE SHEET

SECURITY CAPITAL GROUP

(dollars in millions, except per share data)

	<u>Market Sector</u>	<u>Ownership</u>	SCZ Investment at Public Price / Private <u>Cost Value*</u>
• Public Companies			
– CarrAmerica	Office	46%	\$853.8
– ProLogis	Warehouse Distribution	29%	\$1,012.0
– Regency	Grocery-Anchored Retail	60%	\$869.9
– Storage USA	Self-Storage	43%	\$470.7
• Private Divisions			
– Belmont	Senior Housing	99%	\$122.5
– Homestead	Extended-Stay Lodging	99%	\$645.3
– InterPark	Parking	97%	\$294.1
– SC-Research & Management ⁽¹⁾	Investment Management	100%	\$119.9
– SC-European Realty		35%	\$440.6
– Access Storage Solutions	Self-Storage	100%	
– EuroOffice	Office	100%	
– Interparking	Parking	74%	
– Cash			\$292.0
– Other Assets			\$406.2
Total Assets ⁽²⁾			<u>\$5,527.0</u>
Debt / Accounts Payable			<u>\$1,003.9</u>
NAV per share			\$28.16
Percent Discount to NAV			34.1%
Discount to NAV			\$1.533 Billion

* As of October 19, 2001

(1) No value ascribed for SC-Research & Management fee business. Represents SCZ's investments managed by SC-R&M.

(2) Public Companies valued at market and Private Divisions at SCZ's cost basis.

SCZ: FINANCIAL FLEXIBILITY AND STRONG BALANCE SHEET

- Leverage Ratio of 18.8% as of June 30, 2001 compared to 28.0% at June 30, 2000
- \$925 Million of Long-Term Debt with an Average Life of 11.6 Years at an Average Interest Rate of 7.2%
- Fixed Charge Coverage Ratio of 3.28x
- \$292 Million of Cash Currently on the Balance Sheet
- \$450 Million Bank Line of Credit with No Balance Outstanding

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

	4 Qtrs. Ended Q2 2000	4 Qtrs. Ended Q2 2001	2000 Pro Forma EBDADT
Dividends from Public Investees			
Archstone	\$81.7 MM	\$40.3 MM	\$ —
CarrAmerica	—	26.5 MM	87.7 MM
ProLogis	66.1 MM	67.9 MM	114.8 MM
Regency	—	34.3 MM	92.7 MM
Storage USA	—	8.4 MM	40.5 MM
Operating Cash Flow of Private Divisions ⁽¹⁾			
Belmont ⁽²⁾	(12.3) MM	(6.5) MM	(4.9) MM
CWS Communities	—	11.6 MM	15.3 MM
Homestead Village	87.2 MM	112.8 MM	82.5 MM
InterPark	—	10.4 MM	15.1 MM
SC-Research & Management	30.9 MM	32.4 MM	29.0 MM
SC-European Realty	<u>15.3 MM</u>	<u>14.9 MM</u>	<u>30.6 MM</u>
Consolidated Cash Sources from Operations	268.9 MM	353.0 MM	503.3 MM
Operating, interest, and tax expense, net	<u>(125.2) MM</u>	<u>(133.8) MM</u>	<u>(149.5) MM</u>
Free Cash Flow	<u>\$143.7 MM</u>	<u>\$219.2 MM</u>	<u>\$353.8 MM</u> ⁽³⁾

(1) SCZ share of investee cash flow from operations

(2) Belmont in start-up phase with \$288.4 million of assets in operation, under development and in planning.

(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).

SCZ: A WELL-BALANCED OPERATING COMPANY

SECURITY CAPITAL GROUP					
Private Divisions					
InterPark	Operating Division #2	Operating Division #3	Operating Division #4	Operating Division #5	SC-Research & Management
+/- 15% of SCZ's Capital	+/- 15% of SCZ's Capital	+/- 15% of SCZ's Capital	+/- 15% of SCZ's Capital	+/- 15% of SCZ's Capital	+/- 15% of SCZ's Capital

