FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

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FILER

EXCEL LEGACY CORP

CIK:**1050671**| IRS No.: **330781747** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **000-23503** | Film No.: **99670602**
SIC: **6532** Real estate dealers (for their own account)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended: MARCH 31, 1999   Commission File Number: 0-23503

EXCEL LEGACY CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	33-0781747
(State of incorporation)	(IRS Employer Identification Number)

16955 VIA DEL CAMPO, SUITE 100, SAN DIEGO, CALIFORNIA 92127
(Address of principal executive offices)

Registrant's telephone number: (619) 675-9400

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EXCEL LEGACY CORPORATION

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FORM 10-Q

<TABLE>
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EXCEL LEGACY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - UNAUDITED
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

<TABLE>
<CAPTION>

<S>	MARCH 31, 1999 <C>	DECEMBER 31, 1998 <C>
ASSETS		
Real estate:		
Land	$ 54,915	$ 54,915
Buildings	137,685	136,118
Leasehold interests	2,351	2,351
Accumulated depreciation	(3,503)	(2,506)
Net real estate	191,448	190,878
Cash	1,775	1,387
Accounts receivable, less allowance for bad debts of $104 and and $14 at March 31, 1999 and December 31 1998, respectively	169	204
Notes receivable	23,239	23,204
Investment in partnerships	12,829	11,423
Interest receivable	6,187	5,341
Pre-development costs	19,302	13,569
Other assets	9,043	9,087
Deferred tax asset	6,146	6,203
	$ 270,138	$ 261,296
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage and notes payable	$ 99,694	$ 90,986
Accounts payable and accrued liabilities	2,151	2,604
Other liabilities	631	220
Total liabilities	102,476	93,810
Commitments and contingencies	--	--
Minority interests	848	846
Stockholders' equity:		
Series B Preferred stock, $.01 par value, 50,000,000 shares authorized, 21,281,000 shares issued and outstanding	213	213
Common stock, $.01 par value, 150,000,000 shares authorized, 33,457,804 shares issued and outstanding	335	335
Additional paid-in capital	174,508	174,508
Retained earnings	2,630	2,456
Notes receivable from affiliates for common shares	(10,872)	(10,872)
Total stockholders' equity	166,814	166,640
	$ 270,138	$ 261,296

</TABLE>

The accompanying notes are an integral part of the financial statements

EXCEL LEGACY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	1999	1998

<S> <C> <C>

Revenue:		
Rental	$3,312	--
Operating income	4,896	--
Interest income	858	--
Partnership income and other revenues	151	--
Total revenue	9,217	--
Operating expenses:		
Interest	2,025	66
Depreciation and amortization	1,196	47
Property operating expenses	482	--
Operating expenses	2,511	--
General and administrative	2,690	3
Total operating expenses	8,904	116
Income (loss) before income taxes	313	(116)
Provision (benefit) for income taxes	139	(46)
Net income (loss)	$ 174	(70)
Basic net income per share	$ 0.01	$ --
Diluted net income per share	$ 0.00	$ --

</TABLE>

The accompanying notes are an integral part of the financial statements

EXCEL LEGACY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - UNAUDITED
THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(IN THOUSANDS, EXCEPT NUMBER OF SHARES)

<TABLE>
<CAPTION>

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	AFFILIATE NOTES	TOTAL STOCKHOLDERS'
	NUMBER	AMOUNT	NUMBER	AMOUNT	CAPITAL	EARNINGS	RECEIVABLE	EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Three Months Ended March 31, 1999:								
Balance at January 1, 1999	21,281,000	$ 213	33,457,804	$ 335	$ 174,508	$ 2,456	$ (10,872)	$ 166,640
Net income	--	--	--	--	--	174	--	174
Balance at March 31, 1999	21,281,000	$ 213	33,457,804	$ 335	$ 174,508	$ 2,630	$ (10,872)	$ 166,814
Three Months Ended March 31, 1998:								
Balance at January 1, 1998	--	$ --	100	$ --	$ --	$ --	$ --	$ --
Issuance of preferred stock	21,281,000	213	--	--	106,192	--	--	106,405
Issuance of common stock	--	--	32,607,704	326	67,469	--	--	67,795
Notes receivable from officers for common shares	--	--	--	--	--	--	(10,872)	(10,872)
Issuance costs	--	--	--	--	(2,697)	--	--	(2,697)
Net income	--	--	--	--	--	(70)	--	(70)
Balance at March 31, 1998	21,281,000	$ 213	32,607,804	$ 326	$ 170,964	$ (70)	$ (10,872)	$ 160,561

