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PRICE ENTERPRISES INC
Form S-4/A
June 19, 2001

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 18, 2001

REGISTRATION NO. 333-61620

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PRICE ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

6512
(Primary Standard Industrial
Classification Code Number)

33-
(I.R.S.
Identifi

17140 BERNARDO CENTER DRIVE, SUITE 300
SAN DIEGO, CALIFORNIA 92128
(858) 675-9400
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

GARY B. SABIN
CHIEF EXECUTIVE OFFICER
PRICE ENTERPRISES, INC.
17140 BERNARDO CENTER DRIVE, SUITE 300
SAN DIEGO, CALIFORNIA 92128
(858) 675-9400
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

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LOS ANGELES, CALIFORNIA
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

SUBJECT TO COMPLETION -- DATED JUNE 18, 2001
THE INFORMATION IN THE JOINT PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THE JOINT PROXY STATEMENT/PROSPECTUS IS NOT AN OFFER
TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRICE ENTERPRISES, INC.
17140 BERNARDO CENTER DRIVE, SUITE 300
SAN DIEGO, CALIFORNIA 92128
(858) 675-9400

EXCEL LEGACY CORPORATION
17140 BERNARDO CENTER DRIVE, SUITE 300
SAN DIEGO, CALIFORNIA 92128
(858) 675-9400

, 2001

To the stockholders of Price Enterprises, Inc. and Excel Legacy Corporation:

The boards of directors of Price Enterprises, Inc. and Excel Legacy Corporation have unanimously approved, and are asking you to approve, (1) a merger in which Legacy would become a wholly-owned subsidiary of Enterprises and each share of Legacy common stock would be converted into 0.6667 of a share of Enterprises common stock, (2) the sale of approximately \$109.3 million of a new class of Enterprises preferred stock, 9% Series B Junior Convertible Redeemable Preferred Stock, to Warburg, Pincus Equity Partners, L.P. and some other persons and (3) other related proposals described in the attached joint proxy statement/prospectus. IF THE MERGER IS APPROVED AND THE OTHER CUSTOMARY CLOSING CONDITIONS ARE SATISFIED, ENTERPRISES AND LEGACY EXPECT THAT THE MERGER AND THE SALE WILL OCCUR CONTEMPORANEOUSLY. ENTERPRISES MAY ELECT NOT TO COMPLETE THE

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MERGER IF, IMMEDIATELY PRIOR TO THE MERGER, ITS BOARD IS NOT SATISFIED THAT THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK WILL OCCUR.

Following these transactions, the combined company, Price Legacy Corporation, is expected to qualify as a real estate investment trust, or a REIT. To qualify as a REIT, Price Legacy must distribute at least 90% of its REIT taxable income to its stockholders. Price Legacy is expected to distribute in excess of this minimum requirement, or approximately 100% of its REIT taxable income, to its stockholders following the transactions. As a result, holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock. These distributions will limit the amount of cash Price Legacy will have available, including amounts to fund its future growth.

The Legacy common stock is traded on the American Stock Exchange under the symbol "XLG." On June 14, 2001, the closing price for the Legacy common stock was \$2.01. The Enterprises common stock and Enterprises Series A preferred stock are traded on the Nasdaq National Market under the symbols "PREN" and "PRENP," respectively. Following the merger, the Enterprises common stock will be traded on the American Stock Exchange under the symbol "XLG" and the Enterprises Series A preferred stock will continue to be traded on the Nasdaq National Market under the symbol "PRENP." On June 14, 2001, the closing prices of the Enterprises common stock and Enterprises Series A preferred stock were \$6.80 and \$15.39, respectively. Based on these closing prices, and the 61,540,849 shares of Legacy common stock outstanding on June 14, 2001, Enterprises will issue approximately 41,029,284 shares of Enterprises common stock with an aggregate market value of approximately \$279 million to holders of Legacy common stock in the merger, or the equivalent of \$4.53 for each share of Legacy common stock. The exchange ratio was determined by comparing the companies' net asset values. Enterprises believes that, due to the limited trading volume of the Enterprises common stock, the fair value of Legacy's net assets (\$172.7 million as of March 31, 2001) is a better indication of the total merger consideration than the market value of the shares to be issued. The net asset value of \$172.7 million is less than the market value of \$279 million, and also less than the book value of Legacy of \$193.9 million as of March 31, 2001.

As of June 14, 2001, affiliates of Enterprises and Legacy controlled approximately 84.7% of Enterprises' voting power. Following the completion of the merger and the sale of the Enterprises Series B preferred stock, affiliates will control approximately 61.7% of Price Legacy's voting power, including approximately 28% that will be controlled by Warburg Pincus.

PLEASE READ THE JOINT PROXY STATEMENT/PROSPECTUS CAREFULLY, INCLUDING THE SECTION DESCRIBING RISK FACTORS THAT BEGINS ON PAGE 21. We thank you for your support and interest.

Sincerely,
Jack McGrory
CHAIRMAN OF THE BOARD
PRICE ENTERPRISES, INC.

Sincerely,
Gary B. Sabin
CHAIRMAN OF THE BOARD
EXCEL LEGACY CORPORATION

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED UNDER THE JOINT PROXY STATEMENT/PROSPECTUS OR DETERMINED IF THE JOINT PROXY STATEMENT/ PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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The joint proxy statement/prospectus is dated _____, 2001 and is expected to be first mailed to stockholders on _____, 2001.

SOURCES OF ADDITIONAL INFORMATION

The joint proxy statement/prospectus incorporates important business and financial information about Enterprises and Legacy that is not included or delivered with the document. This information is available without charge to Enterprises' and Legacy's stockholders upon written or oral request to the appropriate party.

You may contact Enterprises as follows:

Price Enterprises, Inc.
17140 Bernardo Center Drive, Suite 300
San Diego, California 92128
(858) 675-9400

You may contact Legacy as follows:

Excel Legacy Corporation
17140 Bernardo Center Drive, Suite 300
San Diego, California 92128
(858) 675-9400

TO OBTAIN TIMELY DELIVERY, YOU SHOULD REQUEST THE INFORMATION NO LATER THAN _____, 2001, WHICH IS FIVE BUSINESS DAYS PRIOR TO THE DATE OF YOUR ANNUAL MEETING.

You may access documents filed by Enterprises and Legacy with the SEC at the SEC's website at www.sec.gov. Please refer to "Where You Can Find More Information" in the joint proxy statement/prospectus.

PRICE ENTERPRISES, INC.
17140 BERNARDO CENTER DRIVE, SUITE 300
SAN DIEGO, CALIFORNIA 92128

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2001

To the stockholders of Price Enterprises, Inc.:

We will hold the 2001 annual meeting of stockholders of Price Enterprises, Inc. on _____, 2001 at _____, at _____:00 a.m., Pacific Time, for the following purposes:

1. To approve the issuance of shares of Enterprises common stock pursuant to a merger agreement by and among Enterprises, PEI Merger Sub, Inc., a wholly-owned subsidiary of Enterprises, and Excel Legacy Corporation. In the merger, PEI Merger Sub will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises. Each share of Legacy common stock outstanding immediately prior to the merger will be converted into 0.6667 of a share of Enterprises common stock. In addition, outstanding Legacy stock options will be assumed by the combined company, Price Legacy Corporation, as adjusted to reflect the exchange ratio. The merger is conditioned on the approval of the Enterprises merger charter amendments, as described in proposal 3, the Enterprises option plan, as described in proposal 5, and other items specified in the merger agreement.
2. To approve the sale of 19,666,754 shares of a new class of Enterprises preferred stock, 9% Series B Junior Convertible Redeemable Preferred

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Stock, and warrants to purchase 2,733,674 shares of Enterprises common stock with an exercise price of \$8.25 per share to Warburg, Pincus Equity Partners, L.P. and some other persons. The sale of the Enterprises Series B preferred stock is conditioned on the completion of the merger, the approval of the Enterprises issuance charter amendments, as described in proposal 4, and other items specified in the securities purchase agreement.

3. To approve amendments to Enterprises' charter to (A) change the name of Enterprises to Price Legacy Corporation, (B) increase the number of authorized shares of capital stock from 100,000,000 to 150,000,000 and (C) reconstitute Enterprises' board of directors. These amendments, the Enterprises merger charter amendments, are conditioned on the completion of the merger.
4. To approve amendments to Enterprises' charter to (A) effect the Enterprises merger charter amendments described in clauses (A) and (B) of proposal 3 above, (B) designate the Enterprises Series B preferred stock, (C) reconstitute Enterprises' board of directors and (D) make other changes. These amendments, the Enterprises issuance charter amendments, are conditioned both on the completion of the merger and on the completion of the sale of the Enterprises Series B preferred stock.

The Enterprises issuance charter amendments will only be effected if the merger, the sale of the Enterprises Series B preferred stock, the Enterprises merger charter amendments, the Enterprises issuance charter amendments and the Enterprises option plan are approved. If the merger, the Enterprises merger charter amendments and the Enterprises option plan are approved, but the sale of the Enterprises Series B preferred stock and/or the Enterprises issuance charter amendments are not approved, Enterprises' charter will be amended only to effect the Enterprises merger charter amendments described above in proposal 3. If neither the merger nor the sale of the Enterprises Series B preferred stock is approved, then no amendments to Enterprises' charter will be effected, regardless of whether any such amendments are approved.

5. To approve and adopt the Price Enterprises, Inc. 2001 Stock Option and Incentive Plan. The adoption of the Enterprises option plan is conditioned on the completion of the merger.
6. To elect five persons to Enterprises' board of directors to serve a one-year term or until their successors have been duly elected and qualified. The nominees for election are:

Enterprises
Series A Preferred Stock
Nominees

Enterprises Series A
Preferred Stock and Enterprises
Common Stock Nominees

James F. Cahill
Murray Galinson
Jack McGrory

Richard B. Muir
Gary B. Sabin

Both the merger and the sale of the Enterprises Series B preferred stock, if approved, will require the expansion of Enterprises' board of directors to include additional persons identified in the joint proxy statement/prospectus. If either the merger or the sale of the Enterprises Series B preferred stock is approved and completed, the additional directors will be appointed by Enterprises' board without the approval of Enterprises' stockholders.

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7. To consider and act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

IF THE MERGER IS APPROVED AND THE OTHER CUSTOMARY CLOSING CONDITIONS ARE SATISFIED, ENTERPRISES AND LEGACY EXPECT THAT THE MERGER AND THE SALE WILL OCCUR CONTEMPORANEOUSLY. ENTERPRISES MAY ELECT NOT TO COMPLETE THE MERGER IF, IMMEDIATELY PRIOR TO THE MERGER, ITS BOARD IS NOT SATISFIED THAT THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK WILL OCCUR.

These proposals are more fully described in the joint proxy statement/prospectus that accompanies this notice. Please read the joint proxy statement/prospectus carefully.

LEGACY CURRENTLY HOLDS 91.3% OF THE ENTERPRISES COMMON STOCK, WHICH REPRESENTS 77.4% OF THE VOTING POWER OF ENTERPRISES. LEGACY HAS AGREED TO VOTE ITS SHARES IN FAVOR OF THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS, THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS, THE ADOPTION OF THE ENTERPRISES OPTION PLAN AND THE ELECTION OF THE ENTERPRISES SERIES A PREFERRED STOCK AND ENTERPRISES COMMON STOCK NOMINEES TO THE BOARD OF DIRECTORS. BECAUSE OF THIS VOTING CONTROL, LEGACY CAN CAUSE THE APPROVAL OF THESE PROPOSALS WITHOUT THE AFFIRMATIVE VOTE OF ANY OTHER STOCKHOLDER OF ENTERPRISES. LEGACY HAS NO RIGHT TO VOTE ON THE ENTERPRISES SERIES A PREFERRED STOCK NOMINEES TO ENTERPRISES' BOARD. For the merger to become effective, the holders of a majority of the outstanding shares of Legacy common stock must approve the merger agreement. Holders of approximately 20% of the Legacy common stock have agreed to vote in favor of the adoption of the merger agreement.

AFTER CAREFUL CONSIDERATION, ENTERPRISES' BOARD HAS DETERMINED THAT THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS, THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS AND THE ADOPTION OF THE ENTERPRISES OPTION PLAN ARE ADVISABLE AND HAS DIRECTED THAT THEY BE SUBMITTED TO ENTERPRISES' STOCKHOLDERS FOR THEIR APPROVAL. ENTERPRISES' BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THESE PROPOSALS AND THE ELECTION TO ENTERPRISES' BOARD OF DIRECTORS OF EACH NOMINEE NAMED IN THE JOINT PROXY STATEMENT/ PROSPECTUS.

All stockholders of Enterprises are cordially invited to attend the annual meeting in person. However, to ensure your representation at the annual meeting, you are urged to complete, sign, date and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at the annual meeting.

Enterprises' board of directors has determined that only holders of record of Enterprises common stock or Enterprises Series A preferred stock at the close of business on _____, 2001 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting.

By order of the Board of Directors,

Jack McGrory
CHAIRMAN OF THE BOARD

San Diego, California
, 2001

YOUR VOTE IS IMPORTANT. TO VOTE YOUR SHARES, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND MAIL IT IN THE ENCLOSED RETURN ENVELOPE.

EXCEL LEGACY CORPORATION

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17140 BERNARDO CENTER DRIVE, SUITE 300
SAN DIEGO, CALIFORNIA 92128

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2001

To the stockholders of Excel Legacy Corporation:

We will hold the 2001 annual meeting of stockholders of Excel Legacy Corporation on _____, 2001, at _____, _____:00 a.m., Pacific Time, for the following purposes:

1. To approve the merger agreement by and among Price Enterprises, Inc., PEI Merger Sub, Inc., a wholly-owned subsidiary of Enterprises, and Legacy. In the merger, PEI Merger Sub will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises. Each share of Legacy common stock outstanding immediately prior to the merger will be converted into 0.6667 of a share of Enterprises common stock. In addition, outstanding Legacy stock options will be assumed by the combined company, Price Legacy Corporation, as adjusted to reflect the exchange ratio.
2. To elect eight persons to Legacy's board of directors to serve until the earlier of (A) the next annual meeting of stockholders of Legacy or (B) the completion of the merger.
3. To consider and act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

These proposals are more fully described in the joint proxy statement/prospectus that accompanies this notice. Please read the joint proxy statement/prospectus carefully.

For the merger to become effective, the holders of a majority of the outstanding shares of Legacy common stock must approve the merger agreement. Holders of approximately 20% of the Legacy common stock have agreed to vote in favor of the merger agreement.

AFTER CAREFUL CONSIDERATION, LEGACY'S BOARD HAS DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED IN THE MERGER AGREEMENT ARE ADVISABLE AND HAS DIRECTED THAT THE MERGER AGREEMENT BE SUBMITTED TO LEGACY'S STOCKHOLDERS FOR THEIR APPROVAL. LEGACY'S BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THE MERGER AGREEMENT AND THE ELECTION TO LEGACY'S BOARD OF DIRECTORS OF EACH NOMINEE NAMED IN THE JOINT PROXY STATEMENT/PROSPECTUS.

All stockholders of Legacy are cordially invited to attend the annual meeting in person. However, to ensure your representation at the annual meeting, you are urged to complete, sign, date and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at the annual meeting.

Legacy's board of directors has determined that only holders of record of Legacy common stock at the close of business on _____, 2001 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting.

By order of the Board of Directors,

Gary B. Sabin
CHAIRMAN OF THE BOARD

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San Diego, California
, 2001

YOUR VOTE IS IMPORTANT. TO VOTE YOUR SHARES, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND MAIL IT IN THE ENCLOSED RETURN ENVELOPE.

PLEASE DO NOT SEND YOUR COMMON STOCK CERTIFICATES AT THIS TIME. IF THE MERGER IS COMPLETED, HOLDERS OF LEGACY COMMON STOCK WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF THEIR CERTIFICATES.

SUMMARY TERM SHEET

THIS SUMMARY TERM SHEET HIGHLIGHTS SELECTED INFORMATION FROM THIS JOINT PROXY STATEMENT/PROSPECTUS AND MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. ENTERPRISES AND LEGACY URGE YOU TO READ CAREFULLY THE ENTIRE DOCUMENT BEFORE YOU DECIDE HOW TO VOTE. SEE "WHERE YOU CAN FIND MORE INFORMATION" ON PAGE 196.

THE COMPANIES (PAGES 81-88)

- Price Enterprises, Inc., a Maryland corporation, is a real estate investment trust, or REIT. Its principal business is to own, operate, lease, manage, acquire and develop retail real property.
- Excel Legacy Corporation, a Delaware corporation, pursues a wide variety of real estate opportunities including owning, acquiring, developing and managing mixed-use and retail properties and real estate related operating companies throughout the United States and Canada.
- In November 1999, Legacy completed an exchange offer for the Enterprises common stock. In the Legacy exchange offer, Legacy acquired approximately 91.3% of the Enterprises common stock, which represents approximately 77.4% of the voting power of Enterprises. At the close of the Legacy exchange offer, Legacy took over daily management of Enterprises, including property management and finance.

THE MERGER (PAGES 52-71)

- In the proposed merger, a wholly-owned subsidiary of Enterprises will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises.
- Each share of Legacy common stock outstanding immediately prior to the merger will be exchanged for 0.6667 of a share of Enterprises common stock.
- The exchange ratio was determined by comparing the companies' net asset values.

THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK (PAGES 139-142)

- Enterprises entered into a securities purchase agreement with Warburg, Pincus Equity Partners, L.P. and some of its affiliates, which provides that Enterprises will sell 17,985,612 shares, or 91.5%, of a new class of Enterprises preferred stock, 9% Series B Junior Convertible Redeemable Preferred Stock, and a warrant to purchase an aggregate of 2,500,000 shares of Enterprises common stock with an exercise price of \$8.25 per share to Warburg Pincus for \$100 million in cash.
- Also, Enterprises and Sol Price, a significant stockholder of Enterprises and Legacy through various trusts, have agreed to convert an existing Legacy note payable to a trust controlled by Sol Price, the Price trust,

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of approximately \$9.3 million into 1,681,142 shares, or 8.5%, of Enterprises Series B preferred stock and a warrant to purchase 233,679 shares of Enterprises common stock with an exercise price of \$8.25 per share concurrently with the closing of the transactions, which represents the same financial terms agreed to in the securities purchase agreement.

ENTERPRISES' BOARD OF DIRECTORS FOLLOWING THE TRANSACTIONS (PAGES 167-171)

- In the event the merger and the sale of the Enterprises Series B preferred stock are approved and completed, Enterprises will be obligated to appoint three additional directors to its board; two Warburg Pincus nominees and one Enterprises Series A preferred stock nominee.
- In that case, Enterprises' board will consist of four Enterprises Series A preferred stock nominees, two Warburg Pincus nominees and two Enterprises Series A preferred stock and

Enterprises common stock nominees. In this instance, holders of Enterprises Series A preferred stock will no longer have the right to elect a majority of Enterprises' board.

THE RIGHTS OF LEGACY'S STOCKHOLDERS WILL CHANGE (PAGES 123-138)

- Following these transactions, the combined company, Price Legacy Corporation, is expected to qualify as a REIT. To qualify as a REIT, Price Legacy must distribute at least 90% of its REIT taxable income to its stockholders (determined without regard to the dividends paid deduction and excluding capital gains), and will be subject to tax to the extent it distributes less than 100% of its REIT taxable income. Price Legacy is expected to distribute in excess of this minimum requirement, or approximately 100% of its REIT taxable income, to its stockholders following the transactions. As a result, holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock.
- In addition, as a result of different governing and organizational documents, and the special rules applicable to REITs described above, Legacy's stockholders will have different rights as Price Legacy's stockholders than they currently have as stockholders of Legacy.
- Based on the pro forma financial information of Price Legacy, holders of Enterprises common stock would not have been entitled to any distributions for the quarter ended March 31, 2001 after giving effect to the transactions.

THE ENTERPRISES MERGER CHARTER AMENDMENTS (PAGES 156-157)

- As a condition to Legacy's obligation to complete the merger, Enterprises is required to amend its charter to: (1) change the name of Enterprises to Price Legacy Corporation, (2) increase the authorized shares of capital stock of Enterprises from 100,000,000 to 150,000,000 and (3) reconstitute Enterprises' board of directors.

THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS (PAGES 158-160)

- As a condition to Warburg Pincus' obligation to purchase the Enterprises Series B preferred stock, Enterprises is required to amend and restate its charter to: (1) effect the Enterprises merger charter amendments described in clauses (1) and (2) above, (2) designate the Enterprises Series B preferred stock, (3) reconstitute Enterprises' board of directors and

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(4) make other changes deemed advisable by Enterprises' board.

- The Enterprises issuance charter amendments will only be effected if the merger, the sale of the Enterprises Series B preferred stock, the Enterprises merger charter amendments, the Enterprises issuance charter amendments and the Enterprises option plan are approved. If the merger, the Enterprises merger charter amendments and the Enterprises option plan are approved, but the sale of the Enterprises Series B preferred stock and/or the Enterprises issuance charter amendments are not approved, Enterprises' charter will be amended only to effect the Enterprises merger charter amendments described above. If neither the merger nor the sale of the Enterprises Series B preferred stock is approved, then no amendments to Enterprises' charter will be effected, regardless of whether any such amendments are approved.

ENTERPRISES OFFER TO PURCHASE (PAGE 67)

- The merger agreement obligates Enterprises to commence an offer to purchase all outstanding shares of Enterprises common stock (other than those shares currently held by Legacy and those shares issued in the merger) at a cash price of \$7.00 per share. Enterprises' obligation to purchase the shares is conditioned on the completion of the merger. The tender offer is expected to close concurrently with the merger.

ENTERPRISES' OFFER TO EXCHANGE (PAGE 67)

- The merger agreement also obligates Enterprises to commence an offer to exchange shares of Enterprises Series A preferred stock for all outstanding 9% Convertible Redeemable Subordinated Secured Debentures due 2004 and 10% Senior Redeemable Secured Notes due 2004 of Legacy. The Legacy debentures and Legacy notes will be valued at face value and the Enterprises Series A preferred stock will be valued at \$15.00 per share for purposes of the exchange offer. Enterprises' obligation to exchange Legacy's debt securities is conditioned on the completion of the merger. The exchange offer is expected to close concurrently with the merger.
- In connection with the exchange offer, Enterprises will seek the consent of holders of the Legacy debentures and Legacy notes to release the collateral securing these securities. However, the exchange offer is not contingent on obtaining this consent.