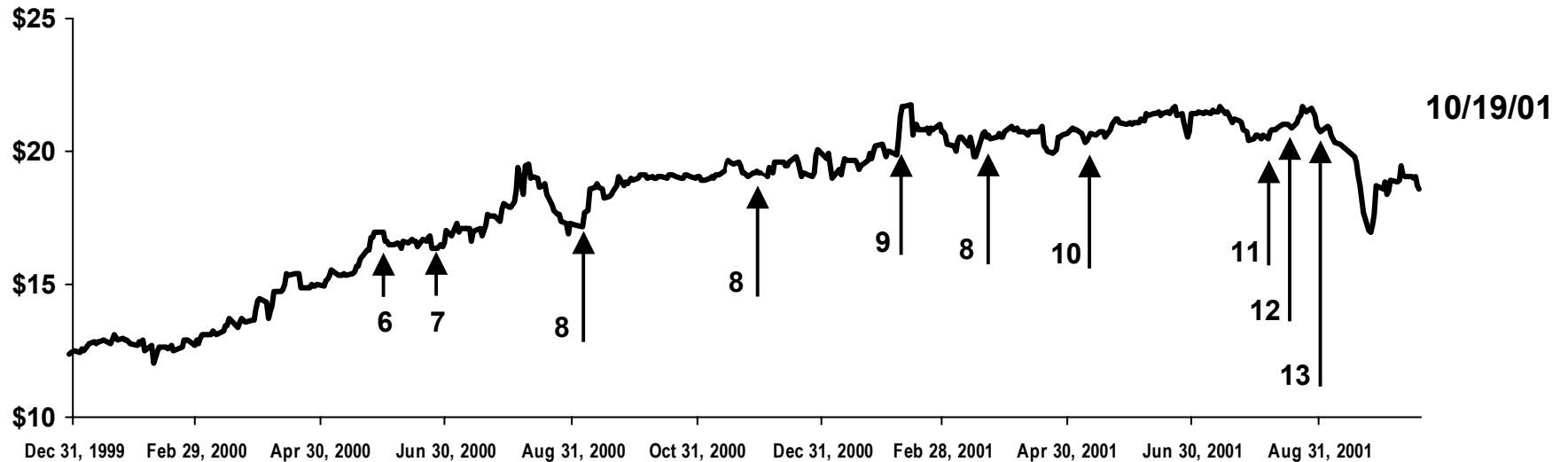
- Significant Discount to Underlying Asset Value
- Simplification +/- 40% Complete; Identified and In Process — to Be Completed on a Straight-line Basis by Year-End 2002
- Strong Free Cash Flow and Balance Sheet Result in Maximum Financial Flexibility
- Compelling Earnings Growth Story Post-Reconfiguration