</TABLE>

The accompanying notes are an integral part
of the financial statements

EXCEL LEGACY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(IN THOUSANDS)

	1999	1998
Cash flows from operating activities:		
Net income	$ 174	$ (70)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	1,196	47
Provision for bad debts	72	--
Minority interest in partnerships	2	--
Changes in accounts receivable and other assets	(1,073)	--
Changes in accounts payable and other liabilities	15	90
Net provided by operating activities	386	67
Cash flows from investing activities:		
Real estate acquired and construction costs paid	(973)	(18,571)
Investment in partnership	(1,406)	--
Pre-development costs paid	(5,733)	--
Net cash used in investing activities	(8,112)	(18,571)
Cash flows from financing activities:		
Proceeds from issuance of preferred stock	--	106,405
Proceeds from issuance of common stock	--	11,104
Issuance costs paid	--	(2,697)
Principal payments of mortgage payable	(736)	--
Borrowings from parent company		21,191
Borrowings from notes	8,850	--
Net cash provided by financing activities	8,114	136,003
Net increase in cash	388	117,499
Cash at January 1	1,387	--
Cash at March 31	$ 1,775	$ 117,499

The accompanying notes are an integral part
of the financial statements

EXCEL LEGACY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements reflect all adjustments of a recurring nature which are, in the opinion of management, necessary for a fair presentation of the financial statements. No adjustments were necessary which were not of a normal recurring nature. Certain footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to the quarterly reporting rules of the Securities and Exchange Commission. These financial statements should be read in conjunction with the consolidated financial statements and accompanying footnotes included in the Company's July 31, 1998 Form 10-K.

ORGANIZATION

Excel Legacy Corporation (the "Company"), a Delaware corporation was formed on November 17, 1997. The Company was originally a wholly-owned subsidiary of Excel Realty Trust, Inc. ("Excel"), a Maryland corporation and a self-administered, self-managed real estate investment trust ("REIT"), now known as New Plan Excel Realty Trust, Inc. On March 31, 1998, Excel effected a spin-off of the Company through a special dividend to the holders of common stock of Excel of all of the outstanding common stock of the Company held by Excel (the "Spin-off").

The Company was formed to pursue opportunities available to those investors that are not restricted by the federal income tax laws governing REITs or influenced by Excel's investment and leverage guidelines. In connection with the Spin-off, certain real properties, notes receivable and related assets and liabilities were transferred to the Company from Excel (Note 2). Upon completion of the Spin-off, the Company ceased to be a wholly-owned subsidiary of Excel and began operating as an independent public company.

CHANGE IN FISCAL YEAR

By unanimous consent dated December 11, 1998, the Board of Directors of the Company adopted a fiscal year-end of December 31, beginning with a short fiscal year ending on December 31, 1998. The Company's previous fiscal year-end was July 31.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and all affiliates in which the Company has ownership greater than 50%. The Company uses the equity method of accounting for its investments in which its ownership is less than 50% but has significant influence over.

REAL ESTATE

Certain real estate assets were transferred to the Company from Excel and recorded at Excel's cost. Other real estate assets acquired subsequent to the Spin-off were recorded at the Company's cost. Depreciation is computed using the straight-line

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

method over estimated useful lives of 40 years for buildings. Expenditures for maintenance and repairs are charged to expense as incurred and significant renovations are capitalized.

The Company assesses its properties individually for impairment whenever events or changes in circumstances indicate that the carrying amount of the property may not be recoverable. Recoverability of property to be held and used is measured by comparing the carrying amount of the property to future undiscounted net cash flows expected to be generated by the property. If the sum of the expected undiscounted future cash flows is less than the carrying amount of the property, the property is considered to be impaired. If the property is impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property exceeds the fair value of the property.