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Annex H	Opinion of Appraisal Economics, Inc.
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QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q: WHAT IS THE RELATIONSHIP BETWEEN ENTERPRISES AND LEGACY?

A: In November 1999, Legacy completed an exchange offer for the Enterprises common stock. In the Legacy exchange offer, Legacy acquired approximately 91.3% of the Enterprises common stock, which represents approximately 77.4% of the voting power of Enterprises.

At the close of the Legacy exchange offer, Legacy took over daily management of Enterprises, including property management and finance.

Q: WHAT ARE THE PROPOSED TRANSACTIONS?

A: In the proposed merger, a wholly-owned subsidiary of Enterprises will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises. The merger agreement is attached to this joint proxy statement/prospectus as Annex A. You are encouraged to read it carefully.

In addition, Warburg Pincus is paying \$100 million in cash for 17,985,612 shares, or 91.5%, of a new class of Enterprises preferred stock, 9% Series B Junior Convertible Redeemable Preferred Stock, and a warrant to purchase an aggregate of 2,500,000 shares of Enterprises common stock with an exercise price of \$8.25 per share. The securities purchase agreement is attached to this joint proxy statement/prospectus as Annex B. You are encouraged to read it carefully.

Also, Enterprises and Sol Price, a significant stockholder of Enterprises and Legacy through various trusts, have agreed to convert an existing Legacy note payable to a trust controlled by Sol Price, the Price trust, of approximately \$9.3 million into 1,681,142 shares, or 8.5%, of Enterprises Series B preferred stock and a warrant to purchase 233,679 shares of Enterprises common stock with an exercise price of \$8.25 per share concurrently with the closing of the transactions, which represents the same financial terms agreed to in the securities purchase agreement.

As of June 14, 2001, Warburg Pincus had no control over Enterprises' voting power and Sol Price controlled approximately 5.4% of Enterprises' voting power. Following the completion of the merger and the sale of the Enterprises Series B preferred stock, Warburg Pincus will control approximately 28% of the voting power of the combined company, Price Legacy Corporation, and Sol Price will control approximately 3.9% of Price Legacy's voting power. In addition, the voting power of Warburg Pincus and Sol Price will increase after 45 months to approximately 35.2% and 4.9%, respectively, as a result of the additional shares of Enterprises Series B preferred stock payable to them as distributions.

Enterprises may elect not to complete the merger if, immediately prior to the merger, its board is not satisfied that the sale of the Enterprises Series B preferred stock will occur.

Q: WILL I RECEIVE DISTRIBUTIONS AS A HOLDER OF ENTERPRISES COMMON STOCK?

A: If the merger is completed, Legacy's stockholders will become holders of Enterprises common stock. Unless current and accumulated distributions on the Enterprises Series A preferred stock and the Enterprises Series B preferred stock have been paid, no distributions may generally be paid on the Enterprises

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common stock.

To qualify as a REIT, Price Legacy must distribute at least 90% of its REIT taxable income to its stockholders (determined without regard to the dividends paid deduction and excluding capital gains), and will be subject to tax to the extent it distributes less than 100% of its REIT taxable income. Price Legacy is expected to distribute in excess of this minimum requirement, or approximately 100% of its REIT taxable income, to its stockholders following the transactions. As a result, holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock. Based on the pro forma financial information of Price Legacy, holders of Enterprises common stock would not have been entitled to any distributions for the quarter ended March 31, 2001 after giving effect to the transactions.

Following the completion of the transactions, affiliates of Price Legacy will hold approximately 71.9% of the Enterprises preferred stock, entitling them to an aggregate of approximately \$26.3 million per year in distributions. In addition, the voting power and distributions payable to these stockholders will increase as a result of the additional shares of Enterprises Series B preferred stock payable to them as distributions.

Q: WHY ARE ENTERPRISES AND LEGACY PROPOSING THESE TRANSACTIONS?

A: Enterprises and Legacy are proposing these transactions because they believe that Price Legacy, with the \$100 million equity investment by Warburg Pincus:

- will be easier to understand with respect to financial reporting, as Price Legacy will report funds from operations, a REIT industry standard, which will make Price Legacy easier to compare with other companies in the real estate sector,
- will have simplified financial reporting, with consolidated balance sheet and income statement information,
- will have greater geographic and tenant diversification,
- will have greater market presence in key growth markets,
- will have a larger total market capitalization,
- will have a stronger balance sheet and enhanced financial flexibility, including the ability to retire debt,
- will have a lower debt leverage ratio,
- will have increased management depth, and
- will have greater ability to complete development projects and pursue additional property acquisitions.

As a result, Price Legacy expects to:

- be able to compete more effectively for shopping center property investments,
- have greater visibility in capital markets and greater liquidity in the trading of its public stock,
- be more focused and understandable to the investment community,

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- be viewed by rating agencies and lenders as having a stronger credit profile, and
- have greater access to capital in equity and debt markets.

Q: DID ENTERPRISES AND LEGACY CONSIDER ANY NEGATIVE FACTORS THAT COULD OR DO ARISE FROM THE TRANSACTIONS?

A: Yes. Enterprises and Legacy considered several negative factors that could or do arise from the transactions, including:

- the anticipated aggregate costs of approximately \$1.5 million that will be incurred in connection with the transactions,
- the significant risk that the anticipated benefits of the transactions might not be fully realized,
- that holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock,
- the significant risk Price Legacy will face due to possible fluctuations in interest rates as a result of Legacy's substantial leverage,
- that Price Legacy's substantial leverage may be difficult to service and could adversely affect its business,
- the substantial dilution that Enterprises' stockholders will face as a result of these transactions, and
- the significant influence that Warburg Pincus and some other stockholders will be able to exert on Price Legacy, which may delay, discourage, deter or prevent a change in control of Price Legacy and make some transactions more difficult to complete without their support.

Q: HOW DOES THE MERGER AFFECT THE HOLDERS OF ENTERPRISES' AND LEGACY'S SECURITIES?

A: Enterprises' stockholders:

Following the merger, each share of Enterprises common stock and Enterprises Series A preferred stock will remain outstanding. However, Enterprises has agreed to commence an offer to purchase all outstanding shares of Enterprises common stock (other than those shares currently held by Legacy and those shares issued in the merger) for \$7.00 per share in cash. The tender offer is expected to close concurrently with the merger.

Legacy's stockholders:

Following the merger:

- the Legacy common stockholders will receive, in exchange for each share of Legacy common stock, 0.6667 of a share of Enterprises common stock.
- instead of fractional shares of Enterprises common stock, Legacy's stockholders will receive cash, based on the average closing price for Enterprises common stock for the five trading days prior to the effective time of the merger.

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Legacy's optionholders:

Following the merger, each option to purchase Legacy common stock outstanding immediately prior to the merger will automatically become an option to purchase shares of Enterprises common stock. The number of shares of Enterprises common stock which may be purchased under such option and the exercise price will be appropriately adjusted to reflect the exchange ratio.

Legacy's debtholders:

Following the merger, the 9% Convertible Redeemable Subordinated Secured Debentures due 2004 and the 10% Senior Redeemable Secured Notes due 2004 of Legacy will remain outstanding. As a result of the merger, the Legacy debentures will be convertible into Enterprises common stock. The number of shares of Enterprises common stock into which the Legacy debentures will be convertible and the conversion price will be appropriately adjusted to reflect the exchange ratio. However, Enterprises has agreed to commence an offer to exchange shares of Enterprises Series A preferred stock for all outstanding Legacy debentures and Legacy notes. The Legacy debentures and Legacy notes will be valued at face value and Enterprises Series A preferred stock will be valued at \$15.00 per share for purposes of the exchange offer. The exchange offer is expected to close concurrently with the merger. In connection with the exchange offer, Enterprises will seek the consent of holders of the Legacy debentures and Legacy notes to release the collateral securing these securities.

Q: WHAT IS THE PURPOSE OF THE EXCHANGE OFFER AND CONSENT SOLICITATION?

A: The purpose of the exchange offer is to improve and simplify the capital structure of Price Legacy by reducing its outstanding indebtedness. In addition, the Enterprises common stock currently held by Legacy secures the Legacy debentures and Legacy notes. If the requisite consent is obtained to release the collateral, Price Legacy will be able to cancel these securities, which will further simplify its capital structure.

Q: WHAT IS THE PURPOSE OF THE TENDER OFFER?

A: The purpose of the tender offer is to enable each public holder of shares of Enterprises common stock, which currently has a limited trading market, to decide whether to remain a stockholder of Price Legacy or receive a cash payment for his or her shares.

Q: WHAT DO I NEED TO DO TO GET MY SHARES OF ENTERPRISES COMMON STOCK?

A: After the merger is completed, Price Legacy will send Legacy's stockholders written instructions for exchanging their stock certificates.

Legacy's stockholders should not send in their stock certificates now.

Q: WILL I RECOGNIZE INCOME TAX GAIN OR LOSS ON THE MERGER?

A: Enterprises and Legacy expect that the merger will be tax-free to you for United States federal income tax purposes, other than with respect to cash that Legacy's stockholders may receive instead of fractional shares.

Q: WHEN DO YOU EXPECT TO COMPLETE THE TRANSACTIONS?

A: Enterprises and Legacy expect to complete the transactions in _____, 2001, as quickly as possible after the annual meetings.

Q: HOW WILL THE TRANSACTIONS CHANGE ENTERPRISES' BOARD OF DIRECTORS?

A: In the event the merger and the sale of the Enterprises Series B

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preferred stock are approved and completed, Enterprises will be obligated to appoint three additional directors to its board; two Warburg Pincus nominees and one Enterprises Series A preferred stock nominee. These additional directors will be appointed by Enterprises' board without the approval of Enterprises' stockholders. In that case, Enterprises' board will consist of four Enterprises Series A preferred stock nominees, two Warburg Pincus nominees and two Enterprises Series A preferred stock and Enterprises common stock nominees. In this instance, holders of Enterprises Series A preferred stock will no longer have the right to elect a majority of Enterprises' board.

Q: WHAT DO I NEED TO DO NOW?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please complete, sign and date your proxy card and return it in the enclosed postage-prepaid envelope so that your shares may be represented at your annual meeting. You may also attend your annual meeting in person instead of submitting a proxy.

Q: WHAT DO I DO IF I WANT TO CHANGE MY VOTE?

A: You can change your vote by sending in a written notice of revocation or a later-dated, signed proxy card to your company's secretary before your annual meeting or by attending the meeting in person and voting.

Q: IF MY BROKER HOLDS MY SHARES IN "STREET NAME," WILL MY BROKER VOTE MY SHARES?

A: Your broker will not vote your shares unless you follow the directions your broker provides to you regarding how to vote your shares on the actions proposed in this joint proxy statement/prospectus. For Enterprises' stockholders, if you fail to provide your broker with instructions, it will have the same effect as a vote against the Enterprises merger charter amendments and the Enterprises issuance charter amendments. For Legacy's stockholders, if you fail to provide your broker with instructions, it will have the same effect as a vote against the merger agreement. For all other proposals, the failure to provide your broker with instructions will not affect the outcome of the proposals.

Q: HOW DOES LEGACY INTEND TO VOTE ITS SHARES OF ENTERPRISES COMMON STOCK?

A: Legacy currently holds 91.3% of the Enterprises common stock, which represents 77.4% of the voting power of Enterprises. Legacy has agreed to vote its shares in favor of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock, the Enterprises merger charter amendments, the Enterprises issuance charter amendments, the adoption of the Enterprises option plan and the election of the Enterprises Series A preferred stock and Enterprises common stock nominees to the board of directors. BECAUSE OF THIS VOTING CONTROL, LEGACY CAN CAUSE THE APPROVAL OF THESE PROPOSALS WITHOUT THE AFFIRMATIVE VOTE OF ANY OTHER STOCKHOLDER OF ENTERPRISES. Legacy has no right to vote on the Enterprises Series A preferred stock nominees to Enterprises' board.

Q: HAVE STOCKHOLDERS OF LEGACY AGREED TO VOTE IN FAVOR OF THE ADOPTION OF THE MERGER AGREEMENT?

A: As of June 14, 2001, Legacy's directors and executive officers beneficially owned approximately 10.5% of the Legacy common stock. Some of Legacy's directors and executive officers and other affiliates of Legacy, which hold an aggregate of approximately 20% of the Legacy common stock, have agreed to vote in favor of the adoption of the merger agreement.

For the merger to become effective, the holders of a majority of the outstanding shares of Legacy common stock must approve the merger agreement.

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Q: WHO SHOULD I CALL WITH QUESTIONS?

If you have any questions, please call Graham R. Bullick, Ph.D., Senior Vice President--Capital Markets of Enterprises and Legacy, at (858) 675-9400X316.

SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS JOINT PROXY STATEMENT/PROSPECTUS AND MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. ENTERPRISES AND LEGACY URGE YOU TO READ CAREFULLY THE ENTIRE DOCUMENT BEFORE YOU DECIDE HOW TO VOTE. SEE "WHERE YOU CAN FIND MORE INFORMATION" ON PAGE 196.

THE COMPANIES

PRICE ENTERPRISES, INC. (PAGES 81-85)
17140 Bernardo Center Drive, Suite 300
San Diego, California 92128
(858) 675-9400

Price Enterprises, Inc., a Maryland corporation, is a self-administered, self-managed REIT. Its principal business is to own, operate, lease, manage, acquire and develop retail real property. In addition, it owns four self-storage facilities and has a 50% interest in three joint ventures. Enterprises was originally incorporated in July 1994 as a Delaware corporation and began operations as a wholly-owned subsidiary of Costco Companies, Inc., formerly Price/ Costco, Inc. In 1994, Costco spun-off Enterprises and transferred to Enterprises, as part of a voluntary exchange offer, substantially all of the real estate assets which historically formed Costco's non-club real estate business segment, merchandising business entities and other assets. In August 1997, Enterprises' merchandising businesses, real estate properties held for sale and various other assets were spun-off to PriceSmart, Inc. Through a stock distribution, PriceSmart became a separate public company. Since that time, Enterprises has engaged in a combination of acquiring, developing, owning, managing and/or selling real estate assets, primarily shopping centers. The PriceSmart distribution resulted in Enterprises becoming eligible to elect federal tax treatment as a REIT, which allows Enterprises to substantially eliminate its obligation to pay taxes on income.

EXCEL LEGACY CORPORATION (PAGES 86-88)
17140 Bernardo Center Drive, Suite 300
San Diego, California 92128
(858) 675-9400

Excel Legacy Corporation, a Delaware corporation, was formed on November 17, 1997 as a wholly-owned subsidiary of Excel Realty Trust, Inc., a Maryland corporation and a REIT. On March 31, 1998, Excel Realty Trust effected a spin-off of Legacy's business through a special dividend of all of its outstanding common stock to holders of the Excel Realty Trust common stock. Excel Realty Trust effected this spin-off to allow Legacy to pursue a wider variety of real estate opportunities including owning, acquiring, developing and managing mixed-use and retail properties and real estate related operating companies throughout the United States and Canada.

RELATIONSHIP OF ENTERPRISES AND LEGACY

In November 1999, Legacy completed its exchange offer for the Enterprises common stock. In the Legacy exchange offer, Legacy acquired approximately 91.3% of the Enterprises common stock, which represents approximately 77.4% of the voting power of Enterprises.

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At the close of the Legacy exchange offer, Legacy took over daily management of Enterprises, including property management and finance.

PROPOSALS FOR THE ENTERPRISES ANNUAL MEETING (PAGES 36-39)

The Enterprises annual meeting is being held for the following purposes:

- to approve the issuance of the merger consideration,
- to approve the sale of the Enterprises Series B preferred stock,
- to approve the Enterprises merger charter amendments,
- to approve the Enterprises issuance charter amendments,
- to approve and adopt the Enterprises option plan,
- to elect five persons to Enterprises' board of directors, and
- to consider and act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

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PROPOSALS FOR THE LEGACY ANNUAL MEETING (PAGES 40-41)

The Legacy annual meeting is being held for the following purposes:

- to approve the merger agreement,
- to elect eight persons to Legacy's board of directors, and
- to consider and act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

THE MERGER (PAGES 52-71)

In the proposed merger, a wholly-owned subsidiary of Enterprises will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises. The merger agreement is attached to this joint proxy statement/prospectus as Annex A. You are encouraged to read it carefully.

Based on the closing prices for the Legacy common stock and Enterprises common stock on June 14, 2001 of \$2.01 and \$6.80, respectively, and the 61,540,849 shares of Legacy common stock outstanding on June 14, 2001, Enterprises will issue approximately 41,029,284 shares of Enterprises common stock with an aggregate market value of approximately \$279 million to holders of Legacy common stock in the merger, or the equivalent of \$4.53 for each share of Legacy common stock.

The exchange ratio was determined by comparing the companies' net asset values. Enterprises believes that, due to the limited trading volume of the Enterprises common stock, the fair value of Legacy's net assets (\$172.7 million as of March 31, 2001) is a better indication of the total merger consideration than the market value of the shares to be issued. The net asset value of \$172.7 million is less than the market value of \$279 million, and also less than the book value of Legacy of \$193.9 million as of March 31, 2001.

Following the transactions, the holders of Legacy common stock will control approximately 63.9% of Price Legacy's voting power.

HOW THE MERGER AFFECTS THE HOLDERS OF ENTERPRISES' AND LEGACY'S SECURITIES

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Enterprises' stockholders:

After the merger, each share of Enterprises common stock and Enterprises Series A preferred stock will remain outstanding. However, Enterprises has agreed to commence an offer to purchase all outstanding shares of Enterprises common stock (other than those shares currently held by Legacy and those shares issued in the merger) for \$7.00 per share in cash. The tender offer is expected to close concurrently with the merger.

Legacy's stockholders:

In the merger, each share of Legacy common stock outstanding immediately prior to the merger will be exchanged for 0.6667 of a share of Enterprises common stock.

Instead of fractional shares of Enterprises common stock, Legacy's stockholders will receive cash, based on the average closing price for the Enterprises common stock for the five trading days prior to the effective time of the merger.

Legacy's optionholders:

Each option to purchase Legacy common stock outstanding immediately prior to the merger will automatically become an option to purchase shares of Enterprises common stock. The number of shares of Enterprises common stock which may be purchased under such option and the exercise price will be appropriately adjusted to reflect the exchange ratio.

Legacy's debtholders:

The Legacy debentures and Legacy notes will remain outstanding after the merger. As a result of the merger, the Legacy debentures will be convertible into Enterprises common stock. The number of shares of Enterprises common stock into which the Legacy debentures will be convertible and the conversion price will be appropriately adjusted to reflect the exchange ratio. However, Enterprises has agreed to commence an offer to exchange shares of Enterprises Series A preferred stock for all outstanding Legacy debentures and Legacy notes. The Legacy debentures and Legacy notes

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will be valued at face value and the Enterprises Series A preferred stock will be valued at \$15.00 per share for purposes of the exchange offer. The exchange offer is expected to close concurrently with the merger. In connection with the exchange offer, Enterprises will seek the consent of holders of the Legacy debentures and Legacy notes to release the collateral securing these securities.

RECORD DATE AND VOTING (PAGES 37-41)

Enterprises' stockholders:

Each holder of record of Enterprises common stock and Enterprises Series A preferred stock at the close of business on _____, 2001 is entitled to vote at the Enterprises annual meeting. The affirmative vote of a majority of the voting power of the Enterprises common stock and Enterprises Series A preferred stock entitled to vote at the annual meeting, voting together as a single class, is required to approve each of the Enterprises merger charter amendments and the Enterprises issuance charter amendments.

The affirmative vote of a majority of the voting power of the Enterprises common stock and Enterprises Series A preferred stock, voting together as a

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single class, cast at the Enterprises annual meeting is required to approve each of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock and the adoption of the Enterprises option plan.

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors. Holders of Enterprises Series A preferred stock, voting as a separate class, will vote for the election of the Enterprises Series A preferred stock nominees to Enterprises' board and holders of Enterprises Series A preferred stock and Enterprises common stock, voting together as a single class, will vote for the election of the Enterprises Series A preferred stock and Enterprises common stock nominees to Enterprises' board.

Holders of Enterprises common stock are entitled to one vote per share and holders of Enterprises Series A preferred stock are entitled to 1/10 of one vote per share for all matters properly brought before the annual meeting.

The failure to vote or a vote to abstain will have the same legal effect as a vote cast against each of the Enterprises merger charter amendments and the Enterprises issuance charter amendments. The failure to vote or a vote to abstain will have no effect on the approval of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock, the adoption of the Enterprises option plan and the election of nominees to Enterprises' board.

LEGACY CURRENTLY HOLDS 91.3% OF THE ENTERPRISES COMMON STOCK, WHICH REPRESENTS 77.4% OF THE VOTING POWER OF ENTERPRISES. LEGACY HAS AGREED TO VOTE ITS SHARES IN FAVOR OF THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS, THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS, THE ADOPTION OF THE ENTERPRISES OPTION PLAN AND THE ELECTION OF THE ENTERPRISES SERIES A PREFERRED STOCK AND ENTERPRISES COMMON STOCK NOMINEES TO THE BOARD OF DIRECTORS. BECAUSE OF THIS VOTING CONTROL, LEGACY CAN CAUSE THE APPROVAL OF THESE PROPOSALS WITHOUT THE AFFIRMATIVE VOTE OF ANY OTHER STOCKHOLDER OF ENTERPRISES. LEGACY HAS NO RIGHT TO VOTE ON THE ENTERPRISES SERIES A PREFERRED STOCK NOMINEES TO ENTERPRISES' BOARD. For the merger to become effective, the holders of a majority of the outstanding shares of Legacy common stock must approve the merger agreement. Holders of approximately 20% of the Legacy common stock have agreed to vote in favor of the adoption of the merger agreement.

Legacy's stockholders:

Each holder of record of Legacy common stock at the close of business on , 2001 is entitled to vote at the Legacy annual meeting. The affirmative vote of a majority of the outstanding shares of Legacy common stock is required to approve the merger agreement.

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors.

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Holders of Legacy common stock are entitled to one vote per share for all matters properly brought before the annual meeting.

The failure to vote or a vote to abstain will have the same legal effect as a vote cast against the merger agreement. The failure to vote or a vote to abstain will have no effect on the election of nominees to Legacy's board.