SECURITY CAPITAL

Investor Memorandum Appendix

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

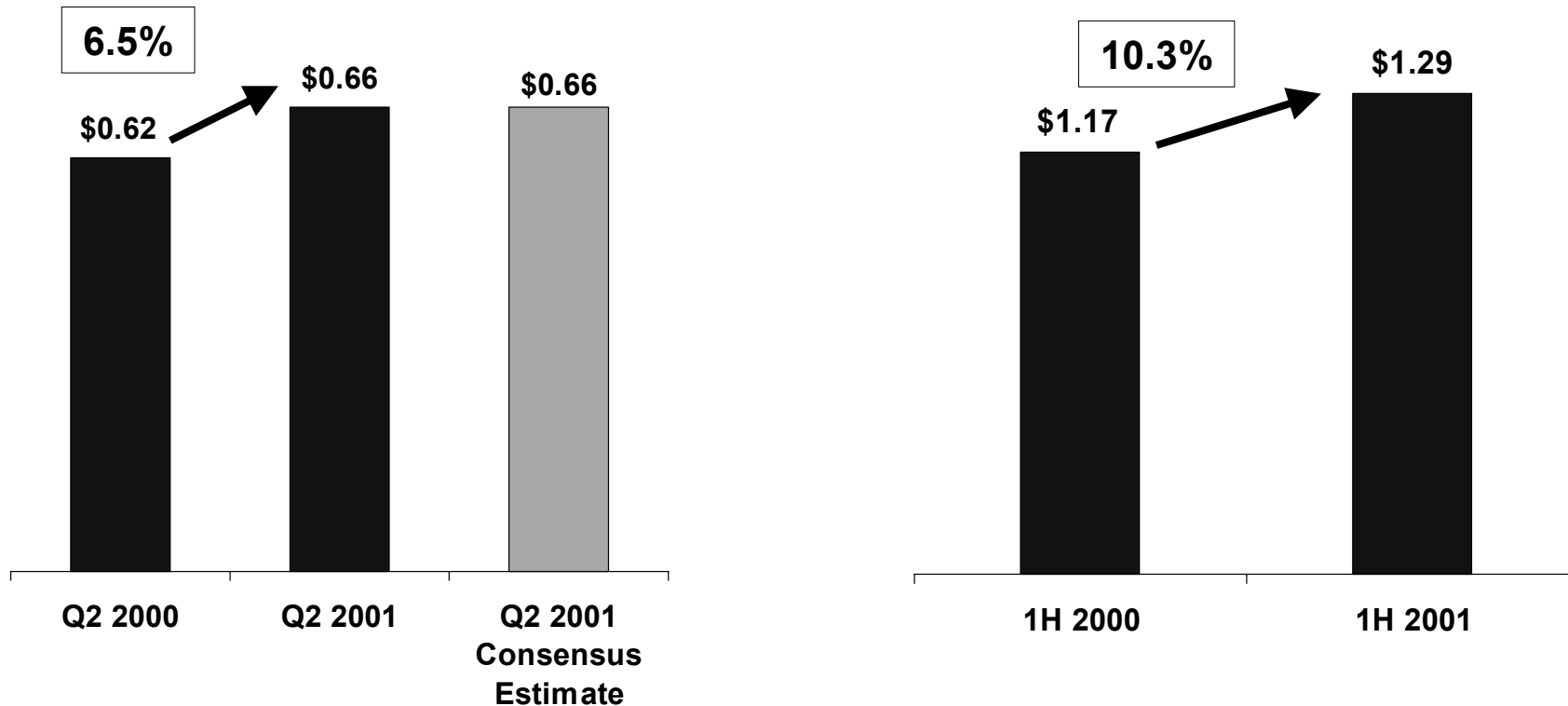


6. Homestead Village Reengineered / 100% Privatization Completed
7. SC-Capital Management Group Assets Under Management Top \$2 Billion
8. Completed Sale of Archstone Shares in 4 Successful Tranches
9. Announced and Completed \$1.6 Billion SCZ / SC-U.S. Realty Business Combination
10. Completed Tender Offer — Repurchased 9.3 Million SCZ Shares at \$20.50/share
11. Completed Sale of 94.1% Interest in CWS Communities for \$291.6 Million Cash
12. Reports 6.5% Increase in Per-Share Operating Performance for Second Quarter 2001
13. Announced New \$250 Million Share Buyback Program

SCZ Q2 2001 FINANCIAL HIGHLIGHTS

Solid Operating Division Performance and Management Action to Simplify the Structure

EBDADT Per Share ⁽¹⁾



(1) Before special items.

SCZ Q2 2001 FINANCIAL HIGHLIGHTS

Q2 2001 Investment Return Analysis

	<u>Q2 2000</u>	<u>Q2 2001</u>
Weighted average investment yield ⁽¹⁾	11.9%	12.5%
Return on invested capital ⁽²⁾	11.3%	11.2%
Return on equity ⁽³⁾	13.0%	12.4%

- **Investment yield** — Overall operating improvements by investees
- **ROIC** – Proceeds from the ASN sale and HSD property sales have not been reinvested, offset in part by continued expense controls
- **ROE** — Reduction due to deleveraging. Leverage as of June 30, 2001 was 18.8% as compared to 28.0% as of June 30, 2000

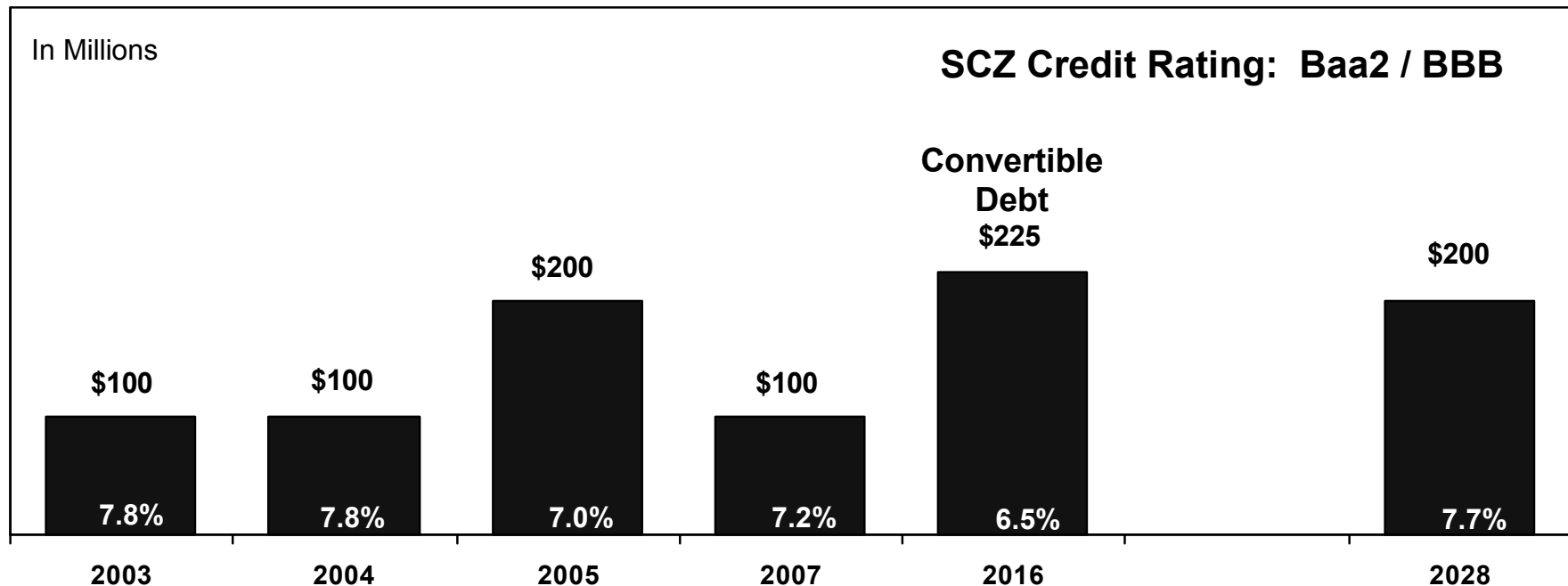
(1) Calculated as annualized Equity in EBDADT, including net fees from Security Capital Research & Management, divided by total investment cost.