PRE-DEVELOPMENT COSTS

Pre-development costs that are directly related to specific construction projects are capitalized as incurred. The Company expenses these costs to the extent they are unrecoverable or it is determined that the related project will not be pursued.

MANAGEMENT CONTRACTS

Management contracts are recorded at cost and amortized over a period of seven years.

INCOME TAXES

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets have been recorded to reflect the future tax benefit of assets acquired from Excel that were recorded at Excel's cost for book purposes and fair market value for tax purposes.

DEFERRED LEASING AND LOAN ACQUISITION COSTS

Costs incurred in obtaining tenant leases and long-term financing are amortized to other property expense and interest expense, respectively, on the straight-line method over the terms of the related leases or debt agreements.

REVENUE RECOGNITION

Base rental revenue is recognized on the straight-line basis, which averages annual minimum rents over the terms of the leases. Certain of the leases provide for additional rental revenue by way of percentage rents to be paid based upon the level of sales achieved by the lessee. Percentage rents and tenant reimbursements are recognized when they are earned.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Continued

2. SPIN-OFF:

On March 31, 1998, Excel transferred certain real estate assets to the Company in exchange for 23,412,580 common shares of the Company, assumption of mortgage debt by the Company, and issuance of a note payable to Excel from the Company which was subsequently repaid. The Spin-off took place through a dividend distribution to Excel's common stockholders of all the Company's common stock (23,412,580 shares) held by Excel. The distribution consisted of one share of the Company's common stock for each share of Excel's common stock held on the record date of March 2, 1998. The fair market value of the distribution was approximately $55,956,000 or $2.39 per share. While the Company has recorded the acquisition of assets and liabilities at fair market value for tax purposes, the Company has recorded for book purposes, the assets and liabilities at Excel's original book value. The tax effect of the difference between fair market value and book value was $6,528,000 and was recorded as a deferred tax asset.

3. MORTGAGES AND NOTES PAYABLE:

The Company had $99,694,000 in mortgage and notes payable outstanding at March 31, 1999 at 7.37% to 8.75% with an average interest rate of 7.87% and average maturity of approximately 12 years. The mortgages and notes are due on various dates through 2018 and monthly payments approximate $945,000. Except for the unsecured revolving credit facility below, the mortgages and notes are collateralized by real estate and an assignment of rents.

The Company has a revolving credit facility of $20,000,000 from BankBoston, N.A. (the "Credit Facility") which carries an interest rate of LIBOR plus

2.5% (7.5% at March 31, 1999). The Credit Facility expires in October 1999. Through March 31, 1999, approximately $13,300,000 was outstanding under the Credit Facility.

The principal payments required to be made on mortgages and notes payable over the next five years are as follows (in thousands):

YEAR ENDED DECEMBER 31,	
1999 (remaining nine months)	$15,559
2000	4,889
2001	4,125
2002	4,461
2003	4,826
Thereafter	65,834
	$99,694

Continued

EXCEL LEGACY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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4. INCOME TAXES:

At March 31, 1999, the Company had a net deferred tax asset of $6,146,000. The deferred tax asset primarily relates to the difference between fair market value and book value of the real estate assets acquired from Excel in connection with the Spin-off (Note 2) and is non-current. The offsetting portion of the deferred asset relates to timing differences in recognizing revenue and expenses for tax purposes through operations of the Company. No valuation allowance has been provided against the deferred tax asset as the Company believes future taxable income is more likely than not. The provision for income taxes consists of the following:

	FEDERAL	STATE
Current payable	$ 62,000	$ 20,000
Deferred tax expense	54,000	3,000
Provision for income taxes	$116,000	$ 23,000

5. CAPITAL STOCK:

SERIES B PREFERRED SHARES

At March 31, 1999, the Company had 21,281,000 shares of Series B Preferred Stock outstanding (the "Preferred B Shares"). Holders of the Preferred B Shares are entitled to receive, when, as and if declared by the Board of Directors, cumulative cash dividends payable in an amount per share equal to the cash dividends, if any, on the shares of common stock into which the Preferred B Shares are convertible. Holders of the Preferred B Shares are also entitled to a liquidation preference of $5.00 per share, plus a premium of 7% per annum, in the event of any liquidation, dissolution or other winding up of the affairs of the Company.