As of June 14, 2001, Legacy's directors and executive officers beneficially owned approximately 10.5% of the Legacy common stock. Some of Legacy's directors

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and executive officers and other affiliates of Legacy, which hold an aggregate of approximately 20% of the Legacy common stock, have agreed to vote in favor of the adoption of the merger agreement.

CONDITIONS TO THE MERGER (PAGES 77-79)

The completion of the merger depends on the satisfaction or waiver of a number of conditions, including the following:

- approval of the issuance of the merger consideration, the Enterprises merger charter amendments and the adoption of the Enterprises option plan by the stockholders of Enterprises,
- adoption of the merger agreement by the stockholders of Legacy,
- absence of any law or any injunction that effectively prohibits the merger,
- receipt of legal opinions regarding the treatment of the merger as a tax-free reorganization, and
- other customary contractual conditions specified in the merger agreement.

Unless prohibited by law, either Enterprises or Legacy may elect to waive a condition in its favor that has not been satisfied and complete the merger anyway. In the event material conditions are waived, Enterprises and Legacy intend to amend and recirculate this joint proxy statement/prospectus.

IF THE MERGER IS APPROVED AND THE OTHER CUSTOMARY CLOSING CONDITIONS ARE SATISFIED, ENTERPRISES AND LEGACY EXPECT THAT THE MERGER AND THE SALE WILL OCCUR CONTEMPORANEOUSLY. ENTERPRISES MAY ELECT NOT TO COMPLETE THE MERGER IF, IMMEDIATELY PRIOR TO THE MERGER, ITS BOARD IS NOT SATISFIED THAT THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK WILL OCCUR.

TERMINATION OF THE MERGER AGREEMENT (PAGES 79-80)

Enterprises and Legacy can mutually agree to terminate the merger agreement without completing the merger, and either Enterprises or Legacy can terminate the merger agreement upon the occurrence of a number of events, including if:

- the merger is not completed by November 21, 2001, so long as the party seeking to terminate did not prevent the completion of the merger by failing to perform any of its obligations under the merger agreement,
- Enterprises' stockholders do not approve the issuance of the merger consideration, the Enterprises merger charter amendments and the adoption of the Enterprises option plan,
- Legacy's stockholders do not approve the adoption of the merger agreement,
- any governmental entity issues a nonappealable final order that makes the merger illegal,
- the other party materially breaches any of its representations or warranties or fails to perform any of its covenants or agreements in the merger agreement, which breach or failure to perform is incapable of being cured or is not cured within ten business days of written notice, or
- the other party knowingly and materially breaches its covenant not to solicit takeover proposals or participates in discussions relating to a takeover proposal, except as specifically permitted by the merger agreement.

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The merger agreement does not require either party to pay a termination fee if the merger agreement is terminated.

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THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK (PAGES 139-142)

Warburg Pincus is paying \$100 million in cash for 17,985,612 shares, or 91.5%, of Enterprises Series B preferred stock and a warrant to purchase an aggregate of 2,500,000 shares of Enterprises common stock with an exercise price of \$8.25 per share. The securities purchase agreement is attached to this joint proxy statement/prospectus as Annex B. You are encouraged to read it carefully.

In addition, Enterprises and Sol Price, a significant stockholder of Enterprises and Legacy through various trusts, have agreed to convert an existing Legacy note payable to a trust controlled by Sol Price, the Price trust, of approximately \$9.3 million into 1,681,142 shares, or 8.5%, of Enterprises Series B preferred stock and a warrant to purchase 233,679 shares of Enterprises common stock with an exercise price of \$8.25 per share concurrently with the closing of the transactions, which represents the same financial terms agreed to in the securities purchase agreement. The parties have entered into a conversion agreement to effect this transaction, which provides that the Price trust will, along with Warburg Pincus, become a party to a registration rights agreement with all rights of an investor under the agreement other than those relating to demand registrations. The conversion agreement does not provide the Price trust with any of the other rights, such as representations, warranties, covenants, indemnities and termination fees, provided to Warburg Pincus in the securities purchase agreement. Warburg Pincus has consented to this transaction.

For the first 45 months after issuance, all distributions on the Enterprises Series B preferred stock will be payable in additional shares of Enterprises Series B preferred stock. Enterprises will issue an additional 7,792,101 shares of Enterprises Series B preferred stock in the form of distributions, resulting in a total of 27,458,855 shares of Enterprises Series B preferred stock outstanding after 45 months. This increase in the number of outstanding shares of Enterprises Series B preferred stock will also increase the aggregate amount of cash distributions payable on the Enterprises Series B preferred stock, resulting in less cash available for distributions on the Enterprises common stock. For example, once Enterprises has issued all 27,458,855 shares of Enterprises Series B preferred stock, holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$47.3 million, which is the aggregate amount of cash distributions payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock after 45 months.

As of June 14, 2001, Warburg Pincus had no control over Enterprises' voting power and Sol Price controlled approximately 5.4% of Enterprises' voting power. Following the completion of the merger and the sale of the Series B preferred stock, Warburg Pincus will control approximately 28% of Price Legacy's voting power and Sol Price will control approximately 3.9% of Price Legacy's voting power. In addition, the voting power of Warburg Pincus and Sol Price will increase after 45 months to approximately 35.2% and 4.9%, respectively, as a result of the additional shares of Enterprises Series B preferred stock payable to them as distributions.

Following the completion of the transactions, affiliates of Price Legacy will hold approximately 71.9% of the Enterprises preferred stock, entitling them to an aggregate of approximately \$26.3 million per year in distributions. In addition, the voting power and distributions payable to these stockholders will increase as a result of the additional shares of Enterprises Series B preferred stock payable to them as distributions.

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CONDITIONS TO THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK (PAGES 149-151)

The completion of the sale of the Enterprises Series B preferred stock depends on the satisfaction or waiver of a number of conditions, including the following:

- Enterprises' election to be taxed as a REIT and its compliance with all applicable laws necessary to permit it to be taxed as a REIT,

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- approval of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock and the Enterprises issuance charter amendments by the stockholders of Enterprises,
- absence of any law or any injunction that effectively prohibits the sale of the Enterprises Series B preferred stock,
- receipt of legal opinions regarding Enterprises' qualification as a REIT under the Internal Revenue Code of 1986, as amended, or the Code,
- appointment of two Warburg Pincus nominees to Price Legacy's board,
- completion of the merger, and
- other customary contractual conditions specified in the securities purchase agreement.

Some of the conditions to the sale of the Enterprises Series B preferred stock may be waived by the party entitled to assert the condition.

ISSUANCE OF ADDITIONAL SHARES TO WARBURG PINCUS

The securities purchase agreement also requires Price Legacy to issue additional shares of Enterprises Series B preferred stock to Warburg Pincus, enabling Warburg Pincus to maintain its percentage ownership in Price Legacy in the event that any of the shares of Enterprises common stock currently pledged as collateral for the Legacy debentures and Legacy notes are transferred to, or become beneficially owned by, any person other than Price Legacy, Legacy or any of their wholly-owned subsidiaries, including as a result of a default on the Legacy debentures and Legacy notes.

TERMINATION OF THE SECURITIES PURCHASE AGREEMENT (PAGE 152)

Enterprises and Warburg Pincus can mutually agree to terminate the securities purchase agreement prior to the closing of the sale of the Enterprises Series B preferred stock, and either Enterprises or Warburg Pincus can terminate the securities purchase agreement upon the occurrence of the following events:

- if Enterprises' stockholders do not approve the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock and the Enterprises issuance charter amendments,
- if Enterprises' board withdraws or modifies its recommendation in favor of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock and the Enterprises issuance charter amendments,
- if there is a material breach of any representation, warranty, covenant or agreement in the securities purchase agreement by the other party, which

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cannot be or is not cured within 20 days of written notice,

- if any governmental entity issues a nonappealable final order that makes the sale of the Enterprises Series B preferred stock illegal or otherwise restricts it, or
- if the merger is not completed by November 21, 2001.

In addition, Enterprises may terminate the securities purchase agreement to allow it to enter into an agreement relating to a third-party proposal that its board determines is more favorable to Enterprises' stockholders than the terms and conditions of the securities purchase agreement.

TERMINATION FEES (PAGES 152-153)

Enterprises has agreed to pay Warburg Pincus a termination fee of \$1 million upon termination of the securities purchase agreement:

- by either party because Enterprises is unable to obtain stockholder approval of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock or the Enterprises issuance charter amendments,
- by either party because the merger is not completed by November 21, 2001, or

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- by Warburg Pincus if Enterprises cannot or does not cure a breach of its representations, warranties, covenants or agreements under the securities purchase agreement within the 20-day cure period.

Enterprises has agreed to pay Warburg Pincus a termination fee of \$4 million if the securities purchase agreement is terminated:

- by Warburg Pincus because Enterprises' board withdraws or modifies its recommendation in favor of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock and the Enterprises issuance charter amendments, or
- by Enterprises to allow it to enter into an agreement relating to a third-party proposal that its board determines is more favorable to Enterprises' stockholders than the terms and conditions of the securities purchase agreement.

Enterprises has agreed to pay an additional termination fee of \$3 million if Warburg Pincus terminates the securities purchase agreement due to an event requiring a \$1 million termination fee and within one year after the termination, Enterprises or Legacy enters into:

- an acquisition of more than 25% of the equity securities of Enterprises or Legacy or of all or substantially all of the assets of Enterprises or Legacy, other than as contemplated by the securities purchase agreement, or
- a merger, consolidation, other business combination or liquidation of Enterprises or Legacy, other than the merger between Enterprises and Legacy.

The securities purchase agreement does not require Warburg Pincus to pay a termination fee to Enterprises under any circumstances.

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REGULATORY MATTERS (PAGE 64)

Neither Enterprises nor Legacy is aware of any federal or state regulatory approvals that must be obtained in connection with the transactions.
ENTERPRISES' BOARD OF DIRECTORS FOLLOWING THE TRANSACTIONS (PAGES 167-171)

In the event the merger and the sale of the Enterprises Series B preferred stock are approved and completed, Enterprises will be obligated to appoint three additional directors to its board; two Warburg Pincus nominees and one Enterprises Series A preferred stock nominee. These additional directors will be appointed by Enterprises' board without the approval of Enterprises' stockholders. In that case, Enterprises' board will consist of four Enterprises Series A preferred stock nominees, two Warburg Pincus nominees and two Enterprises Series A preferred stock and Enterprises common stock nominees. In this instance, holders of Enterprises Series A preferred stock will no longer have the right to elect a majority of Enterprises' board.

BOARD RECOMMENDATIONS (PAGES 48-51)

Enterprises' stockholders:

AFTER CAREFUL CONSIDERATION, ENTERPRISES' BOARD HAS DETERMINED THAT THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS, THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS AND THE ADOPTION OF THE ENTERPRISES OPTION PLAN ARE ADVISABLE AND HAS DIRECTED THAT THEY BE SUBMITTED TO ENTERPRISES' STOCKHOLDERS FOR THEIR APPROVAL. ENTERPRISES' BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THESE PROPOSALS AND THE ELECTION TO ENTERPRISES' BOARD OF DIRECTORS OF EACH NOMINEE NAMED IN THIS JOINT PROXY STATEMENT/PROSPECTUS.

Legacy's stockholders:

AFTER CAREFUL CONSIDERATION, LEGACY'S BOARD HAS DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED IN THE MERGER AGREEMENT ARE ADVISABLE AND HAS DIRECTED THAT THE MERGER AGREEMENT BE SUBMITTED TO LEGACY'S STOCKHOLDERS FOR THEIR APPROVAL. LEGACY'S BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THE MERGER AGREEMENT AND THE ELECTION TO LEGACY'S BOARD OF DIRECTORS OF EACH NOMINEE NAMED IN THIS JOINT PROXY STATEMENT/PROSPECTUS.

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OPINIONS OF FINANCIAL ADVISORS (PAGES 53-63)

In deciding to approve the merger, Enterprises' and Legacy's boards of directors considered opinions from their respective financial advisors.

Enterprises' financial advisor, American Appraisal Associates, Inc., has delivered a written opinion to Enterprises' board as to the fairness, from a financial point of view, to Enterprises' unaffiliated stockholders of the exchange ratio provided for in the merger and of the \$7.00 per share price to be offered by Enterprises in the tender offer for its outstanding common stock. The full text of American Appraisal's written opinion is attached to this joint proxy statement/prospectus as Annex G. Enterprises encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. American Appraisal's opinion is directed to Enterprises' board and does not constitute a recommendation to any stockholder as to any matter relating to the merger or the tender offer.

Legacy's financial advisor, Appraisal Economics, Inc., has delivered a written opinion to Legacy's board as to the fairness to holders of the Legacy common stock, from a financial point of view, of the exchange ratio provided for

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in the merger. The full text of Appraisal Economics' opinion is attached to this joint proxy statement/prospectus as Annex H. Legacy urges you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Appraisal Economics' opinion is directed to Legacy's board and does not constitute a recommendation to any stockholder as to any matter relating to the merger.

None of the fees paid to either American Appraisal or Appraisal Economics, in connection with their respective fairness opinions, are contingent on the completion of the merger.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES (PAGES 68-71)

The exchange of Legacy common stock for Enterprises common stock, other than cash paid for fractional shares, is intended to be tax-free to Legacy's stockholders for United States federal income tax purposes. Tax matters are very complicated and the tax consequences of the merger to you will depend on your own personal circumstances. You should consult your tax advisors for a full understanding of all of the tax consequences of the merger to you.

THE RIGHTS OF LEGACY'S STOCKHOLDERS WILL CHANGE (PAGES 123-138)

The rights of Legacy's stockholders are determined by Delaware General Corporation Law, or the DGCL, and by Legacy's charter and bylaws. When the merger is completed, Legacy's stockholders will become stockholders of Price Legacy. The rights of Price Legacy's stockholders will be governed by Maryland General Corporation Law, or the MGCL, Price Legacy's charter and bylaws, and special rules applicable to REITs. As a result of different governing and organizational documents, Legacy's stockholders will have different rights as Price Legacy's stockholders than they currently have as stockholders of Legacy.

Following these transactions, Price Legacy is expected to qualify as a REIT. To qualify as a REIT, Price Legacy must distribute at least 90% of its REIT taxable income to its stockholders (determined without regard to the dividends paid deduction and excluding capital gains), and will be subject to tax to the extent it distributes less than 100% of its REIT taxable income. Price Legacy is expected to distribute in excess of this minimum requirement, or approximately 100% of its REIT taxable income to its stockholders following the transactions. As a result, holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock. Based on the pro forma financial information of Price Legacy, holders of

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Enterprises common stock would not have been entitled to any distributions for the quarter ended March 31, 2001 after giving effect to the transactions.

ANTICIPATED ACCOUNTING TREATMENT (PAGE 64)

Price Legacy will account for the merger using the purchase method of accounting, which means that the assets and liabilities of Legacy, including intangible assets, will be recorded at their fair value and the results of operations of Legacy will be included in Price Legacy's results from the date of acquisition.

THE ENTERPRISES MERGER CHARTER AMENDMENTS (PAGES 156-157)

As a condition to Legacy's obligation to complete the merger, Enterprises is required to amend its charter to:

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- change the name of Enterprises to Price Legacy Corporation,
- increase the authorized shares of capital stock of Enterprises from 100,000,000 to 150,000,000, and
- reconstitute Enterprises' board of directors.

THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS (PAGES 158-160)

As a condition to Warburg Pincus' obligation to purchase the Enterprises Series B preferred stock, Enterprises is required to amend its charter to:

- effect the Enterprises merger charter amendments described in the first two bullet points above,
- designate the Enterprises Series B preferred stock,
- reconstitute Enterprises' board of directors, and
- make other changes deemed advisable by Enterprises' board.

The Enterprises issuance charter amendments will only be effected if the merger, the sale of the Enterprises Series B preferred stock, the Enterprises merger charter amendments, the Enterprises issuance charter amendments and the Enterprises option plan are approved. If the merger, the Enterprises merger charter amendments and the Enterprises option plan are approved, but the sale of the Enterprises Series B preferred stock and/or the Enterprises issuance charter amendments are not approved, Enterprises' charter will be amended only to effect the Enterprises merger charter amendments. If neither the merger nor the sale of the Enterprises Series B preferred stock is approved, then no amendments to Enterprises' charter will be effected, regardless of whether any such amendments are approved.

DIRECTORS AND OFFICERS OF ENTERPRISES AND LEGACY HAVE CONFLICTS OF INTEREST IN THE MERGER (PAGES 64-66)

When considering the recommendations of Legacy's and Enterprises' boards of directors, you should be aware that some Legacy and Enterprises directors and officers have interests in the merger that are different from, or are in addition to, yours. These interests include the relationship of several directors to The Price Group LLC, a significant stockholder of both companies, the post-merger membership of some Legacy directors and Enterprises directors on Price Legacy's board of directors, some Legacy officers and Enterprises officers serving as officers of Price Legacy and the indemnification of directors and officers of Legacy against some liabilities both before and after the merger.

As of June 14, 2001, Enterprises' directors and executive officers controlled approximately 2.4% of the voting power of Enterprises, and Legacy's directors and executive officers controlled approximately 10.5% of the voting power of Legacy. After completion of the merger, the directors and executive officers of Price Legacy will control approximately 7% of the voting power of Price Legacy.

As of June 14, 2001, The Price Group, an affiliate of Enterprises, controlled approximately 8.5% of the voting power of Legacy. After completion of the merger, The Price Group will control approximately 5.6% of the voting power of Price Legacy.

As a result of the merger, Legacy's directors and executive officers will

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receive options to purchase an aggregate of approximately 156,006 shares of Enterprises common stock in exchange for their Legacy stock options and an aggregate of approximately 4,304,945 shares of Enterprises common stock in exchange for their shares of Legacy common stock. In addition, The Price Group will receive approximately 3,500,175 shares of Enterprises common stock in the merger.

In addition, in January 2001, Legacy's officers and directors cancelled options with exercise prices in excess of current trading prices (i.e. out-of-the-money options) to purchase a total of 4,049,000 shares of Legacy common stock. Enterprises agreed in the merger agreement to consider the number of options cancelled by these individuals in determining the size of future option grants, if any, to these individuals following the closing of the transactions. However, no specific agreement or commitment as to the amount or timing of any future option grants has been made.

Other than as described above and payments made to directors and officers in their capacities as such, no payments or benefits will be paid to Enterprises' or Legacy's directors or officers as a result of the merger or related transactions.

NO APPRAISAL RIGHTS (PAGE 64)

Holders of Legacy common stock will not have appraisal rights as a result of the transactions because the Legacy common stock was quoted on the American Stock Exchange on the record date for determining stockholders entitled to vote at the Legacy annual meeting. Holders of Enterprises common stock and Enterprises Series A preferred stock will not have appraisal rights because the Enterprises common stock and Enterprises Series A preferred stock will remain outstanding after the transactions.

TRADING OF THE ENTERPRISES COMMON STOCK AND THE ENTERPRISES SERIES A PREFERRED STOCK

The Enterprises common stock is currently traded on the Nasdaq National Market under the symbol "PREN." Following the merger, the Enterprises common stock, including shares of Enterprises common stock issued in connection with the merger, will be traded on the American Stock Exchange under the symbol "XLG." The Enterprises Series A preferred stock will continue to be traded on the Nasdaq National Market under the symbol "PRENP."

ENTERPRISES' OFFER TO PURCHASE (PAGE 67)

The merger agreement obligates Enterprises to commence an offer to purchase all outstanding shares of Enterprises common stock (other than those shares currently held by Legacy and those shares issued in the merger) at a cash price of \$7.00 per share. Enterprises' obligation to purchase the shares is conditioned on the completion of the merger. The tender offer is expected to close concurrently with the merger.

Enterprises is making this offer through an Offer to Purchase which is being distributed to holders of Enterprises common stock. Holders of Enterprises common stock are encouraged to carefully read the Offer to Purchase and the related letter of transmittal.

ENTERPRISES' OFFER TO EXCHANGE (PAGE 67)

The merger agreement also obligates Enterprises to commence an offer to exchange shares of Enterprises Series A preferred stock for all outstanding Legacy debentures and Legacy notes. The Legacy debentures and Legacy notes will be valued at face value and the Enterprises Series A preferred stock will be valued at \$15.00 per share for purposes of the exchange offer. Enterprises'

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obligation to exchange Legacy's debt securities is conditioned on the completion of the merger. The exchange offer is expected to close concurrently with the merger. In connection with the exchange offer, Enterprises will seek the consent of holders of the Legacy debentures and Legacy notes to release the collateral securing these securities. However, the exchange offer is not contingent on obtaining this consent.

Enterprises is making this offer through an Offer to Exchange which is being distributed to holders of the Legacy debentures and Legacy

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notes. Holders of the Legacy debentures and Legacy notes are encouraged to carefully read the Offer to Exchange and related documents.

RECENT DEVELOPMENTS

On May 14, 2001, Enterprises, Swerdlow Real Estate Group, Inc. and entities affiliated with Swerdlow entered into a purchase and sale agreement effective as of May 7, 2001. Subject to the terms and conditions set forth in the purchase agreement, Enterprises has the right to acquire from Swerdlow and its affiliates up to six properties located in Florida for aggregate consideration of \$282.2 million, subject to adjustment, including the assumption of mortgage indebtedness.

The properties are primarily retail centers that contain an aggregate of approximately 2.8 million square feet of gross leasable area. As of May 14, 2001, five properties were operating and were approximately 97% leased to approximately 250 tenants and one property was under development. The top five tenants of the Swerdlow properties, by gross leasable area, were Home Depot, Kmart, Target, BJ's Wholesale Club and Regal Cinemas as of May 14, 2001.

The transaction is subject to satisfactory completion of Enterprises' due diligence investigation of the Swerdlow properties and other customary closing conditions. If the necessary conditions are satisfied, the transaction is expected to be completed in the third quarter of 2001. However, no assurance can be given that the transaction will be completed on the terms described in the purchase agreement or in this joint proxy statement/prospectus or at all.