(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.

SCZ Q2 2001 FINANCIAL HIGHLIGHTS

Debt Maturity Schedule⁽¹⁾



- SCZ's \$450 million LOC, which expires in April 2003, had a \$59 million balance as of June 30, 2001

Fixed Charge Coverage Ratio

(Four quarters ended June 30, 2001)

Current

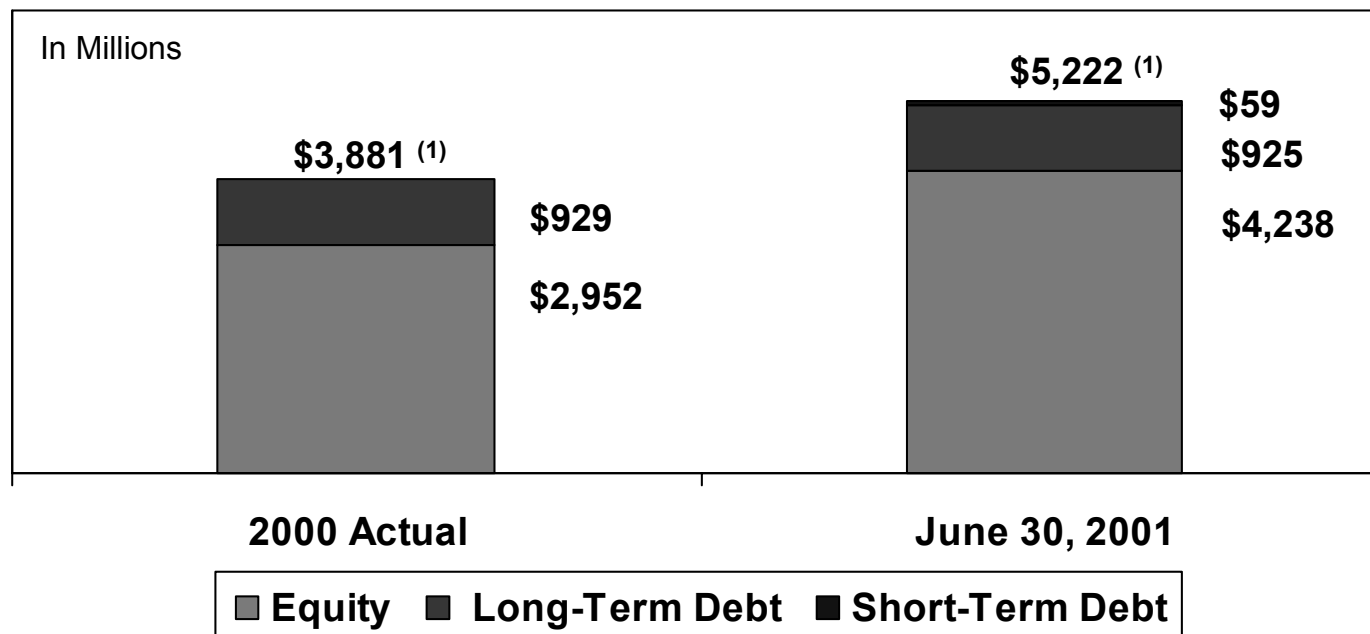
3.28x

(1) As of June 30, 2001.