The Preferred B Shares are convertible into common stock of the Company at the election of the holders at any time, on a one-for-one basis, subject to adjustment in certain circumstances. The Preferred B Shares also are convertible into common stock by the Company at any time and from time to time after the earlier to occur of (i) the date which is six months following the date on which the Company's common stock becomes listed or admitted for trading on a national securities exchange or (ii) March 31, 2000. The Company's common stock became listed on the American Stock Exchange on November 17, 1998. As a result, the Preferred B Shares will be convertible into common stock at the option of the Company any time after

May 17, 1999.

The Preferred B Shares were issued in March 1999 in exchange for all of the issued and outstanding shares of Series A Preferred Stock of the Company (the "Preferred A Shares"). Following such exchange, all Preferred A Shares were retired and restored to the status of authorized and unissued shares of preferred stock, without designation as to series, and may be reissued as shares of any series of preferred stock of the Company.

Continued

5. CAPITAL STOCK, CONTINUED:

EARNINGS PER SHARE (EPS)

A reconciliation of the numerator and denominator of basic and diluted EPS is provided as follows (in thousands, except per share amounts). Information regarding the three months ended March 31, 1998 is not provided as the Spin-off did not occur until March 31, 1998. Prior to the Spin-off, the Company was a wholly-owned subsidiary of Excel.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, 1999
<S>	<C>
BASIC EPS	
NUMERATOR:	
Net income	$ 174
DENOMINATOR:	
Weighted average of common shares outstanding	33,458
EARNINGS PER SHARE:	$ 0.01
DILUTED EPS	
NUMERATOR:	
Net income	$ 174
DENOMINATOR:	
Weighted average of common shares outstanding	33,458
Effect of diluted securities:	
Preferred B Shares	21,281
Options	8
	54,747
EARNINGS PER SHARE:	$ 0.00

</TABLE>

6. STATEMENT OF CASH FLOWS - SUPPLEMENTAL DISCLOSURE:

The amount paid for interest and income taxes in the three months ended March 31, 1999 was approximately $2,215,000 and $622,000, respectively. Additionally, the Company assumed $594,000 in debt related to the construction of an office building. In the three months ended March 31, 1998, the Company acquired certain assets in conjunction with the Spin-off (Note 2).

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7. SEGMENT REPORTING:

The Company has a joint venture arrangement with Millennia. As of March 31, 1999, Millennia owned eighteen car wash properties in Arizona and Texas. At March 31, 1999, the Company held 100% of the ownership interest in Millennia. Another party manages the daily operations of Millennia and can earn up to 50% of the ownership interest in Millennia based upon operating results exceeding a 35% return on the Company's investment. The accounts of Millennia are consolidated with the Company's financial statements. In March 1999, Millennia entered into an agreement to sell substantially all of its assets. The sale is subject to the occurrence of certain events, the receipt of certain approvals, and other customary closing conditions.

The Company is a partner in a joint venture, Grand Tusayan, LLC ("Grand Hotel") for the operation of a hotel and dinner theater and retail shop situated near the south rim entrance to the Grand Canyon National Park in Tusayan, Arizona. At March 31, 1999, the Company's ownership in the Grand Hotel was 65% although the Company was entitled to approximately 98% of the Grand Hotel's net income based upon its equity contributed. The accounts of the Grand Hotel are consolidated with the Company's financial statements.