ASSUMPTIONS

Enterprises and Legacy make several assumptions throughout this joint proxy statement/prospectus in calculating share numbers, voting power, distributions payable and related matters. Unless stated otherwise, Enterprises and Legacy assume that:

- no outstanding shares of Enterprises common stock are repurchased by Enterprises in the tender offer,
- no Legacy debentures or Legacy notes are exchanged for Enterprises Series A preferred stock in the exchange offer,
- the 12,154,289 shares of Enterprises common stock held by Legacy are cancelled in connection with the consent solicitation,
- the Legacy note payable to the Price trust of approximately \$9.3 million is converted into 1,681,142 shares of Enterprises Series B preferred stock at the closing,
- the warrants to purchase 2,733,679 shares of Enterprises common stock that will be issued to Warburg Pincus and the Price trust have not been exercised,

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- no additional shares of Enterprises Series B preferred stock have yet been issued as distributions on the 19,666,754 shares of Enterprises Series B preferred stock initially sold to Warburg Pincus and the Price trust at the closing, and
- distributions on the Enterprises Series B preferred stock are determined on an annualized (rather than cumulative) basis, by multiplying the first quarter distributions payable after the closing by four.

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STRUCTURE OF ENTERPRISES AND LEGACY BEFORE THE MERGER AND THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK

Organizational chart containing the following:

Two boxes, one of which contains the text: "Legacy Common Stock (publicly held)," and the other of which contains the text: "Legacy Debentures and Legacy Notes (publicly held)" (footnote 1 below), that are connected by lines to a box containing the text: "Legacy," which in turn is connected by a line (which says "91.3% of Enterprises Common Stock" (footnote 3 below)) to a box containing the text: "Enterprises (REIT)."

Also connected to the box containing the text: "Enterprises (REIT)," are two other boxes, one of which contains the text: "Enterprises Series A Preferred Stock (publicly held)," and the other of which contains the text: "Enterprises Common Stock (publicly held)" (footnote 2 below), with the line to such box saying "8.7% of Enterprises Common Stock."

FOLLOWING THE MERGER AND THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK

Organizational chart containing the following:

Three boxes, one of which contains the text: "Price Legacy Common Stock (publicly held)," another of which contains the text: "Price Legacy Series A Preferred Stock (publicly held)," and the last of which contains the text: "Price Legacy Series B Preferred Stock" (footnote 4 below), that are connected by lines to a box containing the text: "Price Legacy Corporation (REIT)," which in turn is connected by a line to a box containing the text: "Legacy."

Also connected to the box containing the text: "Legacy," are two other boxes, one of which contains the text "Legacy Debentures and Legacy Notes (publicly held)," and the other of which contains the text: "Excel Legacy Holdings (taxable REIT subsidiary)."

Footnotes:

- 1 ENTERPRISES IS OFFERING TO EXCHANGE SHARES OF ENTERPRISES SERIES A PREFERRED STOCK FOR ALL OUTSTANDING LEGACY DEBENTURES AND LEGACY NOTES IN THE EXCHANGE OFFER.
- 2 ENTERPRISES IS OFFERING TO PURCHASE ALL OUTSTANDING SHARES OF ENTERPRISES COMMON STOCK (OTHER THAN THOSE SHARES CURRENTLY HELD BY LEGACY AND THOSE SHARES ISSUED IN THE MERGER) IN THE TENDER OFFER.
- 3 THE SHARES OF ENTERPRISES COMMON STOCK CURRENTLY HELD BY LEGACY SERVE AS THE COLLATERAL SECURING THE LEGACY DEBENTURES AND LEGACY NOTES. ENTERPRISES IS SEEKING THE CONSENT OF HOLDERS OF THE LEGACY DEBENTURES AND LEGACY NOTES TO RELEASE THE COLLATERAL. IF THE REQUISITE CONSENT IS OBTAINED, THESE SHARES WILL BE CANCELLED AND THE LEGACY DEBENTURES AND LEGACY NOTES WILL BECOME UNSECURED OBLIGATIONS OF LEGACY.

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4 ISSUED TO WARBURG PINCUS, THE PRICE TRUST AND AFFILIATES.

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SELECTED SUMMARY HISTORICAL AND SELECTED UNAUDITED PRO FORMA FINANCIAL DATA

The following tables present (1) summary historical consolidated financial information of Enterprises, (2) summary historical consolidated financial information of Legacy and (3) consolidated condensed summary pro forma operating and financial information of Price Legacy, which reflects the merger, the sale of the Enterprises Series B preferred stock, the exchange offer and the tender offer.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF ENTERPRISES

The following table sets forth the summary historical consolidated financial and operating information of Enterprises. Except for the three month periods ended March 31, 2001 and 2000, the four months ended December 31, 1996 and the funds from operations for all periods presented, the summary historical financial information is derived from audited consolidated financial statements of Enterprises for each period presented. The summary historical data is only a summary, and you should read it in conjunction with the historical financial statements and related notes contained in the annual and quarterly reports of Enterprises which have been incorporated by reference into this joint proxy statement/prospectus.

	THREE MONTHS ENDED MARCH 31		YEAR ENDED DECEMBER 31			
	2001	2000	2000	1999	1998	1997
(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)						
SELECTED INCOME STATEMENT DATA						
Rental revenues.....	\$17,781	\$17,471	\$ 70,771	\$ 66,667	\$ 62,485	\$ 56,067
Operating income.....	10,244	10,501	41,847	35,143	31,393	23,289
Income from continuing operations.....	8,739	9,171	34,292	32,671	29,429	29,003
Discontinued operations....	--	--	--	--	--	(1,625)
Net income.....	8,739	9,171	34,292	32,671	29,429	27,378
Net income (loss) from continuing operations per share:						
Basic.....	0.03	0.06	0.07	(0.05)	0.97	1.23
Diluted.....	0.03	0.06	0.07	(0.05)	0.96	1.23
Weighted average number of shares of common stock outstanding:						
Basic.....	13,309	13,309	13,309	13,309	21,688	23,480
Diluted.....	13,309	13,309	13,309	13,309	22,010	23,480
Cash dividends per share:						
Common stock.....	--	--	--	--	--	1.25
Series A preferred stock.....	0.35	0.35	1.40	1.40	1.40	--
OTHER DATA						
Funds from operations (a).....	2,957	3,151	10,566	6,516	34,093	41,428
Cash flow provided by						

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operating activities.....	8,302	8,733	35,223	43,660	40,427	39,057
Cash flow (used in)						
provided by investing						
activities.....	(43,080)	(21,178)	(36,005)	(1,275)	(72,127)	33,904
Cash flow provided by (used						
in) financing						
activities.....	11,369	11,681	48,633	(43,931)	8,388	(81,789)

FOUR MONTHS		YEAR ENDED	
ENDED		AUGUST 31	
DECEMBER 31			

-----	-----	-----	-----
1997	1996	1997	1996
-----	-----	-----	-----

(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)

SELECTED INCOME STATEMENT

DATA

Rental revenues.....	\$ 18,170	\$18,941	\$ 56,838	\$ 56,221
Operating income.....	9,045	8,178	22,422	5,829
Income from continuing				
operations.....	17,508	7,590	19,085	8,340
Discontinued operations....	--	(3,235)	(4,860)	(8,250)
Net income.....	17,508	4,355	14,225	90
Net income (loss) from				
continuing operations per				
share:				
Basic.....	0.74	0.33	0.82	0.36
Diluted.....	0.73	0.32	0.82	0.36
Weighted average number of				
shares of common stock				
outstanding:				
Basic.....	23,675	23,298	23,354	23,262
Diluted.....	23,919	23,620	23,354	23,380
Cash dividends per share:				
Common stock.....	0.35	0.30	1.20	--
Series A preferred				
stock.....	--	--	--	--

OTHER DATA

Funds from operations				
(a).....	13,204	14,092	42,315	40,342
Cash flow provided by				
operating activities.....	13,269	10,847	36,635	22,612
Cash flow (used in)				
provided by investing				
activities.....	(18,906)	16,088	68,898	8,548
Cash flow provided by (used				
in) financing				
activities.....	(7,360)	(6,562)	(80,991)	(15,702)

AS OF	AS OF DECEMBER 31	
MARCH 31		
-----	-----	-----
2001	2000	1999 1998
-----	-----	-----

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(IN THOUSANDS, EXCEPT FOR NUMB

SELECTED BALANCE SHEET DATA

Real estate assets, net.....	\$570,323	\$545,800	\$550,869	\$418,507
Total assets.....	682,820	662,405	562,558	457,352
Mortgages and notes payable.....	150,591	150,709	8,841	8,911
Series A preferred stock.....	353,404	353,404	353,404	353,404
Stockholders' equity.....	464,235	463,109	461,260	344,811
Number of properties at the end of each period				
(b)	31	31	32	32

(a) Enterprises measures its economic profitability based on funds from operations, or FFO. Enterprises' management believes that FFO provides investors with an additional basis to evaluate Enterprises' ability to service debt and to fund acquisitions and other capital expenditures. The Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income in accordance with GAAP, excluding depreciation and amortization expense, and gains (losses) from sales of depreciable operating real estate. Enterprises calculates FFO in accordance with the NAREIT definition, as further adjusted for provisions for asset impairments and gain (losses) from sales of investments and income taxes for periods prior to August 31, 1997, the date Enterprises became a REIT. FFO does not represent cash flows from operations as defined by accounting principles generally accepted in the United States, may not be comparable to similarly titled measures of other companies and should not be construed by investors as an alternative to operating income or cash flow. Excluded from FFO are significant components in understanding and assessing Enterprises' financial performance. Below is a reconciliation of FFO:

	THREE MONTHS ENDED MARCH 31		YEAR ENDED DECEMBER 31		
	2001	2000	2000	1999	1998

	(IN THOUSANDS)				
Net income.....	\$ 8,739	\$ 9,171	\$ 34,292	\$ 32,671	\$29,429
Depreciation and amortization.....	2,226	2,289	9,558	11,825	12,471
Enterprises' share of depreciation of joint ventures.....	259	15	240	--	--
(Gain) loss on sale/impairment of real estate and investments.....	91	--	(164)	(4,717)	--
Other (primarily income taxes).....	--	--	--	--	509
Preferred dividends.....	(8,358)	(8,324)	(33,360)	(33,263)	(8,316)

FFO.....	\$ 2,957	\$ 3,151	\$ 10,566	\$ 6,516	\$34,093
	=====	=====	=====	=====	=====

YEAR ENDED AUGUST 31	
1997	1996

(IN THOUSANDS)	

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Net income.....	\$14,225	\$ 90
Depreciation and amortization.....	9,860	10,071
Enterprises' share of depreciation of joint ventures.....	--	--
(Gain) loss on sale/impairment of real estate and investments.....	107	16,136
Other (primarily income taxes).....	18,123	14,045
Preferred dividends.....	--	--
	-----	-----
FFO.....	\$42,315	\$40,342
	=====	=====

(b) Excludes real estate held by joint ventures which are not consolidated on Enterprises' financial statements.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF LEGACY

The following table sets forth the summary historical consolidated financial and operating information of Legacy. Except for the earnings before depreciation, amortization and deferred taxes information, and the financial information for the three month periods ended March 31, 2001 and 2000, the summary historical financial information is derived from audited consolidated financial statements of Legacy for each period presented. The summary historical data is only a summary, and you should read it in conjunction with the historical financial statements and related notes contained in the annual and quarterly reports of Legacy which have been incorporated by reference in this joint proxy statement/prospectus.

	THREE MONTHS ENDED MARCH 31		YEAR ENDED DECEMBER 31,	
	2001	2000	2000	1999

	(IN THOUSANDS, EXCEPT FOR PER SHARE)			
SELECTED STATEMENT OF OPERATIONS DATA				
Total revenue.....	\$ 3,666	\$ 3,693	\$ 18,497	\$ 25,917
Total operating expenses.....	(4,859)	(6,170)	(24,385)	(25,436)
Gain (loss) from real estate sales and write-off of real estate related costs.....	114	1,880	8,715	(1,765)
	-----	-----	-----	-----
Net income (loss) before income taxes.....	(1,079)	(597)	2,827	(1,284)
(Provision) benefit of income taxes.....	506	224	(1,611)	507
	-----	-----	-----	-----
Net income (loss).....	(573)	(373)	1,216	(777)
	=====	=====	=====	=====
Net income (loss) per share:				
Basic.....	(0.01)	(0.01)	0.03	(0.02)
Diluted.....	(0.01)	(0.01)	0.02	(0.02)
Weighted average number of shares:				
Basic.....	61,541	36,893	41,847	33,985
Diluted.....	61,541	36,893	61,553	33,985
OTHER DATA				
Earnings before depreciation, amortization and deferred taxes (c).....	1,363	2,049	13,173	3,674
Cash dividends paid.....	--	--	--	--

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Cash flow (used) provided by operating activities...	(2,269)	(268)	(296)	79
Cash flow (used) in investing activities.....	(17,409)	(6,418)	(5,101)	(13,658)
Cash flow provided in financing activities.....	19,283	7,693	5,099	13,959

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	AS OF MARCH 31	AS OF DECEMBER 31	
	2001	2000	1999
(IN THOUSANDS, EXCEPT FOR NUMBER)			
SELECTED BALANCE SHEET DATA			
Net real estate.....	\$106,042	\$ 96,133	\$102,191
Total assets.....	340,716	324,584	328,153
Mortgages and notes payable.....	131,672	112,389	137,806
Stockholders' equity.....	193,923	194,598	180,039
Number of properties at the end of each period (d).....	8	9	16

(c) Legacy measures its economic profitability based on earnings before depreciation, amortization and deferred taxes, or EBDADT. Legacy's management believes that EBDADT provides investors with an additional basis to evaluate Legacy's ability to service debt and to fund acquisitions and other capital expenditures. Legacy defines EBDADT consistent with the NAREIT definition of FFO except it does not exclude gains (losses) from sales of depreciable operating real estate since it considers real estate sales part of its operating business, and it excludes deferred tax expense since this is a non-cash item. EBDADT does not represent cash flows from operations as defined by accounting principles generally accepted in the United States, may not be comparable to similarly titled measures of other companies and should not be construed by investors as an alternative to operating income or cash flow. Excluded from EBDADT are significant components in understanding and assessing Legacy's financial performance. Below is a reconciliation of EBDADT:

	THREE MONTHS ENDED MARCH 31		YEAR ENDED DECEMBER 31	
	2001	2000	2000	1999
(IN THOUSANDS)				
Net income (loss).....	\$ (573)	\$ (373)	\$ 1,216	\$ (777)
Depreciation and amortization.....	338	411	1,562	3,220
Legacy share of depreciation and amortization from equity investments:				
Enterprises.....	2,032	2,090	8,726	992
Other.....	133	194	696	121
Less depreciation of non-real estate assets.....	(55)	(49)	(211)	(83)
Deferred tax expense.....	(512)	(224)	1,184	201

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EBDADT.....	\$1,363	\$2,049	\$13,173	\$3,674
	=====	=====	=====	=====

(d) Excludes real estate held by joint ventures which are not consolidated on Legacy's financial statements.

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CONSOLIDATED CONDENSED SUMMARY PRO FORMA OPERATING AND FINANCIAL INFORMATION OF PRICE LEGACY

The following tables set forth summary consolidated pro forma operating and financial information of Price Legacy as of March 31, 2001 and for the year ended December 31, 2000 and the three months ended March 31, 2001 as if the merger, the sale of the Enterprises Series B preferred stock, the exchange offer and the tender offer had occurred on March 31, 2001 for balance sheet data and January 1, 2000 for income statement data. The pro forma data may not be indicative of the actual results or financial position had the merger, the sale of the Enterprises Series B preferred stock, the exchange offer and the tender offer occurred on the dates indicated. The summary consolidated pro forma operating and financial information is only a summary, and you should read it in conjunction with the historical financial statements and related notes contained in the annual and quarterly reports of Enterprises and Legacy which have been incorporated by reference into this joint proxy statement/ prospectus. See "Unaudited Pro Forma Operating and Financial Information" for a more detailed explanation of this analysis. The summary consolidated pro forma operating and financial information does not give effect to the acquisition of the Swerdlow properties.

SUMMARY PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET (UNAUDITED)

	AS OF
	MARCH 31, 2001

	(IN THOUSANDS)
ASSETS	
Real estate, net.....	\$676,365
Cash.....	41,598
Investment in real estate joint ventures.....	33,088
Investment in securities.....	2,784
Accounts receivable, net.....	4,510
Notes receivable.....	59,598
Other assets.....	40,686

Total assets.....	\$858,629
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities:	
Mortgages and notes payable.....	\$168,747
Other liabilities.....	16,316

	185,063

Minority interests.....	595
Stockholders' equity:	
Series A preferred stock.....	404,711
Series B preferred stock.....	105,262
Discount on Series B preferred stock.....	(6,884)

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Common stock.....	4
Additional paid-in capital.....	178,983
Warrants.....	3,085
Accumulated deficit.....	(2,502)
Notes receivable--purchase of shares.....	(9,688)

Total stockholders' equity.....	672,971

Total liabilities and stockholders' equity.....	\$858,629
	=====

See "Unaudited Pro Forma Operating and Financial Information--Notes and Management's Assumptions to Pro Forma Consolidated Condensed Financial Information--Unaudited."

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SUMMARY PRO FORMA CONSOLIDATED CONDENSED INCOME STATEMENT (UNAUDITED)

	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31, 2001

	(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)	
Revenues:		
Rental and other operating income.....	\$ 82,083	\$ 19,705
Interest and other.....	9,919	2,770
	-----	-----
Total revenue.....	92,002	22,475
	-----	-----
Expenses:		
Property and other expenses.....	25,084	6,145
Interest.....	7,812	1,910
Depreciation and amortization.....	10,891	2,488
General and administrative.....	5,870	1,575
	-----	-----
	49,657	12,118
	-----	-----
Income before gain on sale of real estate and investments, net.....	42,345	10,357
Gain on sale of real estate and investments, net.....	6,999	23
	-----	-----
Income before income taxes.....	49,344	10,380
Provision for income taxes.....	(859)	506
	-----	-----
Net income.....	48,485	10,886
Dividends to preferred stockholders.....	(47,982)	(12,013)
	-----	-----
Net income applicable to common stockholders.....	\$ 503	\$ (1,127)
	=====	=====
Basic net income (loss) per common share.....	\$ 0.01	\$ (0.03)
	=====	=====
Diluted net income (loss) per common share.....	\$ 0.01	\$ (0.03)
	=====	=====
Pro forma weighted average number of common shares:		
Basic.....	41,036	41,024
Diluted.....	61,618	62,764

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See "Unaudited Pro Forma Operating and Financial Information--Notes and Management's Assumptions to Pro Forma Consolidated Condensed Financial Information--Unaudited."

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COMPARATIVE PER SHARE DATA

The following table summarizes certain historical per share data of Enterprises and Legacy and the combined per share data on an unaudited pro forma basis. You should read the information below along with the selected historical financial information and the unaudited pro forma combined condensed financial information included elsewhere in this joint proxy statement/prospectus. The pro forma combined condensed financial information is not necessarily indicative of the operating results of future operations or the actual results that would have occurred at the beginning of the periods presented.

	THREE MONTHS ENDED MARCH 31, 2001			YEAR ENDED DE	
	HISTORICAL	PRO FORMA COMBINED (1)	PRO FORMA EQUIVALENT (2)	HISTORICAL	PRO F COMBIN
Book value per share of common stock:					
Enterprises(3).....	\$8.33	\$4.06	\$ --	\$8.24	\$
Legacy.....	3.15	--	4.72	3.16	
Cash dividends per share of common stock(4):					
Enterprises.....	--	--	--	--	
Legacy.....	--	--	--	--	
Net income (loss) per share of common stock (basic):					
Enterprises.....	0.03	(0.03)	--	0.07	0.
Legacy.....	(0.01)	--	(0.01)	0.03	
Net income (loss) per share of common stock (diluted):					
Enterprises.....	0.03	(0.03)	--	0.07	0.
Legacy.....	(0.01)	--	(0.01)	0.02	

(1) See "Unaudited Pro Forma Operating and Financial Information."

(2) The equivalent pro forma share amounts of Legacy are calculated by multiplying the pro forma book value per share of Legacy common stock and net income per share of Legacy common stock and assumes that each share of Legacy common stock would be converted into 0.6667 of a share of Enterprises common stock.

(3) Book value per share of common stock was calculated using stockholders' equity as reflected in the historical and pro forma financial statements less the book value of the Enterprises Series A preferred stock, the Enterprises Series B preferred stock, the discount on the Enterprises Series B preferred stock (pro forma) and the warrants (pro forma) divided by the number of shares of Enterprises common stock outstanding.

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(4) In the three months ended March 31, 2001 and year ended December 31, 2000, no distributions were made to common stockholders. Enterprises is required to make cash distributions in future years to maintain its REIT status if certain income levels are met.

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COMPARATIVE PER SHARE MARKET INFORMATION

The table below sets forth, for the calendar quarters indicated, the reported high and low sales prices per share of Enterprises common stock, Enterprises Series A preferred stock and Legacy common stock. The Enterprises common stock and the Enterprises Series A preferred stock are listed on the Nasdaq National Market under the symbols "PREN" and "PRENP," respectively. The Legacy common stock is listed on the American Stock Exchange under the symbol "XLG."

	ENTERPRISES COMMON STOCK		ENTERPRISES SERIES A PREFERRED STOCK	
	HIGH	LOW	HIGH	LOW
1999				
First Quarter.....	\$6.000	\$4.344	\$15.125	\$13.500
Second Quarter.....	8.000	4.875	15.500	14.313
Third Quarter.....	8.063	7.250	16.250	14.625
Fourth Quarter.....	8.375	6.406	15.688	13.813
2000				
First Quarter.....	7.625	7.063	14.625	13.250
Second Quarter.....	7.500	6.500	15.375	13.625
Third Quarter.....	6.875	4.500	15.063	14.313
Fourth Quarter.....	5.250	3.625	14.938	14.000
2001				
First Quarter.....	7.000	4.875	15.375	14.375
Second Quarter (through June 14, 2001).....	6.906	6.700	15.780	14.812

RECENT CLOSING PRICES

The following table sets forth the last sales prices per share of Enterprises common stock, Enterprises Series A preferred stock and Legacy common stock as reported on the Nasdaq National Market or the American Stock Exchange, as applicable, on (1) March 21, 2001, the last full trading day prior to the public announcement that Enterprises and Legacy had entered into the merger agreement and that Enterprises had entered into the securities purchase agreement and (2) , 2001, the most recent practicable date prior to the printing of this joint proxy statement/prospectus.

DATE	ENTERPRISES COMMON STOCK	ENTERPRISES SERIES A PREFERRED STOCK	LEGACY COMMON STOCK	EQUIVALE MARKET VA FOR EACH S OF LEGAC COMMON ST
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March 21, 2001.....	\$5.750	\$14.875	\$2.156	\$3.833
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RISK FACTORS

IN CONSIDERING WHETHER TO APPROVE THE PROPOSALS BEING VOTED ON AT THE ANNUAL MEETINGS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO THE OTHER INFORMATION CONTAINED IN THIS JOINT PROXY STATEMENT/PROSPECTUS.