SCZ Q2 2001 FINANCIAL HIGHLIGHTS

Strong Balance Sheet Creates Financial Flexibility

- Free cash flow for the four quarters ended June 30, 2001, was \$219.2 million, up from \$143.7 million for the four quarters ended June 30, 2000
- The ratio of cash flow to fixed charges for the four quarters ended June 30, 2001, was 3.28x compared to 3.14x as of March 31, 2001
- \$925 million of long-term debt with an average life of 11.6 years at an average fixed rate of 7.2% (leverage of 18.8%)

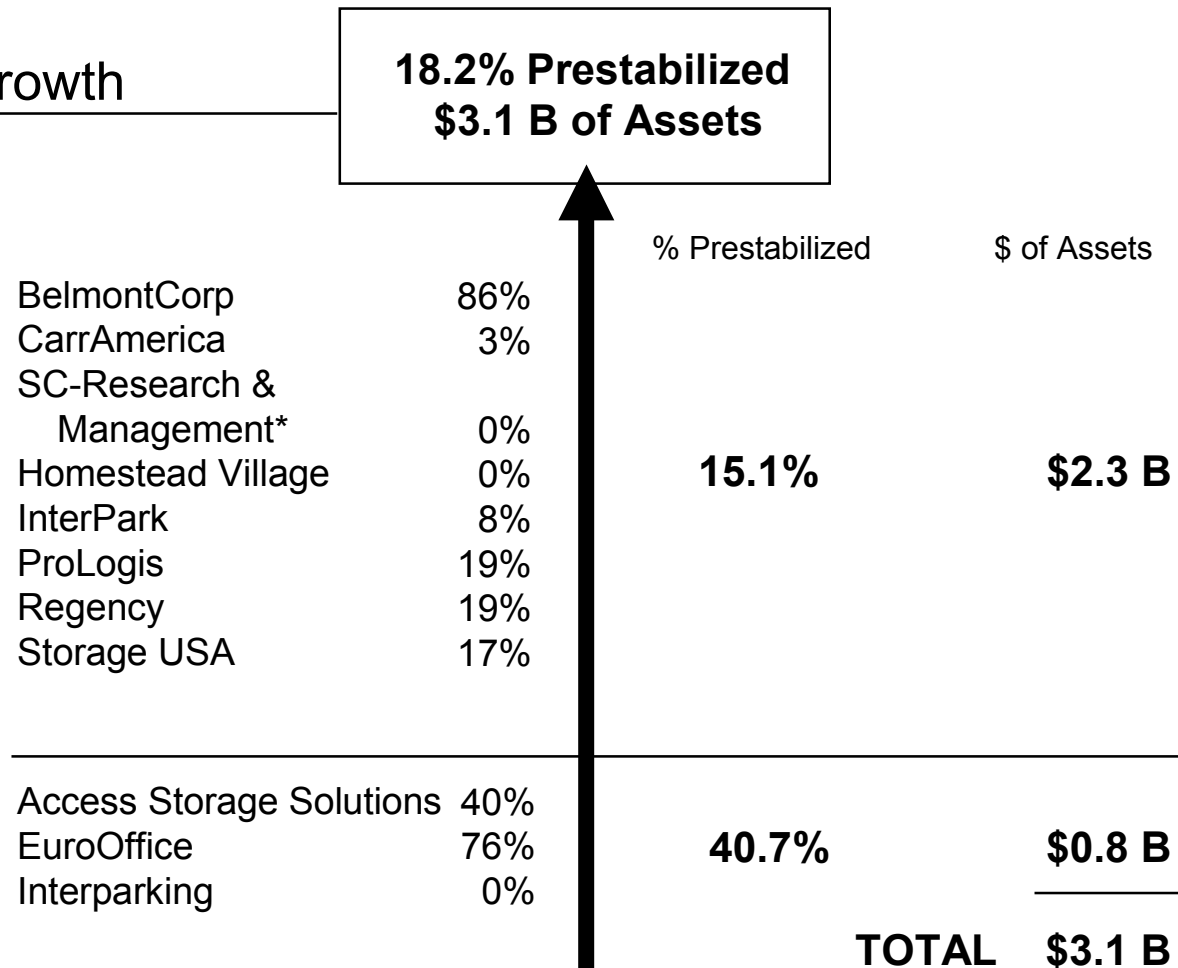


(1) After reduction for accounts payable and other liabilities.

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 June 30, 2001.

* Money management group which does not develop properties.