. SFAS No. 131 establishes standards for the way that a public enterprise reports information about operating segments in annual financial statements, and requires that those enterprises report selected information about operating segments in interim financial reports to shareholders (Note 1). The following unaudited information has been provided in accordance with SFAS No. 131 for operations related to Millennia, the Grand Hotel, and all other real estate related activities as of and for the three months ended March 31, 1999 (in thousands):

<TABLE>
<CAPTION>

	Millennia	Grand Hotel	Other Real Estate	Total
Total revenues	$ 4,274	$ 540	$ 4,403	$ 9,217
Interest	419	--	1,606	2,025
Depreciation and amortization	334	161	701	1,196
General and administrative	1,909	--	781	2,690
Operating expenses	1,809	703	481	2,993
Total operating expenses	4,471	864	3,569	8,904
Income (loss) before income taxes	$ (197)	$ (324)	$ 834	$ 313
Real estate, net	$ 30,058	$ 13,850	$147,540	$191,448
Other assets	5,617	1,835	71,238	78,690
Total assets	$ 35,675	$ 15,685	$218,778	$270,138
Mortgages and notes payable	$ 15,108	$ --	$ 84,586	$ 99,694
Other liabilities	730	377	1,675	2,782
Total liabilities	$ 15,838	$ 377	$ 86,261	$102,476

</TABLE>

Continued

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8. RELATED PARTY TRANSACTIONS:

In connection with the sale of common stock to ten of the Company's officers and employees, the Company issued $10,872,000 of notes receivable due from certain of these officers. The notes bear interest at 7%, are recourse obligations of the note holders, and are due in March 2003. The total interest receivable at March 31, 1999 from these notes totaled $755,000. The notes have been offset against stockholders' equity on the Company's accompanying Consolidated Balance Sheet.

Following the Spin-off, the Company shared certain employees with New Plan Excel Realty Trust, Inc. ("New Plan Excel"), formerly Excel. The shared employees were paid by New Plan Excel and reimbursed by the Company based upon an Administrative Services Agreement. In April 1999 the Administrative Services Agreement was terminated. See "Item 5. Other Information."

9. MINIMUM FUTURE RENTALS:

The Company leases its operating properties, except the Millennia carwash properties and the Grand Hotel property, under noncancelable operating leases generally requiring the tenant to pay a minimum rent. The leases generally either (i) require the tenant to pay all expenses of operating the property such as insurance, property taxes, and structural repairs and maintenance, or (ii) require the tenant to reimburse the Company for the tenant's share of real estate taxes and other common area maintenance expenses or for the tenant's share of any increase in expenses over a base year. Minimum future rental revenue for the next five years for the real estate owned at March 31, 1999 and subject to noncancelable operating leases is as follows (in thousands):

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,	
1999 (remaining nine months)	$ 8,562
2000	11,425
2001	11,331
2002	11,125
2003	10,951
Thereafter	136,840

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NATURE OF BUSINESS

Excel Legacy Corporation (the "Company"), a Delaware Corporation, was formed on November 17, 1997. The Company was organized to create and realize value by identifying and making opportunistic real estate and other investments through the direct acquisition, rehabilitation, development, financing and management of real properties and/or participation in these activities through the purchase of debt instruments or equity interests of entities in real estate and other businesses.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Financial Statements and the Notes thereto. The Company did not own any significant assets until March 31, 1998 and did not have any significant operating results in the three months ended March 31, 1998.

Comparison of the three months ended March 31, 1999 to the three months ended March 31, 1998

RENTAL REVENUE was $3.3 million during the three months ended March 31, 1999. Twelve single tenant properties owned by the Company accounted for $2.5 million of rental revenue. Eight of these properties are leased to Wal-Mart Stores, Inc. ("Wal-Mart"), two of these properties are leased to Lowe's Home Centers, Inc. ("Lowe's") and two properties in Colorado are leased to AMC Multi-Cinema, Inc. ("AMC"). Additionally, $0.3 million of rental revenue was attributable to a shopping mall located in Palm Springs, California and the remaining $0.5 million of rental revenue was primarily attributable to three properties which were acquired by the Company in conjunction with a redevelopment project in Scottsdale, Arizona. There were no rental revenue in the three months ended March 31, 1998.

OTHER OPERATING INCOME totaled $4.9 million in the three months ended March 31, 1999. Of this income, $4.3 million related to revenues recognized by Millennia which is under contract to be sold. The Company also recognized $0.5 million of other operating income by the Grand Hotel. The majority of revenues from this project is expected to be generated between the months of May and October. Finally, TenantFirst Real Estate Services, Inc., which the Company acquired in

May 1998, accounted for $0.1 million of revenues from various management contracts. There was no other operating income in the three months ended March 31, 1998.