RISKS RELATING TO THE TRANSACTIONS

PRICE LEGACY MAY NOT ACHIEVE THE BENEFITS IT EXPECTS FROM THE MERGER, WHICH MAY HAVE A MATERIAL ADVERSE EFFECT ON ITS BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Enterprises and Legacy entered into the merger agreement with the expectation that the merger will result in a number of benefits to Price Legacy, including operating efficiencies and other synergies. Legacy currently handles the daily management of Enterprises, including property management and finance. This relationship has already resulted in many synergies between the two companies. By combining the companies, Price Legacy is expected to reduce many of the redundant costs currently incurred by each company, including professional services and, in the case of Legacy, the expense of complying with SEC reporting requirements. However, achieving further benefits expected through the merger will depend in large part on Price Legacy's ability to efficiently integrate the properties of Legacy into its portfolio. Unforeseen difficulties in integrating these portfolios may cause the disruption of, or loss of momentum in, the activities of Price Legacy's business which could adversely affect its ability to achieve expected operating efficiencies and other synergies, materially harming Price Legacy's business and financial performance.

LEGACY'S STOCKHOLDERS WILL RECEIVE 0.6667 OF A SHARE OF ENTERPRISES COMMON STOCK FOR EACH SHARE OF LEGACY COMMON STOCK DESPITE CHANGES IN THE MARKET VALUE OF THE LEGACY COMMON STOCK OR THE ENTERPRISES COMMON STOCK.

Each share of Legacy common stock will be exchanged for 0.6667 of a share of Enterprises common stock in the merger. The exchange ratio was determined by comparing the companies' net asset values. The exchange ratio is a fixed number and will not be adjusted for changes in the market price of either the Enterprises common stock or the Legacy common stock. Neither party is permitted to terminate the merger agreement because of changes in the market price of the Enterprises common stock or the Legacy common stock. Consequently, the specific dollar value of the Enterprises common stock to be received by Legacy's stockholders will depend on the market value of the Enterprises common stock at the time of the merger and may decrease from the date that you submit your proxy. You are urged to obtain recent market quotations for the Enterprises common stock and the Legacy common stock. Enterprises cannot predict or give any assurances as to the market price of the Enterprises common stock at any time before or after the merger. The prices of the Enterprises common stock and the Legacy common stock may vary because of factors such as:

- market perception of synergies to be achieved by the merger,
- changes in the business, operations or prospects of Enterprises or Legacy,
- market assessments of the likelihood that the merger will be completed and the timing of the merger, and
- general market and economic conditions.

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THE MARKET PRICE OF THE ENTERPRISES COMMON STOCK MAY DECLINE AS A RESULT OF THE MERGER AND THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK.

The market price of the Enterprises common stock may decline as a result of the merger and the sale of the Enterprises Series B preferred stock for a number of reasons, including if:

- the integration of Enterprises and Legacy is not completed in a timely and efficient manner,

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- Price Legacy does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts,
- the effect of the transactions on Price Legacy's financial results is not consistent with the expectations of financial or industry analysts, or
- significant stockholders of Price Legacy decide to dispose of their shares following the transactions.

DIRECTORS AND OFFICERS OF ENTERPRISES AND LEGACY HAVE CONFLICTS OF INTEREST IN RECOMMENDING THAT YOU VOTE IN FAVOR OF THE MERGER.

A number of directors and officers of Enterprises and Legacy participate in arrangements that provide them with interests in the merger that are different from, or in addition to, yours. Following the merger, Jack McGrory, Chairman of Enterprises, will serve as Chairman of Price Legacy, and Gary B. Sabin, Chairman, President and Chief Executive Officer of Legacy and President and Chief Executive Officer of Enterprises, will serve as Co-Chairman and Chief Executive Officer of Price Legacy. Richard B. Muir, Executive Vice President and Chief Operating Officer of Enterprises and Legacy, will serve as Vice-Chairman of Price Legacy, Graham R. Bullick, Senior Vice President--Capital Markets of Enterprises and Legacy, will serve as President and Chief Operating Officer of Price Legacy and the other officers of Enterprises and Legacy will continue to serve as officers of Price Legacy.

As of June 14, 2001, Legacy's directors and executive officers beneficially owned approximately 10.5% of the Legacy common stock. Some of Legacy's directors and executive officers and other affiliates of Legacy, which hold an aggregate of approximately 20% of the Legacy common stock, have agreed to vote in favor of the adoption of the merger agreement.

As a result of the merger, Legacy's directors and executive officers will receive options to purchase an aggregate of approximately 156,006 shares of Enterprises common stock in exchange for their Legacy stock options and an aggregate of approximately 4,304,945 shares of Enterprises common stock in exchange for their shares of Legacy common stock.

In addition, Mr. McGrory, a director of Enterprises and Legacy, and James F. Cahill and Murray Galinson, each a director of Enterprises, are co-managers of The Price Group LLC, a significant stockholder of Enterprises and Legacy. The Price Group will receive approximately 3,500,175 shares of Enterprises common stock in the merger. Robert E. Price and Sol Price and entities affiliated with them, including The Price Group, beneficially owned as of June 14, 2001 an aggregate of 11,745,667 shares, or approximately 48.5%, of the outstanding Enterprises Series A preferred stock. Entities affiliated with these stockholders also own Legacy debentures and Legacy notes which will be tendered in the exchange offer for approximately 900,533 shares of Enterprises Series A preferred stock. In addition, the Price trust will obtain 1,681,142 shares, or 8.5%, of Enterprises Series B preferred stock upon the conversion of its note, together with a warrant to purchase an additional 233,679 shares of Enterprises

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common stock, and will be issued 666,080 additional shares of Enterprises Series B preferred stock over 45 months as distributions on the Enterprises Series B preferred stock.

Also, in January 2001, Legacy's officers and directors cancelled out-of-the-money options to purchase a total of 4,049,000 shares of Legacy common stock. Enterprises agreed in the merger agreement to consider the number of options cancelled by these individuals in determining the size of future option grants, if any, to these individuals following the closing of the transactions. However, no specific agreement or commitment as to the amount or timing of any future option grants has been made.

The directors and officers of Legacy have continuing indemnification against liabilities. Enterprises has agreed to indemnify each Legacy officer and director to the fullest extent permitted by applicable law. In addition, Enterprises has agreed to cause Legacy, after the merger, to keep in effect the

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provisions in Legacy's charter that provide for indemnification of directors and officers for at least six years from the effective time of the merger.

Other than as described above and payments made to directors and officers in their capacities as such, none of Enterprises' or Legacy's directors or officers will receive payments or benefits as a result of the merger or related transactions.

ENTERPRISES MAY BE OBLIGATED TO PAY WARBURG PINCUS A TERMINATION FEE IF THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK IS NOT COMPLETED.

The securities purchase agreement requires Enterprises to pay Warburg Pincus a termination fee of up to \$4 million if the sale of the Enterprises Series B preferred stock is not completed under some circumstances. The obligation to pay the termination fee could adversely affect Enterprises' financial results and its ability to engage in another transaction.

THE COSTS OF THE TRANSACTIONS COULD ADVERSELY AFFECT PRICE LEGACY'S FINANCIAL RESULTS.

If the benefits of the transactions do not exceed the costs associated with them, including dilution to the stockholders of Enterprises resulting from the issuance of shares in connection with the merger and the sale of the Enterprises Series B preferred stock, Price Legacy's financial results, including earnings per share, could be adversely affected. Enterprises and Legacy expect to incur aggregate costs of approximately \$1.5 million in connection with the transactions. However, unanticipated expenses associated with integrating the two businesses may arise, and actual costs may substantially exceed the parties' estimates.

IF THE TRANSACTIONS ARE COMPLETED, HOLDERS OF ENTERPRISES COMMON STOCK WILL RECEIVE DISTRIBUTIONS ONLY IF PRICE LEGACY'S REIT TAXABLE INCOME EXCEEDS THE DISTRIBUTIONS IT IS REQUIRED TO PAY TO THE HOLDERS OF ENTERPRISES SERIES A PREFERRED STOCK AND ENTERPRISES SERIES B PREFERRED STOCK.

After the transactions, the rights of holders of Enterprises common stock will be subject to the existing senior rights of holders of Enterprises Series A preferred stock and to senior rights of holders of the newly-issued Enterprises Series B preferred stock. Holders of Enterprises Series B preferred stock will have preferential rights with respect to Enterprises common stock in the case of distributions, as well as distributions upon a liquidation of, and some business combinations involving, Price Legacy. These preferential rights are in addition to the rights already granted to holders of Enterprises

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Series A preferred stock. Accordingly, no distributions upon liquidation may be made to holders of Enterprises common stock until holders of Enterprises Series A preferred stock and Enterprises Series B preferred stock have been paid their respective liquidation preferences. As a result, it is possible that, upon liquidation, all amounts available for holders of Price Legacy capital stock would be paid to holders of Enterprises Series A preferred stock and, to the extent any available funds are then remaining, to Enterprises Series B preferred stock, with holders of Enterprises common stock receiving little or no payment at all.

In addition, to qualify as a REIT, Price Legacy must distribute at least 90% of its REIT taxable income to its stockholders (determined without regard to the dividends paid deduction and by excluding capital gains), and will be subject to tax to the extent it distributes less than 100% of its REIT taxable income. Price Legacy is expected to distribute in excess of this minimum requirement, or approximately 100% of its REIT taxable income, to its stockholders following the transactions. As a result, holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock.

Following the completion of the transactions, affiliates of Price Legacy will hold approximately 71.9% of the Enterprises preferred stock, entitling them to an aggregate of approximately \$26.3 million per year in distributions. In addition, the voting power and distributions payable to these stockholders

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will increase as a result of the additional shares of Enterprises Series B preferred stock payable to them as distributions.

Based on the pro forma financial information of Price Legacy, holders of Enterprises common stock would not have been entitled to any distributions for the quarter ended March 31, 2001 after giving effect to the transactions.

HOLDERS OF ENTERPRISES SERIES A PREFERRED STOCK WILL LOSE THE RIGHT TO ELECT A MAJORITY OF ENTERPRISES' BOARD OF DIRECTORS AS A RESULT OF THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK.

Currently, holders of Enterprises Series A preferred stock are entitled to elect a majority of Enterprises' board of directors. In accordance with Enterprises' charter, Enterprises' board has unanimously voted to terminate this right upon the sale of the Enterprises Series B preferred stock. Following the sale, holders of Enterprises Series A preferred stock will no longer be entitled to elect a majority of Price Legacy's board, but instead will be entitled to elect four out of eight directors to Price Legacy's board. The right of holders of Enterprises Series A preferred stock to vote as a separate class to elect four directors will terminate when:

- less than 2,000,000 shares of Enterprises Series A preferred stock remain outstanding,
- Price Legacy, Legacy or any of their affiliates makes an offer to purchase any and all outstanding shares of Enterprises Series A preferred stock at a cash price of \$16.00 per share, and purchases all shares duly tendered and not withdrawn,
- Price Legacy's board (1) issues or agrees to issue any equity securities or securities convertible or exchangeable into or exercisable for equity securities, in any case, without the unanimous approval of all of the members of Price Legacy's board or (2) fails to pay distributions on the Enterprises common stock in an amount equal to 100% of Price Legacy's

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taxable income or an amount necessary to maintain its status as a REIT, or in an amount equal to the excess, if any, of Price Legacy's funds from operations, less the Enterprises Series A preferred stock dividends, over \$7.5 million, or

- Price Legacy's board, by unanimous vote, approves a resolution terminating the right of holders of Enterprises Series A preferred stock to elect members of Price Legacy's board as a separate class.

THE TRANSACTIONS WILL SIGNIFICANTLY DILUTE THE OWNERSHIP INTEREST OF CURRENT HOLDERS OF ENTERPRISES COMMON STOCK AND ENTERPRISES SERIES A PREFERRED STOCK IN PRICE LEGACY.

The transactions will have the effect of significantly reducing the ownership interest in Price Legacy of the current holders of Enterprises common stock and Enterprises Series A preferred stock. Following the transactions, and after giving effect to the conversion of the Enterprises Series B preferred stock into Enterprises common stock, the existing holders of Enterprises common stock (other than Legacy) will own approximately 1.9% of the Enterprises common stock.

Following the transactions, and assuming shares of Enterprises Series A preferred stock are exchanged for all of the outstanding Legacy debentures and Legacy notes in the exchange offer, the existing holders of Enterprises Series A preferred stock will own approximately 87.5% of the Enterprises Series A preferred stock.

In addition, because holders of Enterprises Series B preferred stock will be entitled to vote with holders of Enterprises common stock on an as-converted basis on all actions to be taken by holders of Enterprises common stock, other than the election of directors, the sale of the Enterprises Series B preferred stock will also have a significant dilutive effect on the voting power of the current holders of Enterprises common stock and Enterprises Series A preferred stock.

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SALES OF SUBSTANTIAL AMOUNTS OF ENTERPRISES COMMON STOCK IN THE PUBLIC MARKET AFTER THE TRANSACTIONS COULD MATERIALLY ADVERSELY AFFECT THE MARKET PRICE OF ENTERPRISES COMMON STOCK.

Based on the 61,540,849 shares of Legacy common stock outstanding on June 14, 2001, Enterprises will issue approximately 41,029,284 shares of Enterprises common stock in the merger. In addition, Enterprises is proposing to sell 19,666,754 shares of Enterprises Series B preferred stock and warrants to purchase 2,733,679 shares of Enterprises common stock to Warburg Pincus and the Price trust. Warburg Pincus and the Price trust will have the right to convert some or all of the Enterprises Series B preferred stock into shares of Enterprises common stock after 24 months following the closing of the sale of the Enterprises Series B preferred stock. In addition, Enterprises has agreed to enter into a registration rights agreement that will entitle Warburg Pincus to cause Price Legacy to register under the Securities Act of 1933, as amended, all of the Enterprises common stock owned by Warburg Pincus and the Price trust, including shares of Enterprises common stock received upon conversion of the Enterprises Series B preferred stock and upon exercise of the warrants issued to Warburg Pincus and the Price trust.

Sales of a substantial number of these shares, or the perception that sales could occur, could result in a decline in the market price of Enterprises common stock.

WARBURG PINCUS WILL BE ABLE TO EXERT SIGNIFICANT INFLUENCE OVER PRICE

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LEGACY, WHICH COULD MAKE IT DIFFICULT FOR PRICE LEGACY TO COMPLETE SOME CORPORATE TRANSACTIONS WITHOUT WARBURG PINCUS' SUPPORT.

Following the sale of the Enterprises Series B preferred stock, Warburg Pincus will be entitled to elect two directors to Price Legacy's board, so long as Warburg Pincus or its affiliates beneficially own 10% or more of the outstanding shares of Enterprises common stock or the right to acquire 10% or more of the Enterprises common stock (including through the ownership of Enterprises Series B preferred stock). Price Legacy will be prohibited from taking some corporate actions without the approval of holders of two-thirds of the Enterprises Series B preferred stock, in some cases, and the approval of the directors elected by Warburg Pincus, in other cases, including amending its charter, authorizing additional shares of its capital stock and authorizing any merger or consolidation with or into another corporation. Warburg Pincus will, therefore, have significant influence over matters brought before Price Legacy's board, as well as matters subject to the vote of Price Legacy's stockholders. Warburg Pincus' influence over these corporate transactions may delay, deter, discourage or prevent a change of control of Price Legacy and may make some transactions more difficult or impossible to complete without Warburg Pincus' support. Warburg Pincus' ability to assert this significant influence may depress the stock price of Price Legacy.

PRICE LEGACY MAY BE REQUIRED TO ISSUE WARBURG PINCUS ADDITIONAL SHARES OF ENTERPRISES SERIES B PREFERRED STOCK.

The securities purchase agreement requires Price Legacy to issue additional shares of Enterprises Series B preferred stock to Warburg Pincus, enabling Warburg Pincus to maintain its percentage ownership in Price Legacy in the event that any of the shares of Enterprises common stock currently pledged as collateral for the Legacy debentures and Legacy notes are transferred to, or become beneficially held by, any person other than Price Legacy, Legacy or any of their wholly-owned subsidiaries, including as a result of a default on the Legacy debentures or Legacy notes. For instance, following the completion of the merger and the sale of the Enterprises Series B preferred stock, Warburg Pincus will hold approximately 29.1% of the Enterprises common stock on an as-converted basis. On June 14, 2001, 12,154,289 shares of Enterprises common stock were held by Legacy and pledged as collateral for the Legacy debentures and Legacy notes. If those 12,154,289 shares were transferred to any person other than Price Legacy, Legacy or any of their wholly-owned subsidiaries, Price Legacy would be required to issue Warburg Pincus 3,536,898 additional shares of Enterprises Series B preferred stock to maintain Warburg Pincus' 29.1% ownership interest in Price Legacy. If Price Legacy is required to issue additional shares of Enterprises Series B preferred stock to Warburg

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Pincus, additional dilution to holders of Enterprises common stock and Enterprises Series A preferred stock will take place.

THERE WILL BE SIGNIFICANT UNALLOCATED NET PROCEEDS OVER WHICH PRICE LEGACY'S MANAGEMENT WILL HAVE BROAD DISCRETION.

Enterprises presently intends to use the net proceeds of \$99 million from the sale of the Enterprises Series B preferred stock to pay-down outstanding amounts on its credit facilities (\$76.5 million outstanding at March 31, 2001 on a pro forma basis), for property acquisitions (which may include the Swerdlow properties) and for general corporate purposes. However, Enterprises has not quantified the amount of proceeds that will be used for any of these purposes. Price Legacy's management will have broad discretion with respect to the use of these proceeds and there can be no assurance that the net proceeds will be invested in ways with which you agree or that benefit Price Legacy's business.

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THE INTERNAL REVENUE SERVICE MAY CHALLENGE THE TAX-FREE NATURE OF THE MERGER AND, IF THIS CHALLENGE WERE SUCCESSFUL, LEGACY'S STOCKHOLDERS COULD BE REQUIRED TO PAY INCOME TAX ON ANY GAIN REALIZED IN THE MERGER.

Enterprises and Legacy will not seek a ruling from the Internal Revenue Service that the merger will be tax-free to Legacy's stockholders. As a result, the Internal Revenue Service may later challenge the tax-free nature of the merger. If it does, Legacy's stockholders may be required to pay income tax on any gain realized in the merger. The circumstances of individual stockholders may vary so it is important that each stockholder consult his or her own tax advisor regarding the tax consequences of the merger. In addition, Price Legacy may be required to pay income tax on any gain realized by Legacy in the merger.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF PRICE LEGACY

REAL PROPERTY INVESTMENTS ARE SUBJECT TO VARYING DEGREES OF RISK THAT MAY AFFECT THE PERFORMANCE AND VALUE OF PRICE LEGACY'S PROPERTIES.

Price Legacy's revenue and the performance and value of its properties may be adversely affected by a number of factors, including:

- changes in the national, regional and local economic climates,
- local conditions such as an oversupply of space or a reduction in demand for similar or competing properties in the area,
- changes in interest rates which may render the sale and/or refinancing of a property difficult or unattractive,
- changes in consumer spending patterns,
- the attractiveness of its properties to tenants,
- competition from other available space,
- its ability to provide adequate maintenance and insurance, and
- increased operating costs.

In addition, some significant operating expenses associated with Price Legacy's properties, such as debt payments, maintenance, tenant improvement costs and taxes, generally are not reduced when gross income from properties is reduced. For example, for the three months ended March 31, 2001, Price Legacy, on a pro forma basis, would have had property operating costs and interest expense of \$8.1 million. If Price Legacy's properties do not generate revenue sufficient to meet operating expenses,

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Price Legacy may have to borrow additional amounts to cover costs, which could harm its ability to make distributions to its stockholders.

PRICE LEGACY FACES SIGNIFICANT COMPETITION FROM DEVELOPERS, OWNERS AND OPERATORS OF REAL ESTATE PROPERTIES, WHICH MAY ADVERSELY AFFECT THE SUCCESS OF ITS BUSINESS.

Price Legacy will compete in the acquisition of real estate properties with over 200 publicly-traded REITs as well as other public and private real estate investment entities, including mortgage banks and pension funds, and other institutional investors, as well as individuals. Competition from these entities may impair Price Legacy's financial condition and materially harm its business by reducing the number of suitable investment opportunities offered to Price

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Legacy and increasing the bargaining power of prospective sellers of property, which often increases the price necessary to purchase a property. Many of Price Legacy's competitors in the real estate sector are significantly larger than Price Legacy and may have greater financial resources and more experienced managers than Price Legacy.

In addition, a large portion of Price Legacy's developed properties will be located in areas where competitors maintain similar properties. Price Legacy will need to compete for tenants based on rental rates, attractiveness and location of properties, as well as quality of maintenance and management services. Competition from these and other properties may impair Price Legacy's financial condition and materially harm its business by:

- interfering with Price Legacy's ability to attract and retain tenants,
- increasing vacancies, which lowers market rental rates and limits Price Legacy's ability to negotiate favorable rental rates, and
- impairing Price Legacy's ability to minimize operating expenses.

DEVELOPMENTS IN THE RETAIL INDUSTRY COULD ADVERSELY AFFECT PRICE LEGACY'S ABILITY TO LEASE SPACE IN ITS SHOPPING CENTERS, WHICH WOULD HARM PRICE LEGACY'S BUSINESS.

Price Legacy will derive a substantial portion of income from tenants in the retail industry. The market for retail space and the general economic or local conditions of the retail industry can significantly affect the financial performance of Price Legacy. A number of recent developments have heightened competitive pressures in the market for retail space, including:

- consolidation among retailers,
- the financial distress of large retailers in some markets, including the bankruptcy of some retailers,
- a proliferation of new retailers,
- a growing consumer preference for value-oriented shopping alternatives, such as internet commerce, and
- in some areas of the country, an oversupply of retail space.

As a result of these developments, many companies in the retail industry have encountered significant financial difficulties. Since Price Legacy will have no control over the occurrence of these developments, Price Legacy cannot make any assurance that its business or financial results will not be adversely affected by these developments and the competitive pressures they create.

PRICE LEGACY WILL RELY ON COSTCO FOR 14% OF ITS REVENUE, AND ANY FINANCIAL DIFFICULTIES FACED BY THIS TENANT MAY HARM PRICE LEGACY'S BUSINESS AND IMPAIR ITS STOCK PRICE.