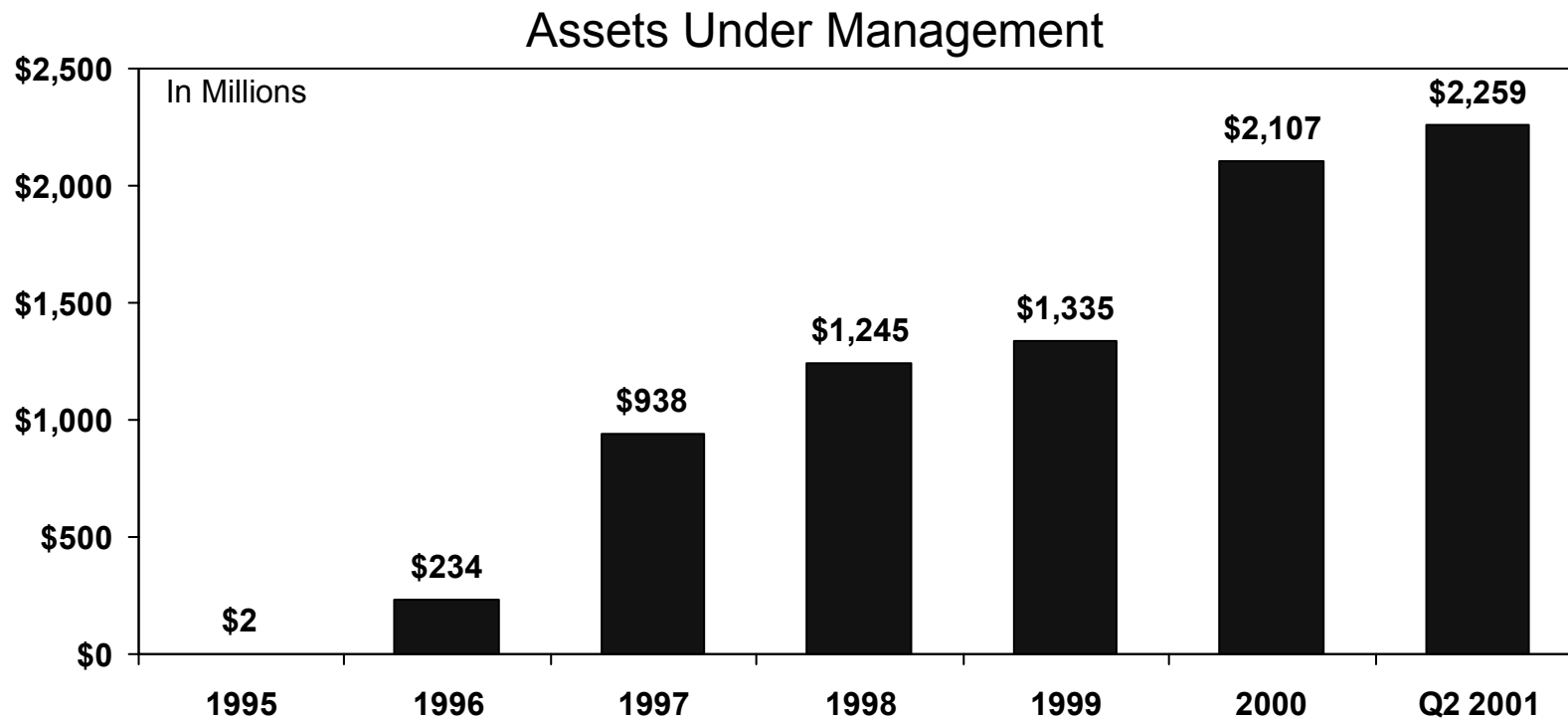
SECURITY CAPITAL RESEARCH & MANAGEMENT

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 29-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.