INTEREST INCOME was $0.9 million in the three months ended March 31, 1999 and primarily related to interest earned on the Company's outstanding notes receivable. There was no interest income in the three months ended March 31, 1998.

PARTNERSHIP INCOME AND OTHER REVENUES totaled $0.2 million for the three months ended March 31, 1999 and primarily related to the Company's interest in a Nova Scotia unlimited liability company which owns an office building in Canada. There was no partnership income in the three months ended March 31, 1998.

INTEREST EXPENSE was $2.0 million in the three months ended March 31, 1999 and primarily related to the $99.7 million of mortgage and notes payable outstanding at March 31, 1999. In the three months ended March 31, 1998, interest expense was $66,000 and related to short-term debt incurred in connection with the Spin-off of assets to the Company.

DEPRECIATION AND AMORTIZATION EXPENSE totaled $1.2 million and primarily related to the $137.7 million of buildings and the $2.4 million of leasehold interests held by the Company at March 31, 1999. In the three months ended March 31, 1998, depreciation and amortization was $47,000 and related to assets acquired with the Spin-off on March 31, 1998.

PROPERTY OPERATING EXPENSES were $0.5 million in the three months ended March 31, 1999 and primarily related to the three properties located in Scottsdale, Arizona and the property located in Palm Springs, California. The other real estate properties owned by the Company are subject to triple net leases whereby the Company does not incur any significant operating expenses. There were no property operating expenses incurred in the three months ended March 31, 1998.

OTHER OPERATING EXPENSES were $2.5 million in the three months ended March 31, 1999. Expenses of $1.8 million related to Millennia and $0.7 million related to the Grand Hotel. Both of these investments were acquired subsequent to March 31, 1998 and as such, there were no other operating expenses in the three months ended March 31, 1998.

GENERAL AND ADMINISTRATIVE EXPENSES were $2.7 million in the three months ended March 31, 1999. The general and administrative expenses include certain costs charged to the Company by New Plan Excel pursuant to an administrative services agreement providing for the sharing of certain facilities and services which was terminated in April 1999. Additionally, $1.9 million of the expenses related to Millennia.

PROVISION FOR INCOME TAXES was $139,000 in the three months ended March 31, 1999 of which $82,000 was current expense and $57,000 was deferred expense primarily relating to the change in the deferred tax asset.

The Company calculates EARNINGS BEFORE DEPRECIATION, AMORTIZATION AND DEFERRED TAXES ("EBDADT") as net income, plus depreciation and amortization on real estate and real estate related assets, amortized leasing commission costs and certain non-recurring items. EBDADT does not represent cash flows from operations as defined by generally accepted accounting principles, and may not be comparable to other similarly titled measures of other companies. The Company believes, however, that to facilitate a clear understanding of its operating results, EBDADT should be examined in conjunction with its net income as reductions for certain items are not meaningful in evaluating income-producing real estate. The following information is included to show the items included in the Company's EBDADT for the three months ended March 31, 1999 (in thousands):

Net income	$ 174
Depreciation and amortization (financial statements)	1,196
Less depreciation of non-real estate assets	(22)
Deferred tax expense	57
EBDADT	$ 1,405