Price Legacy's financial position, results of operations and its ability to make distributions to its stockholders may be adversely affected by financial difficulties experienced by any of its major tenants, including Costco Wholesale Corporation and The Sports Authority. Although failure on the part of a

tenant to materially comply with the terms of a lease, including failure to pay rent, would give Price Legacy the right to terminate the lease, repossess the property and enforce the payment obligations under the lease, Price Legacy could

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experience substantial delays and costs in doing so. Price Legacy may not be able to enforce the payment obligations against the defaulting tenant, find another tenant or, if another tenant were found, enter into a new lease on favorable terms.

After the merger, Price Legacy's largest tenant will be Costco, which accounted for approximately 18.7% of Enterprises' total annual minimum rental revenue for 2000 and would have accounted for approximately 14% of Price Legacy's total annual minimum rental revenue for 2000 on a pro forma basis. In addition to Price Legacy's four properties where Costco will be the major tenant, Costco warehouses will be adjacent to an additional 12 of its properties. If Costco or any other major tenant chooses to terminate or not to renew its lease, the financial condition and business of Price Legacy could be materially harmed.

TERMINATION OF A LEASE BY COSTCO MAY ALLOW SOME TENANTS TO REDUCE OR TERMINATE THEIR LEASES.

If Costco were to terminate a lease with Price Legacy or a lease for space adjacent to one or more of Price Legacy's properties, some of Price Legacy's other tenants at these properties would have rights to reduce their rent or terminate their leases. As of March 31, 2001, five leases, accounting for approximately 5.1% of Enterprises' gross minimum rent, contained these types of provisions. In addition, tenants at these properties, including those with termination rights, could elect not to extend or renew their lease at the end of the lease term. If any of these events occur, the financial condition and business of Price Legacy could be materially harmed.

PRICE LEGACY'S FINANCIAL PERFORMANCE DEPENDS ON REGIONAL ECONOMIC CONDITIONS SINCE MANY OF ITS PROPERTIES AND INVESTMENTS ARE LOCATED IN CALIFORNIA AND ARIZONA.

Of Price Legacy's properties and real estate related investments, 28 will be located in two states: 23 in California and five in Arizona. With such a large number of properties and real estate related investments in these states, Price Legacy may be exposed to greater economic risks than if they were located in several geographic regions. Price Legacy's revenue from, and the value of, the properties and investments located in these states may be affected by a number of factors, including an oversupply of, or reduced demand for, real estate properties and downturns in the local economic climate caused by high unemployment, business downsizing, industry slowdowns, changing demographics and other factors. A general downturn in the economy or real estate conditions in California or Arizona could impair Price Legacy's financial condition and materially harm its business. Further, due to the relatively high cost of real estate in the southwestern United States, the real estate market in that region may be more sensitive to fluctuations in interest rates and general economic conditions than other regions of the United States. Price Legacy will not have any limitations or targets for the concentration of the geographic location of its properties and, accordingly, the risks associated with this geographic concentration will increase if Price Legacy acquires additional properties in California and Arizona.

PRICE LEGACY'S INCOME DEPENDS ON RENTAL INCOME FROM REAL PROPERTY.

The majority of Price Legacy's income will be derived from rental income from real property. Accordingly, Price Legacy's income and funds available for distribution would be adversely affected if a significant number of its tenants were unable to meet their obligations to Price Legacy or if Price Legacy was unable to lease a significant amount of space in its properties on economically favorable lease terms. Price Legacy cannot make any assurance that any tenant whose lease expires in the future will renew their lease or that Price Legacy will be able to re-lease space on economically advantageous terms, if at all.

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In addition, the ability of Price Legacy to lease or re-lease vacant space will be affected by many factors, including the existence of covenants typically found in shopping center tenant leases, such as

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those requiring the use of space at the shopping center not to be competitive with another tenant. Price Legacy's ability to lease or re-lease its properties may cause fluctuations in its cash flow, potentially affecting the cash available for distributions to stockholders.

ILLIQUIDITY OF REAL ESTATE INVESTMENTS MAY MAKE IT DIFFICULT FOR PRICE LEGACY TO SELL PROPERTIES IN RESPONSE TO MARKET CONDITIONS.

Equity real estate investments are relatively illiquid and therefore will tend to limit Price Legacy's ability to vary its portfolio promptly in response to changing economic or other conditions. To the extent the properties are not subject to triple net leases, and as of March 31, 2001, on a pro forma basis, 4% of Price Legacy's leases would not have been subject to such leases, some significant expenditures such as real estate taxes and maintenance costs are generally not reduced when circumstances cause a reduction in income from the investment. Should these events occur, Price Legacy's income and funds available for distribution could be adversely affected.

In addition, REIT requirements may subject Price Legacy to confiscatory taxes on gain recognized from the sale of property if the property is considered to be held primarily for sale to customers in the ordinary course of Price Legacy's trade or business. To prevent these taxes, Price Legacy may comply with safe harbor rules relating to the number of properties sold in a year, how long Price Legacy owned the properties, their tax bases and the cost of improvements made to those properties. However, Price Legacy cannot make any assurance that it will be able to successfully comply with these safe harbors and, in the event that compliance is possible, the safe harbor rules may restrict Price Legacy's ability to sell assets in the future.

PRICE LEGACY'S SUBSTANTIAL LEVERAGE MAY BE DIFFICULT TO SERVICE AND COULD ADVERSELY AFFECT ITS BUSINESS.

As of March 31, 2001, on a pro forma basis, Price Legacy would have had outstanding borrowings of approximately \$254.6 million, requiring an annual debt service of approximately \$19.2 million. Price Legacy is expected to be exposed to the risks normally associated with debt financing, which may materially harm its business, including the following:

- Price Legacy's cash flow may be insufficient to meet required payments of principal and interest on borrowings and this insufficiency may leave Price Legacy with insufficient cash resources to pay operating expenses,
- Price Legacy may not be able to refinance debt at maturity, and
- if refinanced, the terms of refinancing may not be as favorable as the original terms of the debt.

RISING INTEREST RATES MAY ADVERSELY AFFECT PRICE LEGACY'S CASH FLOW AND BUSINESS.

A large portion of Price Legacy's debt will bear interest at variable rates. Variable rate debt creates higher debt payments if market interest rates increase. Price Legacy may incur additional debt in the future that also bears interest at variable rates. Higher debt payments as a result of an increase in interest rates could adversely affect Price Legacy's cash flows, cause it to

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default under some debt obligations or agreements, and materially harm its business.

A DEFAULT ON THE LEGACY DEBENTURES OR LEGACY NOTES COULD RESULT IN SIGNIFICANT DILUTION TO PRICE LEGACY'S STOCKHOLDERS.

The Legacy debentures and Legacy notes are secured by the Enterprises common stock currently held by Legacy. On June 14, 2001, 12,154,289 shares of Enterprises common stock were held by Legacy and pledged as collateral for the Legacy debentures and Legacy notes. Although Enterprises will seek the consent of holders of the Legacy debentures and Legacy notes to release these shares in connection with its offer to exchange shares of Enterprises Series A preferred stock for Legacy debentures and Legacy notes, Enterprises cannot make any assurance that such consent will be obtained. If not obtained, these shares of Enterprises common stock will continue to serve as collateral for the Legacy

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debentures and Legacy notes. If Legacy is unable to meet its obligations under the Legacy debentures or Legacy notes, the debtholders will have the right to take ownership of these shares, which would cause these shares to become outstanding voting securities equivalent in all respects to the shares of Enterprises common stock issued in the merger. This would cause significant dilution to Price Legacy's stockholders and require Price Legacy to issue additional shares of Enterprises Series B preferred stock to Warburg Pincus, causing further dilution. See "--Price Legacy may be required to issue Warburg Pincus additional shares of Enterprises Series B preferred stock."

PRICE LEGACY FACES RISKS ASSOCIATED WITH ITS EQUITY INVESTMENTS IN AND WITH THIRD PARTIES BECAUSE OF ITS LACK OF CONTROL OVER THE UNDERLYING REAL ESTATE ASSETS.

As part of Price Legacy's growth strategy, it may invest, through Legacy, in shares of REITs or other entities that invest in real estate assets. In these cases, Price Legacy will be relying on the assets, investments and management of the REIT or other entity in which it is investing. These entities and their properties will be exposed to the risks normally associated with the ownership and operation of real estate. Price Legacy, through Legacy, also may invest in or with other parties through partnerships and joint ventures. In these cases, Price Legacy will not be the only entity making decisions relating to the property, partnership, joint venture or other entity. Risks associated with investments in partnerships, joint ventures or other entities include:

- the possibility that Price Legacy's partners might experience serious financial difficulties or fail to fund their share of required investment contributions,
- the partners might have economic or other business interests or goals which are inconsistent with Price Legacy's business interests or goals, resulting in impasse or decisions which are contrary to Price Legacy's business interests or goals, and
- the partners may take action contrary to Price Legacy's instructions or requests and adverse to its policies and objectives, including Price Legacy's policy with respect to maintaining its qualification as a REIT.

Any substantial loss or action of this nature could potentially harm Price Legacy's business or jeopardize its ability to qualify as a REIT. In addition, Price Legacy may in some circumstances be liable for the actions of its third-party partners or co-venturers.

PRICE LEGACY COULD INCUR SIGNIFICANT COSTS AND EXPENSES RELATED TO

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ENVIRONMENTAL PROBLEMS.

Under various federal, state and local laws and regulations, a current or previous owner or operator of real property, and parties that generate or transport hazardous substances that are disposed of on real property, may be liable for the costs of investigating and remediating these substances on or under the property. These laws often impose liability without regard to whether the owner or operator of the property was responsible for or even knew of the presence of the hazardous substances. The presence of or failure to properly remediate hazardous or toxic substances may impair Price Legacy's ability to rent, sell or borrow against a property.

These laws and regulations also impose liability on persons who arrange for the disposal or treatment of hazardous or toxic substances at another location for the costs of removal or remediation of these hazardous substances at the disposal or treatment facility. These laws often impose liability regardless of whether the entity arranging for the disposal ever owned or operated the disposal facility. In addition, even if more than one person was responsible for the contamination, each person covered by the environmental laws may be held responsible for the clean-up costs incurred. Other environmental laws and regulations impose liability on owners or operators of property for injuries relating to the release of asbestos-containing materials into the air.

As an owner and operator of property and as a potential arranger for hazardous substance disposal, Price Legacy may be liable under these laws and regulations for removal or remediation costs,

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governmental penalties, property damage, personal injuries and related expenses. Payment of these costs and expenses, which can exceed the value of the subject property, could impair Price Legacy's financial condition, materially harm its business and have a material adverse effect on its ability to make distributions to its stockholders. In addition, environmental laws may impose restrictions on the manner in which Price Legacy uses its properties or operates its business, and these restrictions may require expenditures to achieve compliance.

THE COSTS OF COMPLIANCE WITH REGULATORY REQUIREMENTS, INCLUDING THE AMERICANS WITH DISABILITIES ACT, COULD ADVERSELY AFFECT PRICE LEGACY'S BUSINESS.

Price Legacy's properties will be subject to various federal, state and local regulatory requirements, including the Americans with Disabilities Act of 1990 which requires all public accommodations and commercial facilities to meet federal requirements relating to access and use by persons with disabilities. Compliance with the Americans with Disabilities Act requirements could involve removal of structural barriers from disabled persons' entrances on Price Legacy's properties. Other federal, state and local laws may require modifications to or restrict further renovations of Price Legacy's properties to provide this access. Noncompliance with the Americans with Disabilities Act or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against Price Legacy, or could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. If Price Legacy incurs these costs and expenses, its financial condition and its ability to make distributions to its stockholders could be impaired. In addition, Price Legacy cannot be assured that regulatory requirements will not be changed or that new regulatory requirements will not be imposed that would require significant unanticipated expenditures by Price Legacy or its tenants. Unexpected expenditures could adversely affect Price Legacy's net income and cash available for distributions to its stockholders.

THE SUCCESS OF PRICE LEGACY'S BUSINESS DEPENDS ON THE SERVICES PROVIDED BY

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ITS KEY PERSONNEL, THE LOSS OF WHOM COULD HARM ITS BUSINESS.

The success of the business of Price Legacy will depend to a large extent on the contributions and performance of its senior management team, particularly Gary B. Sabin, for strategic business direction and real estate experience. In connection with the merger, Price Legacy will assume the current employment agreements that Legacy maintains with some of its executives, which extend through 2003 with automatic one-year renewal periods unless terminated by their terms. Neither Enterprises nor Legacy has, and Price Legacy is not expected to obtain, key-man life insurance for any of its senior management. If Price Legacy loses the services of Mr. Sabin or any other members of its senior management, its business and future development could be materially harmed.

A SMALL NUMBER OF STOCKHOLDERS WILL BE ABLE TO EXERT SIGNIFICANT INFLUENCE OVER PRICE LEGACY, WHICH COULD MAKE IT DIFFICULT FOR PRICE LEGACY TO COMPLETE SOME CORPORATE TRANSACTIONS WITHOUT THEIR SUPPORT.

Robert E. Price and Sol Price and entities affiliated with them, including The Price Group, beneficially owned as of June 14, 2001 an aggregate of 11,745,667 shares, or approximately 48.5%, of the outstanding Enterprises Series A preferred stock. Entities affiliated with these stockholders also own Legacy debentures and Legacy notes which will be tendered in the exchange offer for approximately 900,533 shares of Enterprises Series A preferred stock. In addition, the Price trust will obtain 1,681,142 shares, or 8.5%, of Enterprises Series B preferred stock upon the conversion of its note, together with a warrant to purchase an additional 233,679 shares of Enterprises common stock, and will be issued 666,080 additional shares of Enterprises Series B preferred stock over 45 months as distributions on the Enterprises Series B preferred stock.

Following the merger and the sale of the Enterprises Series B preferred stock, Sol Price, Robert E. Price and persons and entities affiliated with them will control, in the aggregate, approximately 10.5% of the voting power with respect to the matters submitted to the holders of Enterprises common stock and Enterprises Series A preferred stock, voting together as a single class. In addition, they will control

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approximately 48.5% of the voting power with respect to matters submitted solely to the holders of Enterprises Series A preferred stock.

As a result, these stockholders could effectively control the outcome of matters submitted solely to the holders of Enterprises Series A preferred stock for approval, including the election of four directors to Price Legacy's board, and significantly influence other matters submitted to the holders of Enterprises common stock for approval. Together with Warburg Pincus, these stockholders will have significant influence over matters brought before Price Legacy's board, and will have the ability to influence some corporate transactions, which may delay, discourage, deter or prevent a change of control of Price Legacy and may make some transactions more difficult or impossible to complete without their support. The ability of these stockholders to assert this significant influence may depress the stock price of Price Legacy.

PRICE LEGACY'S CHARTER CONTAINS ANTI-TAKEOVER PROVISIONS WHICH MAY LIMIT THE ABILITY OF A THIRD PARTY TO ACQUIRE CONTROL AND MAY PREVENT STOCKHOLDERS FROM RECEIVING A PREMIUM FOR THEIR SHARES.

Some of the provisions of Price Legacy's charter and bylaws could delay, discourage, deter or prevent an acquisition of its business at a premium price and could make removal of its management more difficult. These provisions could reduce the opportunities for Price Legacy's stockholders to participate in

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tender offers, including tender offers that are priced above the then current market price of its common stock. In particular, Price Legacy's charter will permit its board of directors to issue shares of preferred stock in one or more series without stockholder approval, which could, depending on the terms of the preferred stock, delay, discourage, deter or prevent a change in control of Price Legacy. In addition, the MGCL will impose restrictions on mergers and other business combinations between Price Legacy and any holder of 10% or more of the voting power of Price Legacy's outstanding shares.

REIT RULES LIMIT THE AMOUNT OF CASH PRICE LEGACY WILL HAVE AVAILABLE FOR OTHER BUSINESS PURPOSES, INCLUDING AMOUNTS TO FUND ITS FUTURE GROWTH, AND COULD REQUIRE PRICE LEGACY TO BORROW FUNDS OR LIQUIDATE INVESTMENTS ON A SHORT-TERM BASIS IN ORDER TO COMPLY WITH THE REIT DISTRIBUTION REQUIREMENT.

To qualify as a REIT, Price Legacy must distribute at least 90% of its REIT taxable income to its stockholders (determined without regard to the dividends paid deduction and excluding capital gains), and is subject to tax to the extent it fails to distribute at least 100% of its REIT taxable income.

This distribution requirement will limit Price Legacy's ability to accumulate capital for other business purposes, including amounts to fund future growth. While Price Legacy expects its cash flow from operations to generally be sufficient in both the short and long term to fund its operations, this distribution requirement could cause Price Legacy:

- to sell assets in adverse market conditions,
- to distribute amounts that represent a return of capital,
- to distribute amounts that would otherwise be spent on future acquisitions, unanticipated capital expenditures or repayment of debt, or
- to borrow funds, issue capital stock or sell assets on a short-term basis.

In addition, from time to time, Price Legacy may not have sufficient cash or other liquid assets to meet this distribution requirement due to differences in timing between the recognition of taxable income and the actual receipt of cash. For example, with respect to the partnerships and limited liability companies in which Price Legacy will own an interest, Price Legacy may be required to distribute a portion of its share of income from these entities regardless of whether it receives distributions from these entities.

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PRICE LEGACY'S CHARTER WILL CONTAIN RESTRICTIONS ON THE OWNERSHIP AND TRANSFER OF PRICE LEGACY'S CAPITAL STOCK.

Due to limitations on the concentration of ownership of stock of a REIT imposed by the Code, Price Legacy's charter will prohibit any stockholder from (1) actually or beneficially owning more than 5% of Price Legacy's issued and outstanding capital stock and (2) actually or constructively owning more than 9.8% of Price Legacy's issued and outstanding capital stock, except for stockholders who have received a waiver from these ownership limits from Price Legacy's board. These ownership limits also apply separately to each class of Price Legacy's preferred stock, including the Enterprises Series A preferred stock and the Enterprises Series B preferred stock.

Price Legacy's charter will also prohibit anyone from buying shares if the purchase would result in Price Legacy losing its REIT status. This could happen if a share transaction results in (1) fewer than 100 persons owning all of Price Legacy's shares, (2) five or fewer persons owning 50% or more of the value of Price Legacy's shares or (3) Price Legacy having a related party tenant.

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If a stockholder acquires shares in violation of the charter by way of transfer or otherwise, the shares which cause the owner to violate the ownership limitations will be automatically transferred to a trust for the benefit of a qualified charitable organization. Following such transfer, the stockholder will have no right to vote these shares or be entitled to dividends or other distributions with respect to these shares. Within 20 days after receiving notice from Price Legacy of the transfer of shares to the trust, the trustee of the trust will sell the excess shares and generally will distribute to such stockholder an amount equal to the lesser of the price paid by the stockholder for the excess shares (except in the case of a gift or similar transfer, in which case, an amount equal to the market price) or the sale proceeds received by the trust for the shares.

IF PRICE LEGACY FAILS TO QUALIFY AS A REIT UNDER THE CODE, THAT FAILURE COULD MATERIALLY HARM ITS BUSINESS.

After the transactions, Price Legacy is expected to qualify as a REIT under the Code. Qualification as a REIT requires a company to satisfy numerous requirements, which are highly technical and complex. In addition, legislation, new regulations, administrative interpretations or court decisions may adversely affect, possibly retroactively, Enterprises' or Price Legacy's ability to qualify as a REIT for federal income tax purposes. For example, one of the REIT requirements, the "five-fifty test," requires that no more than 50% of the value of a REIT's outstanding capital stock can be owned directly or indirectly, applying various constructive ownership rules, by five or fewer individuals at any time during the last half of a REIT's taxable year. While Legacy owns 91.3% of the Enterprises common stock, it owns only approximately 18% of the value of Enterprises' outstanding capital stock. Because Legacy is a corporation, its ownership of the Enterprises common stock is not taken into account for purposes of the five-fifty test. Instead, stock owned by Legacy is treated as owned proportionately by Legacy stockholders. Enterprises believes that the indirect ownership of its stock by the Legacy stockholders will not prevent it from satisfying the five-fifty test. Enterprises' charter provides for, and Price Legacy's charter will provide for, restrictions regarding ownership and transfer of shares that are intended to assist it in continuing to satisfy the five-fifty test. These restrictions, however, may not ensure that Enterprises has satisfied or Price Legacy will be able to satisfy, in all cases, the five-fifty test. If Enterprises or Price Legacy fails to satisfy the five-fifty test, its status as a REIT may terminate.

Other REIT requirements restrict the type of assets that a REIT may own and the type of income that a REIT may receive. These restrictions will apply to all of Price Legacy's assets and income, including the assets it acquires from Legacy and the income derived from those assets. However, these asset and income requirements do not apply to assets and income Price Legacy elects to hold in a taxable REIT subsidiary. Legacy currently holds certain assets and derives income from certain of its

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businesses and assets which, if held or received by Price Legacy directly, could jeopardize Price Legacy's status as a REIT. To maintain Price Legacy's status as a REIT, (1) Legacy will transfer these assets and businesses to Excel Legacy Holdings, Inc., a wholly-owned subsidiary of Legacy, prior to the effective time of the merger, and (2) Legacy Holdings is expected to elect to be treated as a taxable REIT subsidiary of Price Legacy effective at the time of the merger.

If a company fails to qualify as a REIT in any taxable year, including failing to comply with the REIT distribution requirements, it may, among other things:

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- not be allowed a deduction for distributions to stockholders in computing its taxable income,
- be subject to federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates,
- not be required to make distributions to stockholders,
- be subject to increased state and local taxes, and
- be disqualified from treatment as a REIT for the taxable year in which it lost its qualification and the four taxable years following the year in which it lost its qualification.

As a result of these factors, Enterprises' or Price Legacy's failure to qualify as a REIT also could impair its ability to expand its business and raise capital, could substantially reduce the funds available for distribution to its stockholders, could reduce the trading price of Price Legacy's stock following the merger and materially harm Price Legacy's business. If Enterprises failed to qualify as a REIT prior to the merger, Price Legacy would be required to pay any resulting tax, and such tax could be material. See "Material Federal Income Tax Consequences Related to Price Legacy--Taxation of Price Legacy--General."