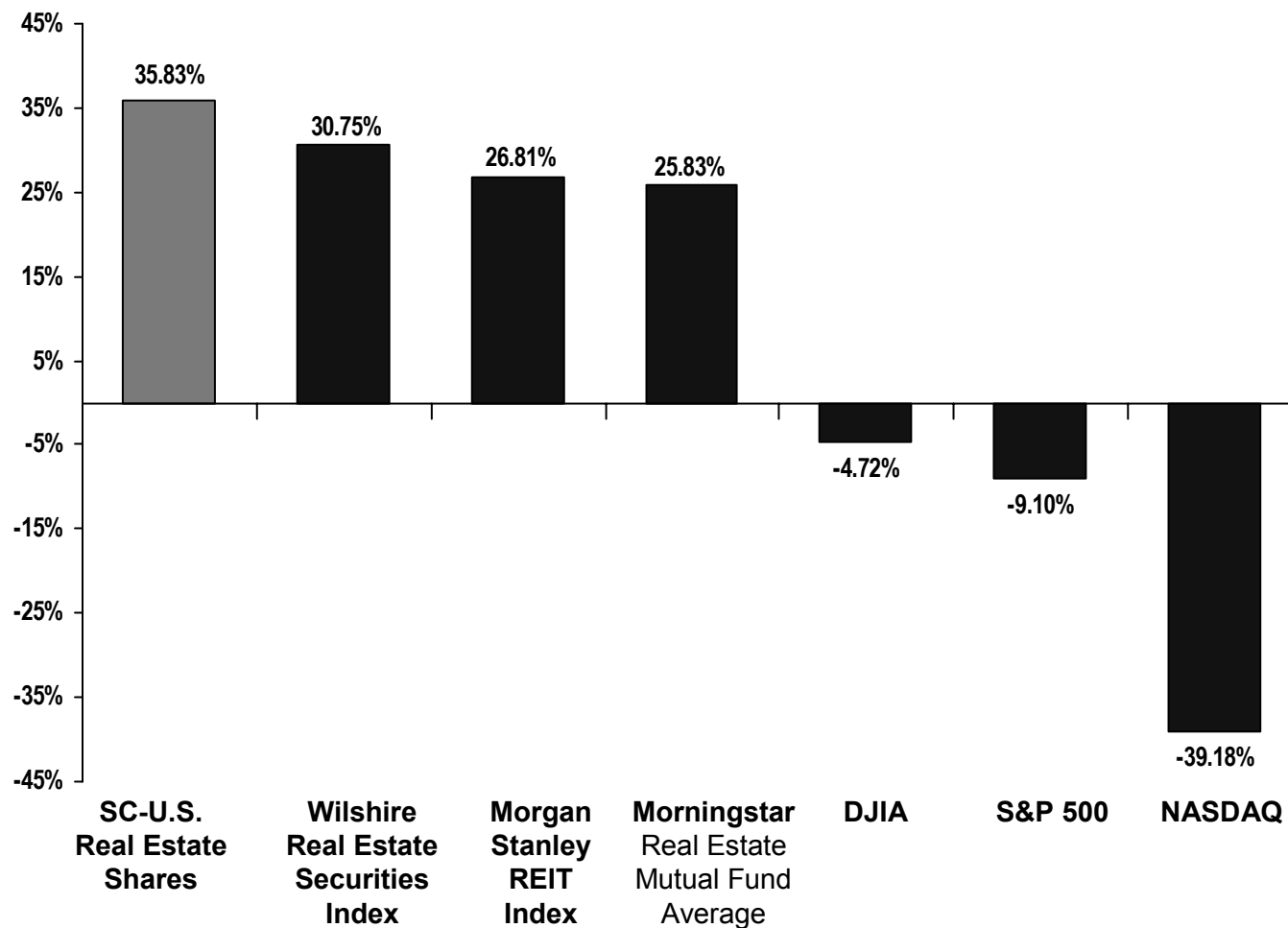
SECURITY CAPITAL RESEARCH & MANAGEMENT

- Assets under management at June 30, 2001 were \$2.26 billion, an increase of 20.1% from June 30, 2000