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1999, the total mortgage debt and notes payable of the Company consisted of the following: (i) $24.4 million in mortgages on eight properties leased to Wal-Mart which have fixed interest rates of 7.9% to 8.5%. These mortgages are self-amortizing with the rent being paid by Wal-Mart directly to the mortgage holders. The mortgages will be entirely repaid when the initial terms of the leases with Wal-Mart expire (2008 to 2009). (ii) $7.5 million in mortgages on two properties leased to Lowe's which have fixed interest rates of 7.6% and 8.8%. These mortgages are also self-amortizing over the term of the leases with Lowe's and will be repaid when the leases expire (2003 and 2014). (iii) A $2.2 million mortgage securing an office building in Scottsdale, Arizona, monthly payments of which are approximately $25,000 with a balloon payment in the year 2006. (iv) $36.4 million in mortgages on two properties leased to AMC. These mortgages amortize over a period of twenty years which is equivalent to the term of the leases. The mortgages have fixed rates of 7.48% and 7.52%, respectively and mature in 2018. (v) $15.1 million in notes related to the Millennia acquisition of certain car wash properties. Of the notes, $14.6 million have fixed interest rates of 8.5% and are due in fifteen years and $0.4 million have fixed interest rates of 8.0% and are due in two years. These notes will be transferred to the pending buyer for these properties upon closing. (vi) $0.7 million outstanding on a $11.0 million construction loan related to the construction of an office building. Interest on the construction loan varies based upon the Eurodollar and was 7.9% at March 31, 1999. All of the above mortgage debt and notes payable are non-recourse to the Company.(vii) $13.3 million outstanding on the Company's unsecured $20.0 million

credit facility. The facility bears interest at LIBOR plus 2.5% (7.5% at March 31, 1999) and expires in October 1999.

At March 31, 1999, the Company had 21,281,000 shares of Series B Preferred Stock outstanding (the "Preferred B Shares"). Holders of the Preferred B Shares are entitled to receive, when, as and if declared by the Board of Directors, cumulative cash dividends payable in an amount per share equal to the cash dividends, if any, on the shares of common stock into which the Preferred B Shares are convertible. Holders of the Preferred B Shares are also entitled to a liquidation preference of $5.00 per share, plus a premium of 7% per annum, in the event of any liquidation, dissolution or other winding up of the affairs of the Company.

The Preferred B Shares are convertible into common stock of the Company at the election of the holders at any time, on a one-for-one basis, subject to adjustment in certain circumstances. The Preferred B Shares also are convertible into common stock by the Company at any time and from time to time after the earlier to occur of (i) the date which is six months following the date on which the Company's common stock becomes listed or admitted for trading on a national securities exchange or (ii) March 31, 2000. The Company's common stock became listed on the American Stock Exchange on November 17, 1998. As a result, the Preferred B Shares will be convertible into common stock at the option of the Company any time after May 17, 1999.

The Preferred B Shares were issued in March 1999 in exchange for all of the issued and outstanding shares of Series A Preferred Stock of the Company (the "Preferred A Shares"). Following such exchange, all Preferred A Shares were retired and restored to the status of authorized and unissued shares of preferred stock, without designation as to series, and may be reissued as shares of any series of preferred stock of the Company.

Eight of the Company's single tenant properties leased to Wal-Mart do not generate cash flow as rent payments are directly used to service outstanding debt obligations. The Company anticipates that existing cash flow from operations will be adequate to meet the current cash requirements of its operating properties. The Company expects to meet its long-term liquidity requirements, such as property acquisitions and development, mortgage debt maturities, and other investment opportunities, through the most advantageous sources of capital available to the Company at the time, which may include operating cash flows, the sale of common stock, preferred stock or debt securities through public offerings or private placements, entering into joint venture arrangements with financial partners, the incurrence of indebtedness through secured or unsecured borrowings and the reinvestment of proceeds from the disposition of assets.

YEAR 2000

Some of the Company's information technology ("IT") systems were originally written using two digits rather than four to define the applicable year. As a result, those IT systems had time sensitive software that recognizes dates using "00" as the Year 1900 rather than the Year 2000. The Company has upgraded its existing computer software and IT systems and believes that they are able to recognize the Year 2000 and that the Year 2000 issue will not have a material impact on the Company's operations.

The Year 2000 issue affects the Company's internal systems, including IT and non-IT systems. The Company is reviewing its utility systems (heat, light, telephones, etc.) and other non-IT systems for the impact of Year 2000. The

Company has solicited assurances from its contractors, vendors and other third parties that their systems (including building management and mechanical systems) are currently Year 2000 compliant or will be made compliant before the advent of the Year 2000. No assurances can be made that all contractors and other third parties will comply with their assurances. The Company intends to take continuous steps to identify Year 2000 problems related to its vendors and to formulate a system of working with key third parties, including financial institutions and utility providers, to understand their ability to continue providing services and products through the change to Year 2000. The failure to correct a material Year 2000 problem either within the Company or within a vendor or supplier could result in an interruption in, or a failure of, certain normal business activities or operations of the Company. Such interruptions or failures could materially adversely affect the Company's business, operating results and financial condition.