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FORWARD-LOOKING STATEMENTS

Any statements in this joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus about Enterprises', Legacy's or Price Legacy's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "will likely result," "expect," "will continue," "anticipate," "estimate," "intend," "plan," "projection," "would" and "outlook." Accordingly, these statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this joint proxy statement/prospectus. The following cautionary statements identify important factors that could cause Enterprises', Legacy's and Price Legacy's actual results to differ materially from those projected in the forward-looking statements made in this document. Among the key factors that have a direct bearing on Enterprises', Legacy's and Price Legacy's results of operations are:

- the effect of economic, credit and capital market conditions in general and on real estate companies in particular, including changes in interest rates,
- Price Legacy's ability to compete effectively,
- developments in the retail industry,
- greater than expected costs related to the merger or Price Legacy's failure to achieve the expected benefits of the merger,
- government approvals, actions and initiatives, including the need for compliance with environmental requirements,
- Price Legacy's ability to qualify as a REIT, and
- other risk factors described under "Risk Factors" in this joint proxy

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statement/prospectus.

These factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by Enterprises, Legacy or Price Legacy, and you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made and Enterprises, Legacy and Price Legacy undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. In addition, Enterprises and Legacy cannot assess the impact of each factor on their business or the business of Price Legacy or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements contained in this joint proxy statement/prospectus.

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THE ENTERPRISES ANNUAL MEETING

DATE, TIME, PLACE

The annual meeting of stockholders of Enterprises will be held at :00 a.m., Pacific Time, on , 2001 at . This joint proxy statement/prospectus is being furnished in connection with the solicitation by Enterprises' board of proxies to be used at the annual meeting and at any and all adjournments and postponements of the annual meeting.

PURPOSE

The purpose of the annual meeting is to consider the following proposals:

1. To approve the issuance of shares of Enterprises common stock pursuant to a merger agreement by and among Enterprises, PEI Merger Sub, Inc., a wholly-owned subsidiary of Enterprises, and Excel Legacy Corporation. In the merger, PEI Merger Sub will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises. Each share of Legacy common stock outstanding immediately prior to the merger will be converted into 0.6667 of a share of Enterprises common stock. In addition, outstanding Legacy stock options will be assumed by Price Legacy, as adjusted to reflect the exchange ratio. The merger is conditioned on the approval of the Enterprises merger charter amendments, as described in proposal 3, the Enterprises option plan, as described in proposal 5, and other items specified in the merger agreement.
2. To approve the sale of 19,666,754 shares of a new class of Enterprises preferred stock, 9% Series B Junior Convertible Redeemable Preferred Stock, and warrants to purchase 2,733,674 shares of Enterprises common stock with an exercise price of \$8.25 per share to Warburg, Pincus Equity Partners, L.P. and some other persons. The sale of the Enterprises Series B preferred stock is conditioned on the completion of the merger, the approval of the Enterprises issuance charter amendments, as described in proposal 4, and other items specified in the securities purchase agreement.
3. To approve amendments to Enterprises' charter to (A) change the name of Enterprises to Price Legacy Corporation, (B) increase the number of authorized shares of capital stock from 100,000,000 to 150,000,000 and (C) reconstitute Enterprises' board of directors. These amendments, the Enterprises merger charter amendments, are conditioned on the completion of the merger.
4. To approve amendments to Enterprises' charter to (A) effect the

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Enterprises merger charter amendments described in clauses (A) and (B) of proposal 3 above, (B) designate the Enterprises Series B preferred stock, (C) reconstitute Enterprises' board of directors and (D) make other changes. These amendments, the Enterprises issuance charter amendments, are conditioned both on the completion of the merger and on the completion of the sale of the Enterprises Series B preferred stock.

The Enterprises issuance charter amendments will only be effected if the merger, the sale of the Enterprises Series B preferred stock, the Enterprises merger charter amendments, the Enterprises issuance charter amendments and the Enterprises option plan are approved. If the merger, the Enterprises merger charter amendments and the Enterprises option plan are approved, but the sale of the Enterprises Series B preferred stock and/or the Enterprises issuance charter amendments are not approved, Enterprises' charter will be amended only to effect the Enterprises merger charter amendments described above in proposal 3. If neither the merger nor the sale of the Enterprises Series B preferred stock is approved, then no amendments to Enterprises' charter will be effected, regardless of whether any such amendments are approved.

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- 5. To approve and adopt the Price Enterprises, Inc. 2001 Stock Option and Incentive Plan. The adoption of the Enterprises option plan is conditioned on the completion of the merger.
- 6. To elect five persons to Enterprises' board of directors to serve a one-year term or until their successors have been duly elected and qualified. The nominees for election are:

Enterprises Series A Preferred Stock Nominees	Enterprises Series A Preferred Stock and Enterprises Common Stock Nominees
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James F. Cahill Murray Galinson Jack McGrory	Richard B. Muir Gary B. Sabin

Both the merger and the sale of the Enterprises Series B preferred stock, if approved, will require the expansion of Enterprises' board of directors to include the additional persons identified in this joint proxy statement/prospectus. If either the merger or the sale of the Enterprises Series B preferred stock is approved and completed, the additional directors will be appointed by Enterprises' board without the approval of Enterprises' stockholders.

- 7. To consider and act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

If the merger is approved and the other customary closing conditions are satisfied, Enterprises and Legacy expect that the merger and the sale will occur contemporaneously. Enterprises may elect not to complete the merger if, immediately prior to the merger, its board is not satisfied that the sale of the Enterprises Series B preferred stock will occur.

RECOMMENDATION OF ENTERPRISES' BOARD

AFTER CAREFUL CONSIDERATION, ENTERPRISES' BOARD HAS DETERMINED THAT THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B

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PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS, THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS AND THE ADOPTION OF THE ENTERPRISES OPTION PLAN ARE ADVISABLE AND HAS DIRECTED THAT THEY BE SUBMITTED TO ENTERPRISES' STOCKHOLDERS FOR THEIR APPROVAL. ENTERPRISES' BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THESE PROPOSALS AND THE ELECTION TO ENTERPRISES' BOARD OF DIRECTORS OF EACH NOMINEE NAMED IN THIS JOINT PROXY STATEMENT/ PROSPECTUS.

Enterprises' board made this determination following Enterprises' independent merger committee's determination that the merger was in the best interests of Enterprises and its stockholders.

RECORD DATE AND QUORUM

Enterprises' board of directors has determined that only holders of record of Enterprises common stock or Enterprises Series A preferred stock at the close of business on _____, 2001 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting. On the record date, Enterprises had _____ shares of common stock outstanding and _____ shares of Series A preferred stock outstanding. Presence at the annual meeting, in person or by proxy, of the holders of a majority of the combined voting power of the Enterprises common stock and Enterprises Series A preferred stock will constitute a quorum for the transaction of business at the annual meeting, except that the presence in person or by proxy of the holders of a majority of the voting power of the Enterprises Series A preferred stock will constitute a quorum for purposes of electing the Enterprises Series A preferred stock nominees. Shares that abstain from voting on the proposals will be treated as shares that are present and entitled to vote at the annual meeting for purposes of determining whether a quorum exists.

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VOTE REQUIRED

Under Maryland law and Enterprises' charter, the affirmative vote of a majority of the voting power of the Enterprises common stock and Enterprises Series A preferred stock entitled to vote at the annual meeting, voting together as a single class, is required to approve each of the Enterprises merger charter amendments and the Enterprises issuance charter amendments.

The affirmative vote of a majority of the voting power of the Enterprises common stock and Enterprises Series A preferred stock, voting together as a single class, cast at Enterprises' annual meeting is required to approve each of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock and the adoption of the Enterprises option plan.

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors. Holders of Enterprises Series A preferred stock, voting as a separate class, will vote for the election of the Enterprises Series A preferred stock nominees to Enterprises' board and holders of Enterprises Series A preferred stock and Enterprises common stock, voting together as a single class, will vote for the election of the Enterprises Series A preferred stock and Enterprises common stock nominees to Enterprises' board.

Holders of Enterprises common stock will be entitled to one vote per share and holders of Enterprises Series A preferred stock will be entitled to 1/10 of one vote per share on all matters properly brought before the meeting.

The failure to vote or a vote to abstain will have the same legal effect as a vote cast against each of the Enterprises merger charter amendments and the Enterprises issuance charter amendments. The failure to vote or a vote to abstain will have no effect on the approval of the issuance of the merger

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consideration, the sale of the Enterprises Series B preferred stock, the adoption of the Enterprises option plan or the election of nominees to Enterprises' board.

As of June 14, 2001, Enterprises' directors and executive officers beneficially owned approximately 2.4% of the votes represented by the outstanding shares of Enterprises common stock and Enterprises Series A preferred stock.

LEGACY CURRENTLY HOLDS 91.3% OF THE ENTERPRISES COMMON STOCK, WHICH REPRESENTS 77.4% OF THE VOTING POWER OF ENTERPRISES. LEGACY HAS AGREED TO VOTE ITS SHARES IN FAVOR OF THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS, THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS, THE ADOPTION OF THE ENTERPRISES OPTION PLAN AND THE ELECTION OF THE ENTERPRISES SERIES A PREFERRED STOCK AND ENTERPRISES COMMON STOCK NOMINEES TO THE BOARD OF DIRECTORS. BECAUSE OF THIS VOTING CONTROL, LEGACY CAN CAUSE THE APPROVAL OF THESE PROPOSALS WITHOUT THE AFFIRMATIVE VOTE OF ANY OTHER STOCKHOLDER OF ENTERPRISES. LEGACY HAS NO RIGHT TO VOTE ON THE ENTERPRISES SERIES A PREFERRED STOCK NOMINEES TO ENTERPRISES' BOARD. For the merger to become effective, the holders of a majority of the outstanding shares of Legacy common stock must approve the merger agreement. Holders of approximately 20% of the Legacy common stock have agreed to vote in favor of the adoption of the merger agreement.

VOTING OF PROXIES

All shares of Enterprises common stock and Enterprises Series A preferred stock that are entitled to vote and are represented at the annual meeting by properly executed proxies received prior to or at the meeting, and not revoked, will be voted at the meeting in accordance with the instructions indicated on the proxies. If no instructions are indicated, the proxies, other than broker non-votes, will be voted for approval of the issuance of the merger consideration, the sale of the Enterprises Series B preferred stock, the Enterprises merger charter amendments, the Enterprises issuance charter amendments, the adoption of the Enterprises option plan and in favor of the election of the nominees to Enterprises' board named in this joint proxy statement/prospectus.

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Enterprises' board does not know of any matters other than those described in the notice of the annual meeting that are to come before the meeting. If any other matters are properly presented at the annual meeting for consideration, including, among other things, consideration of a motion to adjourn or postpone the meeting to another time and/or place for the purposes of soliciting additional proxies, the persons named in the enclosed form of proxy and acting thereunder generally will have discretion to vote on such matters in accordance with their best judgment.

REVOCAION OF PROXIES

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by:

- filing with the corporate secretary of Enterprises, at or before the taking of the vote at the annual meeting, a written notice of revocation bearing a later date than the proxy,
- duly executing a later-dated proxy relating to the same shares and delivering it to the corporate secretary of Enterprises before the taking of the vote at the annual meeting, or

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- by attending the meeting and voting in person.

Any written notice of revocation or subsequent proxy should be sent to Price Enterprises, Inc., 17140 Bernardo Center Drive, Suite 300, San Diego, California 92128, Attention: Secretary, or hand delivered to the corporate secretary of Enterprises at or before the taking of the vote at the annual meeting. Stockholders that have instructed a broker to vote their shares must follow directions received from such broker in order to change their vote or to vote at the annual meeting.

SOLICITATION OF PROXIES; EXPENSES

All expenses of Enterprises' solicitation of proxies, including the cost of preparing and mailing this joint proxy statement/prospectus to Enterprises' stockholders, will be shared equally by Enterprises and Legacy. In addition to solicitation by use of the mails, proxies may be solicited from Enterprises' stockholders by directors, officers and employees of Enterprises in person or by telephone, facsimile or other means of communication. These directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements will also be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries, and Enterprises will reimburse such brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding such materials.

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THE LEGACY ANNUAL MEETING

DATE, TIME, PLACE

The annual meeting of stockholders of Legacy will be held at :00 a.m., Pacific Time, on , 2001 at . This joint proxy statement/prospectus is being furnished in connection with the solicitation by Legacy's board of proxies to be used at the annual meeting and at any and all adjournments and postponements of the annual meeting.

PURPOSE

The purpose of the annual meeting is to consider the following proposals:

1. To approve the merger agreement by and among Price Enterprises, Inc., PEI Merger Sub, Inc., a wholly-owned subsidiary of Enterprises, and Legacy. In the merger, PEI Merger Sub will merge with and into Legacy and Legacy will become a wholly-owned subsidiary of Enterprises. Each share of Legacy common stock outstanding immediately prior to the merger will be converted into 0.6667 of a share of Enterprises common stock. In addition, outstanding Legacy stock options will be assumed by Price Legacy, as adjusted to reflect the exchange ratio.
2. To elect eight persons to Legacy's board of directors to serve until the earlier of (1) the next annual meeting of stockholders of Legacy or (2) the completion of the merger.
3. To consider and act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

RECOMMENDATION OF LEGACY'S BOARD

AFTER CAREFUL CONSIDERATION, LEGACY'S BOARD HAS DETERMINED THAT THE MERGER

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AGREEMENT AND THE TRANSACTIONS CONTEMPLATED IN THE MERGER AGREEMENT ARE ADVISABLE AND HAS DIRECTED THAT THE MERGER AGREEMENT BE SUBMITTED TO LEGACY'S STOCKHOLDERS FOR THEIR APPROVAL. LEGACY'S BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THE MERGER AGREEMENT AND THE ELECTION TO LEGACY'S BOARD OF DIRECTORS OF EACH NOMINEE NAMED IN THIS JOINT PROXY STATEMENT/PROSPECTUS.

Legacy's board made this determination following Legacy's independent merger committee's determination that the merger was in the best interests of Legacy and its stockholders.

RECORD DATE AND QUORUM

Legacy's board of directors has determined that only holders of record of Legacy common stock at the close of business on _____, 2001 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting. On the record date, Legacy had _____ shares of common stock outstanding. Presence at the annual meeting, in person or by proxy, of the holders of a majority of the Legacy common stock will constitute a quorum for the transaction of business at the annual meeting. Shares that abstain from voting on the proposals will be treated as shares that are present and entitled to vote at the annual meeting for purposes of determining whether a quorum exists.

VOTE REQUIRED

Under Delaware law and Legacy's charter, the affirmative vote of a majority of the Legacy common stock is required to approve the merger agreement.

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors.

Holders of Legacy common stock will be entitled to one vote per share on all matters properly brought before the meeting.

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The failure to vote or a vote to abstain will have the same legal effect as a vote cast against the merger agreement. The failure to vote or a vote to abstain will have no effect on the election of nominees to Legacy's board.

As of June 14, 2001, Legacy's directors and executive officers beneficially owned approximately 10.5% of the Legacy common stock. Some of Legacy's directors and executive officers and other affiliates of Legacy, which hold an aggregate of approximately 20% of the Legacy common stock, have agreed to vote in favor of the adoption of the merger agreement.

VOTING OF PROXIES

All shares of Legacy common stock that are entitled to vote and are represented at the annual meeting by properly executed proxies received prior to or at the meeting, and not revoked, will be voted at the meeting in accordance with the instructions indicated on the proxies. If no instructions are indicated, the proxies, other than broker non-votes, will be voted for approval of the merger agreement and in favor of the election of the nominees to Legacy's board named in this joint proxy statement/ prospectus.

Legacy's board does not know of any matters other than those described in the notice of the annual meeting that are to come before the meeting. If any other matters are properly presented at the annual meeting for consideration, including, among other things, consideration of a motion to adjourn or postpone the meeting to another time and/or place for the purposes of soliciting

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additional proxies, the persons named in the enclosed form of proxy and acting thereunder generally will have discretion to vote on such matters in accordance with their best judgment.

REVOCAATION OF PROXIES

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by:

- filing with the corporate secretary of Legacy, at or before the taking of the vote at the annual meeting, a written notice of revocation bearing a later date than the proxy,
- duly executing a later-dated proxy relating to the same shares and delivering it to the corporate secretary of Legacy before the taking of the vote at the annual meeting, or
- by attending the meeting and voting in person.

Any written notice of revocation or subsequent proxy should be sent to Excel Legacy Corporation, 17140 Bernardo Center Drive, Suite 300, San Diego, California 92128, Attention: Secretary, or hand delivered to the corporate secretary of Legacy at or before the taking of the vote at the annual meeting. Stockholders that have instructed a broker to vote their shares must follow directions received from such broker in order to change their vote or to vote at the annual meeting.

SOLICITATION OF PROXIES; EXPENSES

All expenses of Legacy's solicitation of proxies, including the cost of preparing and mailing this joint proxy statement/prospectus to Legacy's stockholders, will be shared equally by Legacy and Enterprises. In addition to solicitation by use of the mails, proxies may be solicited from Legacy's stockholders by directors, officers and employees of Legacy in person or by telephone, facsimile or other means of communication. These directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements will also be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries, and Legacy will reimburse such brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding such materials.

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BACKGROUND AND REASONS FOR THE TRANSACTIONS

BACKGROUND OF THE TRANSACTIONS

In late June 2000, Gary B. Sabin, Chairman, President and Chief Executive Officer of Legacy and President and Chief Executive Officer of Enterprises and Richard B. Muir, Executive Vice President, Chief Operating Officer and Secretary of Legacy and Executive Vice President and Chief Operating Officer of Enterprises, at the request of Melvin L. Keating, President of Kadeca Consulting Corporation, a real estate consulting firm, acting on behalf of E.M. Warburg, Pincus & Co., LLC, met with Reuben S. Leibowitz of Warburg Pincus and Mr. Keating in New York City to discuss a possible investment by Warburg Pincus in Legacy. Specifically, the parties discussed a potential investment of approximately \$100 million by a Warburg Pincus investment partnership in exchange for shares of either common stock or a new preferred stock of Legacy. At the conclusion of the meeting, each party indicated an initial willingness to

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further pursue such a transaction.

Representatives of Legacy and Warburg Pincus did not meet again until August 3, 2000. On that date, at the request of Mr. Keating, Mr. Sabin and other senior management of Legacy and Enterprises met with Messrs. Leibowitz and Keating in San Diego to further discuss the potential Warburg Pincus investment in Legacy. The parties discussed, among other things, the potential terms of the investment and various aspects of Legacy's and Enterprises' respective businesses. Mr. Sabin indicated to Warburg Pincus that he would discuss the potential investment with Legacy's board.

On September 18, 2000, Legacy held a board meeting at which time Mr. Sabin described his discussions with Warburg Pincus to date. After a discussion of the potential terms of such a transaction, Legacy's board directed Mr. Sabin to continue to move forward with the Warburg Pincus investment, if such an investment could be made on favorable terms. Mr. Sabin agreed to report back to Legacy's board and update the board with any significant progress. Following this meeting, Warburg Pincus began to visit Legacy's and Enterprises' properties to begin its due diligence.

Between September 21 and September 28, 2000, Mr. Keating and Ian C. Morgan, an associate at Warburg Pincus, visited existing properties of Enterprises in San Diego, California, development sites of Enterprises in Pentagon City, Virginia, and development sites of Legacy in Anaheim, California, Cincinnati, Ohio, and Phoenix, Arizona. During this period, Messrs. Keating and Morgan discussed the status of these development projects, as well as the corporate structure of both Legacy and Enterprises, with Graham R. Bullick, Senior Vice President--Capital Markets of Legacy and Enterprises, James Y. Nakagawa, Chief Financial Officer of Legacy and Enterprises, Kelly D. Burt, former Executive Vice President--Development of Legacy and Enterprises, and Messrs. Sabin and Muir.

On October 3, 2000, Mr. Keating visited the Willowbrook Plaza in Wayne, New Jersey. On October 5, 2000, Mr. Keating visited the development site in Pentagon City, Virginia and met with Helen Haerle, a representative of Legacy's joint venture partner for that property, to discuss relocation of a current facility and related future development in Pentagon City.

On October 19, 2000, Messrs. Keating and Morgan discussed the rent roll of both Legacy and Enterprises with Messrs. Sabin and Bullick.

On November 2, 2000, Messrs. Keating, Morgan, Sabin and Muir held a teleconference to discuss Legacy's plans to acquire a portion of a professional sports team and to develop an arena in the Phoenix area. On that call, Messrs. Keating, Morgan, Sabin and Muir also discussed the development of self storage facilities by Enterprises.

On November 6, 2000, Messrs. Keating and Sabin discussed a potential investment by Warburg Pincus and the due diligence process relating to such investment.

Between November 13 and November 15, 2000, Messrs. Keating and Morgan visited existing facilities in San Diego, including Enterprises' self storage facilities, and a development site in Temecula, California. Mr. Keating also visited a development site in Bend, Oregon and met with William Smith, a

representative of Legacy's joint venture partner in that project, to discuss the status of the project and the leases relating to the project.

Also between November 13 and November 15, 2000, Messrs. Keating and Morgan

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met with Mr. Sabin and senior management of Legacy in San Diego as part of Warburg Pincus' due diligence investigation of Legacy. During that time, Messrs. Morgan and Keating discussed in greater detail the terms and conditions of the proposed investment. In particular, Messrs. Morgan and Keating proposed an investment in a new preferred stock to be issued by Legacy, which would be convertible into Legacy common stock and have a dividend initially payable in additional shares of preferred stock. The parties also discussed Legacy's property development opportunities, risks associated with the transaction and potential structures for the investment.

Between December 5, 2000 and January 9, 2001, numerous and regular teleconferences took place between Messrs. Sabin, Leibowitz, Keating and senior management of Legacy and Enterprises, most of which were initiated by Warburg Pincus. During these teleconferences, the parties discussed a number of business points, including the anticipated capital structure of Legacy following the Warburg Pincus investment and the rights and preferences of the new preferred stock to be issued to Warburg Pincus. Also during this time, representatives of Warburg Pincus visited many of Legacy's and Enterprises' properties around the country as part of their due diligence investigation.

On December 13, 2000, Mr. Sabin, Jack McGrory, Chairman of Enterprises, and James F. Cahill, a director of Enterprises, traveled together to visit one of Legacy's properties. In addition to discussing various pending acquisitions and dispositions of real estate properties by Enterprises and Legacy, they discussed for the first time since the Legacy exchange offer in 1999 the possibility of a merger and/or business combination of the two companies. In particular, they discussed the potential benefits of such a transaction to both companies, particularly in light of the soon to be enacted REIT Modernization Act, which allowed for the creation of taxable REIT subsidiaries, and the potential Warburg Pincus investment. Among the potential benefits discussed was the possibility that the combined company, Price Legacy Corporation, would be able to compete more effectively for investments, have greater access to capital markets and have a more diverse portfolio. They agreed that they would pursue the possibility of such a transaction with the boards of directors of both Enterprises and Legacy.