SECURITY CAPITAL RESEARCH & MANAGEMENT

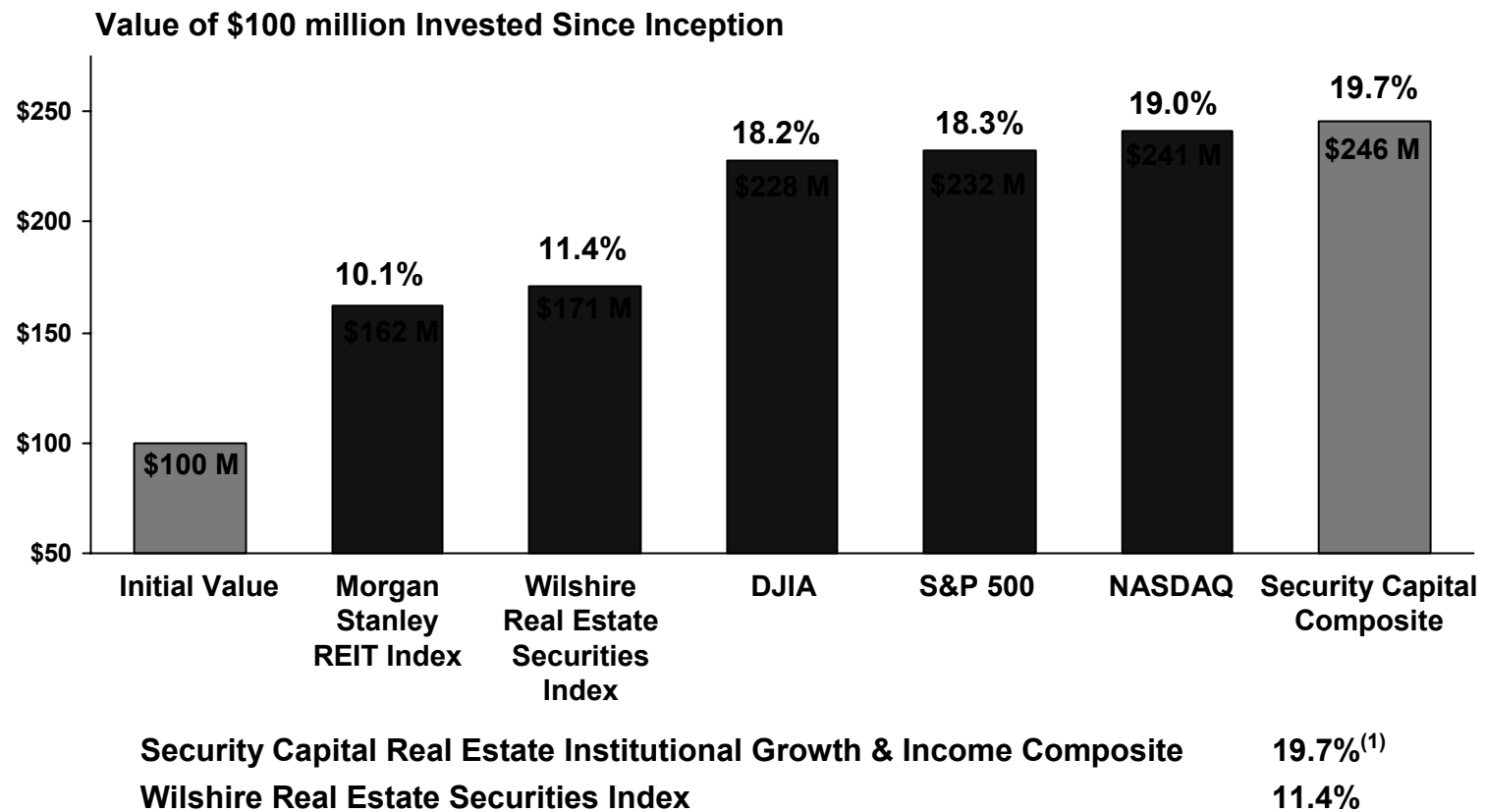
Security Capital U.S. Real Estate Shares – 2000 Performance vs. Benchmark Indices



SECURITY CAPITAL RESEARCH & MANAGEMENT

Institutional Separate Accounts

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



(1) Net of fees.



SECURITY CAPITAL

Summary of Operating Businesses

SUMMARY OF PUBLIC COMPANIES

CarrAmerica Realty Corporation

(NYSE: CRE)

CarrAmerica owns, develops and operates office properties in 12 markets throughout the United States. With a current total market capitalization of approximately \$3.6 billion, CarrAmerica and its affiliates own a controlling interest in a portfolio of 287 operating office properties and have eight projects under development in six key growth markets.

ProLogis Trust

(NYSE: PLD)

ProLogis is the leading global provider of integrated distribution facilities and services, with more than 1,700 distribution facilities owned, operating and under development throughout North America and Europe. With a current total market capitalization of approximately \$7.0 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 \$3.2 billion, Regency currently owns and operates 266 properties in 22 states in key markets throughout the country, accounting for over 28 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 \$2.0 billion, Storage USA currently owns, manages and franchises 550 facilities containing 37.2 million square feet in 32 states and the District of Columbia.

SUMMARY OF 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 111 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

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 350 locations and 100,000 parking spaces. The company currently operates in major markets nationally, including Chicago, Tampa, Washington, D.C., Atlanta and Denver.

SUMMARY OF PRIVATE DIVISIONS

Security Capital Research & Management Incorporated

Security Capital Research & Management Incorporated is a registered investment adviser with over \$2.2 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—Security Capital Research & Management utilizes a rigorous investment process directed by an experienced team of 29 professionals. Security Capital Research & Management 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 EuroOffice, which are engaged in owning and/or operating public car-park facilities, self-storage facilities and offices for multinational companies, respectively. Each business 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 81 facilities in three countries and 8 properties under development.

- **EuroOffice**

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

- **Interparking Group**

Interparking is continental Europe's largest owner and operator of off-street parking facilities operating 261 facilities in seven countries.