The Company's Year 2000 project is expected to be complete by mid-1999, which is prior to any anticipated impact on the Company's IT systems. As of March 31, 1999, the Company had expended less than $50,000 and expects to expend less than $10,000 in additional costs in connection with its Year 2000 project, including the cost of identification, assessment, remediation and testing efforts. The cost of the Company's Year 2000 project, and the target date on which the Company expects the Year 2000 modifications to be complete are based upon a variety of assumptions of future events, including the continued availability of certain resources. No assurance can be made that these estimates will be achieved and actual results could materially differ from those anticipated. Specific factors that might cause material differences include, but are not limited to, the availability and costs of personnel trained in this area, the ability to locate and correct relevant computer codes and the timing and compliance by the Company's outside vendors and suppliers.

A contingency plan has not been developed for dealing with the most reasonably likely worst case scenario, and such scenario has not yet been clearly identified. Since the Company has adopted a plan to address these Year 2000 issues, it has not developed a comprehensive contingency plan should Year 2000 issues fail to be addressed successfully or in their entirety. However, if the Company identifies significant risks or is unable to meet its anticipated time line, the Company will develop contingency plans as deemed necessary at that time. This discussion contains forward-looking statements and should be read in conjunction with the Company's disclosures under the heading "Certain Cautionary Statements" in this Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure affecting its market risk sensitive financial instruments is interest rate risk. The Company's balance sheet contains financial instruments in the form of interest-earning notes receivable and interest-bearing mortgages payable. The Company manages the risk to its cash flow from changes in interest rates by limiting and monitoring its variable rate financial instruments. Although the fair value of its financial instruments may be affected by changes in interest rates, the Company has not disposed of them prior to maturity. Thus, the primary effect of changes in interest rates would occur to the extent that financial instruments mature and are replaced with others at different interest rates. The table below presents (1) the scheduled principal payments on notes receivable and (2) the scheduled principal repayments on mortgages payable over the next five years and thereafter. The table also includes the average interest rates of the financial instruments during each respective year and the fair value of the notes receivable and mortgages payable. The Company determines the fair value of financial instruments through the use of discounted cash flow analysis using current interest rates for (1) notes receivable with terms and credit characteristics similar to its existing portfolio and (2) borrowings under terms similar to its existing mortgages payable. Accordingly, the Company has determined that the carrying value of its financial instruments at March 31, 1999 approximates fair value.

March 31, 1999

Expected Maturity Date
(dollar amounts in thousands)

<TABLE>
<CAPTION>

	2000	2001	2002	2003	2004	Thereafter	Total	Fair Value

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Notes Receivable, including notes from affiliates	$ 445	$ --	$ --	$ 27,097	$ 5,518	$ 1,051	$ 34,111	$ 34,100
Average interest rate	11.00%	--	--	9.99%	11.00%	10.00%	10.03%	
Mortgages Payable	$ 2,259	$ 4,889	$ 4,125	$ 4,461	$ 4,826	$ 65,834	$ 86,394	$ 86,400
Average interest rate	8.51%	8.51%	8.51%	8.51%	8.51%	8.51%	7.38%	

</TABLE>

In addition to the above table, the company has a Credit Facility due June 2000 subject to variable interest rates of which $13.3 million was outstanding at March 31, 1999. The Company has an additional $0.7 million of variable rate debt at March 31, 1999 related to a construction loan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXCEL LEGACY CORPORATION
(Registrant)

DATE: July 27, 1999

By: /s/ Richard B. Muir
RICHARD B. MUIR
Executive Vice President and Secretary

DATE: July 27, 1999

By: /s/ James Y. Nakagawa
JAMES Y. NAKAGAWA
Principal Financial and Accounting Officer