On that same date, Enterprises' board held a special telephonic meeting during which the possibility of a merger with Legacy, as well as the status of the potential Warburg Pincus investment, was discussed at length. Enterprises' board discussed, among other things, whether such a transaction could have any adverse effect on its REIT status and the potential ramifications of the REIT Modernization Act. Enterprises' board did not reach a conclusion on any of these issues, but agreed that these issues, and the potential for a merger transaction, should be explored more fully. Enterprises' board then directed Messrs. McGrory and Cahill to have further discussions with Legacy.

On December 14, 2000, Messrs. McGrory and Cahill called Mr. Sabin to discuss in greater detail the potential advantages of these transactions. They discussed, among other things, how such transactions could facilitate various business initiatives of both Enterprises and Legacy. They also discussed the need to structure the transaction in such a way as to maximize value for all stockholders while protecting the rights of holders of Enterprises Series A preferred stock and holders of Legacy debentures and Legacy notes.

On December 15, 2000, Legacy held a special telephonic board meeting during which the proposed merger concept was discussed at length. Particular attention was given in the meeting as to the course of action which would produce the best value for Legacy's stockholders and the potential strategic benefits of such a transaction. Mr. Sabin had provided Legacy's board with a detailed memorandum regarding the proposed merger with Enterprises. In connection with that discussion, Mr. Sabin created a special independent merger committee consisting of board members Robert S. Talbott, Richard J.

Nordlund, Robert E. Parsons, Jr. and John H. Wilmot to study and consider merger issues. The special independent merger committee met after the board meeting to discuss further the proposed merger.

On December 23, 2000, Mr. Sabin telephoned Messrs. McGrory and Cahill and agreed to move forward in a more structured way with the merger transaction, subject to agreement on key merger terms.

In late December 2000, Legacy engaged Latham & Watkins to represent it in connection with these potential transactions and to begin preparation of the merger agreement.

In early January 2001, Enterprises engaged Munger, Tolles & Olson LLP to represent it in connection with these potential transactions and, in connection with such engagement, Simon M. Lorne, a partner with Munger, Tolles & Olson and a director of Enterprises, resigned from Enterprises' board. Murray Galinson was appointed to fill the vacancy. At this time, Messrs. McGrory and Cahill had various discussions with Munger, Tolles & Olson to explore potential structures for a merger transaction in light of, among other things, the existing rights of holders of Enterprises Series A preferred stock and holders of Legacy debentures and Legacy notes. Also at this time, Latham & Watkins delivered an initial draft of a merger agreement to Munger, Tolles & Olson on behalf of Legacy.

On January 3, 2001, Mr. Sabin initiated a meeting with Messrs. Leibowitz and Keating, senior management of Legacy and Enterprises, members of Enterprises' and Legacy's boards and Sol Price in San Diego to further develop the terms of the Warburg Pincus investment and to discuss the possibility of the merger. The parties focused on transforming the proposed Warburg Pincus investment in Legacy into an investment in Price Legacy.

On January 9, 2001, Warburg Pincus forwarded to Mr. Sabin a draft term sheet that reflected many of the deal points which formed the basis for the Warburg Pincus investment.

Between January 10 and January 31, 2001, Messrs. Sabin, McGrory and Cahill, other members of senior management of Enterprises and Legacy, and attorneys from Latham & Watkins and Munger, Tolles & Olson held several conference calls to discuss the potential transactions and, in particular, the structure of the merger. These conference calls were mutually initiated by both Enterprises and Legacy as part of an effort by the two parties, and their respective counsel, to determine a mutually acceptable structure for effecting the transactions.

Specifically, on January 10, 2001, Messrs. Sabin, McGrory and Cahill and attorneys from Latham & Watkins and Munger, Tolles & Olson met telephonically to discuss, among other things, the different structures that could be used to effect the proposed merger, the implications that each of such structures might have with respect to Enterprises' REIT status, the rights of holders of Enterprises Series A preferred stock and holders of Legacy debentures and Legacy notes, and the potential capital structure of Price Legacy after the proposed merger. Similar follow-up telephonic meetings occurred on January 12, January 16, January 17, January 19, January 23 and January 25, 2001, all of which were attended by Messrs. Sabin, McGrory and Cahill and attorneys from Latham & Watkins and Munger, Tolles & Olson. During these follow-up meetings, the parties continued their discussion of the post-merger capital structure of Price Legacy and the different possible merger structures, including whether to include an offer to purchase all outstanding shares of Enterprises common stock not owned by Legacy in order to simplify the post-merger capital structure of Price Legacy and whether to include an exchange offer to enable holders of Legacy debentures and Legacy notes to exchange these securities for shares of

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Enterprises Series A preferred stock. During these follow-up meetings, Legacy's representatives also updated Enterprises' representatives on the status of Legacy's ongoing negotiations with Warburg Pincus.

During this period, attorneys from both Latham & Watkins and Munger, Tolles & Olson held additional discussions between themselves to analyze various legal issues relating to the proposed transactions; in particular, issues related to REIT requirements.

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During this same period, Messrs. Sabin and McGrory held several discussions regarding the potential merger exchange ratio that focused principally on the relative asset values of the two companies. Due to the limited trading volume of the Legacy common stock and the Enterprises common stock, Messrs. Sabin and McGrory believed that net asset values provided a better indication of the companies' overall value than did the market price of their securities. The management of Legacy and Enterprises estimated the net asset values of the two companies to be in the range of \$3.00 to \$4.00 per share for Legacy and \$4.50 to \$5.50 per share for Enterprises, based on the fair value of the companies' properties and the upside potential associated with their development and other projects. Although management had a conflict of interest in estimating these values, they did not obtain third party appraisals or representation for any unaffiliated stockholders, believing that management had the requisite expertise and familiarity with the assets to determine these values in a fair and equitable manner without such assistance. Based on this analysis, Messrs. Sabin and McGrory agreed to propose to the respective board of directors of each company, subject to receiving appropriate fairness opinions, that each share of Legacy common stock be valued at approximately two-thirds of the value of each share of Enterprises common stock.

In mid-January 2001, at the initiation of Mr. McGrory, Messrs. Sabin and McGrory first discussed the possibility of converting a Legacy note payable to a trust controlled by Sol Price of approximately \$9.3 million into the same securities, at the same financial terms, to be received by Warburg Pincus in the proposed investment. Following this discussion, they decided to raise this potential transaction with the boards of both Enterprises and Legacy.

On January 18, 2001, Enterprises held a board meeting and further discussed the status of the Warburg Pincus investment, as well as the status of the proposed merger transaction. Enterprises' board concurred with the terms of the Warburg Pincus investment set forth in the term sheet and directed Mr. Sabin to continue to proceed with the due diligence process and to continue to cooperate with Warburg Pincus. Enterprises' board also created a special independent merger committee consisting of Messrs. Cahill and Galinson. This independent merger committee met separately after the board meeting to discuss further the Warburg Pincus investment and the proposed merger transaction.

Also on January 18, 2001, Legacy's board held a regularly scheduled meeting at which time it directed Mr. Sabin to continue to proceed with the merger discussions and to engage a firm to analyze the transaction in order to provide a fairness opinion on the merger consideration to the board. Legacy's independent merger committee met separately after the regular board meeting to further discuss the merger-related issues addressed at the board meeting.

On January 26, 2001, Latham & Watkins delivered a revised draft of the merger agreement to Munger, Tolles & Olson reflecting the proposed merger structure and the additional transactions that Enterprises and Legacy had agreed upon.

On January 29, 2001, Mr. Sabin on behalf of Legacy and Enterprises agreed with Warburg Pincus on the principal terms for the Warburg Pincus preferred

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stock investment. On January 29 and 30, Legacy and Enterprises, respectively, entered into exclusivity agreements with Warburg Pincus to negotiate exclusively with respect to any transactions involving the sale of assets, the business or the capital stock of either Enterprises or Legacy until March 15, 2001.

On February 2, 2001, as a result of the numerous discussions between the companies and their respective counsel, and after concluding that the proposed transactions should not have an adverse effect on Enterprises' REIT status, Enterprises and Legacy agreed in principle to pursue a merger transaction having the structure described in this joint proxy statement/prospectus, in which a subsidiary of Enterprises would merge with and into Legacy, Enterprises would become the parent corporation of Legacy and holders of Legacy common stock would receive 0.6667 of a share of Enterprises common stock for each share of Legacy common stock they owned. The companies also agreed, at the insistence

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of Messrs. McGrory and Cahill, that the merger agreement be signed concurrently with the Warburg Pincus securities purchase agreement and that the transactions close concurrently.

In connection with their agreement to pursue this merger structure, Enterprises and Legacy also agreed to engage in several other transactions involving holders of their outstanding securities. For one, they agreed that, at the same time that each of them was soliciting its respective stockholders' approvals relating to the merger, Enterprises would make an offer to purchase all outstanding shares of Enterprises common stock not owned by Legacy, with the closing of the offer to purchase to be contingent on the closing of the merger. The principal purpose of this transaction is to enable each public holder of shares of Enterprises common stock, which currently has a limited trading market, to decide whether to remain a stockholder of Price Legacy or receive a cash payment for his or her shares. Enterprises proposed, and Legacy ultimately agreed, that, based on the merger exchange ratio and the then-current market price of the Enterprises common stock (which was generally in the range of \$3.63 to \$6.75 per share during the six-month period preceding these discussions), a price of \$7.00 per share would present an attractive, yet fair, price to the public holders of these shares who might prefer to sell their shares instead of holding an investment in Price Legacy. Enterprises and Legacy also agreed that Enterprises would, during this same solicitation period, offer to exchange shares of Enterprises Series A preferred stock for all outstanding Legacy debentures and Legacy notes, with the closing of the offer to exchange to be contingent on the closing of the merger. Enterprises proposed, and Legacy ultimately agreed, that, based on the then-current market price of the Enterprises Series A preferred stock (which was generally in the range of \$14.00 to \$15.06 per share during the six-month period preceding these discussions), valuing such shares at \$15.00 per share and valuing the Legacy debentures and Legacy notes at face value would present an attractive, yet fair, price to the holders of Legacy debentures and Legacy notes in the exchange offer. Enterprises and Legacy further agreed, in order to simplify the post-closing capital structure of Price Legacy, to seek the consent of holders of Legacy debentures and Legacy notes to release the collateral (which consists of the shares of Enterprises common stock owned by Legacy) securing these securities in connection with the exchange offer.

During the first and second weeks of February 2001, Enterprises, Legacy and their respective legal counsel had regular telephonic discussions, all initiated by Enterprises. These discussions were primarily informational in nature and largely focused on an analysis of Legacy's financial statements and related information in order to better understand the effects of the proposed transactions on the balance sheet of the combined company.

On February 12, 2001, at the initiation of Mr. Sabin, he and Mr. Keating met

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in San Diego to further discuss the terms of the proposed investment and the proposed merger. They also discussed the status of certain property development projects and certain planned acquisitions and dispositions of real property by Legacy.

On February 15, 2001, Warburg Pincus' counsel, Willkie Farr & Gallagher, sent initial drafts of the securities purchase agreement and related agreements to Latham & Watkins to distribute to Legacy and Enterprises.

During the week of February 20, 2001, Willkie Farr & Gallagher conducted additional due diligence in Enterprises' office in San Diego.

On February 28, 2001, Mr. Sabin attended a dinner with Messrs. Leibowitz and Keating in San Diego during which the general economic environment and other issues with respect to the proposed Warburg Pincus investment were discussed. Also on this date, Legacy and Enterprises retained independent financial advisors Appraisal Economics, Inc. and American Appraisal Associates, Inc., respectively, to review the fairness of the merger consideration from a financial point of view. Enterprises also retained American Appraisal to review the fairness of the price to be offered in the tender offer by Enterprises for its publicly-owned common stock.

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Throughout late February and early March 2001, representatives from Latham & Watkins and Willkie Farr & Gallagher exchanged and negotiated numerous drafts of the securities purchase agreement and related agreements.

On March 1, 2001, Mr. Sabin initiated another meeting with Mr. Keating in San Diego to conduct a further discussion regarding the transactions and to attempt to resolve certain pending transaction issues. The discussion focused on resolving what, if any, termination fee should be paid by Enterprises to Warburg Pincus in the event of a termination of the proposed Warburg Pincus investment, and what specific rights and preferences should be included in the terms of the securities to be issued to Warburg Pincus.

On March 8, 2001, at the request of Warburg Pincus, Mr. Sabin met with various representatives of Warburg Pincus, including Messrs. Leibowitz and Morgan, to discuss the terms of the securities purchase agreement. The parties again discussed at length the proposal by Warburg Pincus to include in the agreement a termination fee payable by Enterprises, as well as the price to be offered in the tender offer by Enterprises for its publicly-owned common stock. The parties agreed on a potential termination fee payable by Enterprises of between \$1 million and \$4 million, as further described in this joint proxy statement/prospectus, and Warburg Pincus approved the price of \$7.00 per share in the Enterprises tender offer. As a further result of this and the other discussions previously described, Enterprises and Warburg Pincus agreed that Enterprises would issue 17,985,612 shares of a new class of Enterprises preferred stock, 9% Series B Junior Convertible Redeemable Preferred Stock, and warrants to purchase an aggregate of 2,500,000 shares of Enterprises common stock with an exercise price of \$8.25 per share, in exchange for Warburg Pincus investing \$100 million in cash.

On March 13, 2001, at the request of Mr. Leibowitz, Mr. Sabin and various representatives of Warburg Pincus, including Messrs. Leibowitz, Morgan and Keating, met in New York and agreed to extend the terms of the Legacy and Enterprises exclusivity agreements with Warburg Pincus until March 29, 2001.

On March 19, 2001, Legacy's board held a special telephonic meeting to discuss the status of final negotiations regarding the merger agreement and the securities purchase agreement. No action was taken awaiting delivery of the fairness opinion and independent board questions. Legacy's independent merger

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committee again met separately after the board meeting to discuss the merger-related issues discussed during the board meeting.

Also on March 19, 2001, Enterprises held a special board meeting to discuss the status of, and final negotiations regarding, the merger agreement and the securities purchase agreement. Mr. Sabin distributed to each of the board members a summary of the terms of each of these agreements and responded to questions from the board members regarding such terms. In addition, American Appraisal presented their final analysis and various information to serve as the basis for evaluating the exchange ratio. American Appraisal advised Enterprises' board that the exchange ratio was fair to the unaffiliated stockholders of Enterprises from a financial point of view. Following this presentation, Enterprises' independent merger committee met separately and discussed the terms of the proposed transactions and the analysis and opinion of American Appraisal. Enterprises' independent merger committee concluded that the merger agreement and the securities purchase agreement were fair to Enterprises' stockholders and that the proposed transactions were in the best interests of Enterprises and its stockholders. Enterprises' independent merger committee then recommended that Enterprises' board approve the proposed transactions. Accordingly, Enterprises' board unanimously approved each of the merger and the merger agreement, the sale of the Series B preferred stock and the warrant to Warburg Pincus and the related securities purchase agreement and all related documents. In addition, Enterprises' board authorized management of Enterprises to proceed with the execution of the merger agreement and the securities purchase agreement.

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On March 21, 2001, Legacy's independent merger committee met and discussed the terms of the proposed transactions and the analysis and opinion of Appraisal Economics, in which it determined that the exchange ratio was fair to Legacy's stockholders from a financial point of view. Legacy's independent merger committee concluded that the merger agreement was fair to Legacy's stockholders and that the proposed merger was in the best interests of Legacy and its stockholders. Legacy's independent merger committee then recommended that Legacy's board approve the proposed merger. Later that day, Legacy's board held a special telephonic meeting at which time Appraisal Economics responded to all questions concerning its final opinion. Taking into account the view of its independent merger committee, Legacy's board unanimously approved the merger and the merger agreement and related documents and authorized management to proceed with the execution of the merger agreement.

Also on March 21, 2001, Enterprises held another special board meeting and re-affirmed its approval of the merger and the Warburg Pincus investment.

During the evening of March 21, 2001 Legacy and Enterprises executed the definitive merger agreement and securities purchase agreement.

The transactions were jointly announced by Legacy and Enterprises on the morning of March 22, 2001.

On April 12, 2001, Enterprises and the trust controlled by Sol Price entered into a conversion agreement, consented to by Legacy and Warburg Pincus, pursuant to which the \$9.3 million Legacy note payable will, concurrently with the closing of the merger and the sale of the Enterprises Series B preferred stock, be converted into shares of Enterprises Series B preferred stock and warrants to purchase Enterprises common stock at the same per share price agreed to in the securities purchase agreement.

ENTERPRISES' REASONS FOR THE TRANSACTIONS

Enterprises' board of directors unanimously approved the merger agreement and the securities purchase agreement and determined to recommend that

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Enterprises' stockholders approve the issuance of the merger consideration and the sale of the Enterprises Series B preferred stock. Enterprises' board also approved the tender offer for its publicly-owned common stock and the offer to exchange shares of Enterprises Series A preferred stock for Legacy debentures and Legacy notes. In reaching its conclusions, Enterprises' board consulted with its management, as well as Enterprises' legal and financial advisors, and considered the following factors, each of which had a positive effect on the board's determination:

- the transactions should be an effective way of implementing and accelerating Enterprises' growth strategy consistent with its business goals,
- the transactions should enable Enterprises to significantly expand the size and geographic diversity of its property portfolio, thereby reducing the potential adverse impact on the overall portfolio of fluctuations in local economies,
- the transactions should enable Enterprises to use Legacy as a vehicle to acquire non-traditional properties, such as those requiring significant restructuring or redevelopment while continuing to acquire traditional, fully-developed properties, such as shopping centers, through Enterprises,
- Enterprises' management believes that Legacy's development properties have strong growth potential, providing Enterprises with the opportunity to increase its earnings,
- Enterprises' management believes that the increased size of its portfolio as a result of the transactions may provide it with greater liquidity, including expanded access to the capital markets at a reduced cost, enabling Enterprises to improve its results of operations and financial position,

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- the transactions should strengthen Enterprises' balance sheet and give it the financial flexibility to retire debt,
- the transactions should allow Price Legacy to complete existing development projects and to pursue additional property acquisitions,
- Price Legacy should have greater liquidity in the trading of its common stock and Series A preferred stock than Enterprises does,
- the holders of publicly-owned Enterprises common stock would have the opportunity to have Enterprises repurchase their shares at a premium over the market price at the time the transactions were agreed upon and announced, or retain their shares,
- the exchange offer should improve and simplify the capital structure of Price Legacy by reducing its outstanding indebtedness. In addition, the Enterprises common stock currently held by Legacy serves as the collateral securing the Legacy debentures and Legacy notes. If the requisite consent is obtained to release the collateral, Price Legacy will be able to cancel these securities, which will further simplify its capital structure, and
- Warburg Pincus' substantial experience in providing the companies in which it invests with financial and managerial advisory services should bring value to Enterprises and improve operational, managerial and financial performance.

In addition, Enterprises' board retained American Appraisal to evaluate the

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fairness of the merger consideration from a financial point of view. That firm issued an opinion that Enterprises' board viewed as favorable, a copy of which is attached as Annex G. You should read that opinion in its entirety to understand its limitations, the assumptions on which it is based and its conclusions.

NEGATIVE FACTORS CONSIDERED BY ENTERPRISES' BOARD

Enterprises' board also considered potentially negative factors that could arise or do arise from the proposed transactions, including the following:

- Enterprises will likely incur significant costs of up to \$650,000 in connection with the transactions, and the transactions will require substantial management time and effort to effectuate,
- Enterprises faces a significant risk that the anticipated benefits of the transactions might not be fully realized,
- holders of Enterprises common stock will receive distributions only if Price Legacy's REIT taxable income exceeds \$43.4 million, which is the aggregate amount of annual distributions initially payable on the Enterprises Series A preferred stock and Enterprises Series B preferred stock,
- based on pro forma financial information of Price Legacy, holders of Enterprises common stock will not initially receive distributions on their shares,
- Enterprises faces a significant risk due to possible fluctuations in interest rates as a result of Legacy's substantial leverage,
- Price Legacy's substantial leverage may be difficult to service and could adversely affect its business,
- Enterprises will use up to \$8.1 million of its cash on hand to repurchase the publicly-owned Enterprises common stock if holders accept its offer,
- Enterprises' pro forma book value would decrease from \$8.33 per share at March 31, 2001 to \$4.06 per share on a pro forma basis at March 31, 2001 due to the dilutive effect of the Enterprises common stock issued in the merger, and

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- the significant influence that Warburg Pincus and some other stockholders will be able to exert on Price Legacy, which may deter, delay, discourage or prevent a change in control of Price Legacy and make some transactions more difficult to complete without their support.

RECOMMENDATION OF ENTERPRISES' BOARD

The foregoing discussion of the information and factors considered by Enterprises' board is not intended to be exhaustive but is believed to include all material factors considered by it. In reaching its determination, Enterprises' board concluded that the potential benefits outweighed the potential risks, but did not, in view of the wide variety of information and factors considered, assign any relative or specific weights to the foregoing factors, and individual directors may have given differing weights to different factors. Although directors and officers of Enterprises had interests in the merger, as described in "Proposal 1 for the Enterprises Annual Meeting and the Legacy Annual Meeting--The Merger--Directors and Officers of Enterprises and Legacy have Conflicts of Interest in the Merger," Enterprises' board did not

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consider the potential benefits to be received by these individuals as a factor in reaching its decision, nor did it consider the interests of unaffiliated stockholders separately from the interests of Enterprises' stockholders as a whole.

FOR THE REASONS DISCUSSED ABOVE, ENTERPRISES' BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND THE SECURITIES PURCHASE AGREEMENT AND UNANIMOUSLY RECOMMENDS APPROVAL OF THE ISSUANCE OF THE MERGER CONSIDERATION, THE SALE OF THE ENTERPRISES SERIES B PREFERRED STOCK, THE ENTERPRISES MERGER CHARTER AMENDMENTS AND THE ENTERPRISES ISSUANCE CHARTER AMENDMENTS TO ITS STOCKHOLDERS.

LEGACY'S