

LEXINGTON REALTY TRUST
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FOR IMMEDIATE RELEASE

Thursday, August 6, 2009

LEXINGTON REALTY TRUST REPORTS SECOND QUARTER 2009 RESULTS

New York, NY – August 6, 2009 – Lexington Realty Trust (“Lexington”) (NYSE:LXP), a real estate investment trust focused on single-tenant real estate investments, today announced results for the second quarter ended June 30, 2009.

Second Quarter 2009 Highlights

- **Generated Company Funds From Operations (“Company FFO”) of \$40.7 million or \$0.35 per diluted share/unit, excluding certain items.^(A)**
- **Executed 26 new and renewal leases, totaling approximately 1.8 million square feet.**
- **Increased availability under its secured credit facility by \$40.0 million to a total of \$290.0 million.**
- **Raised \$84.0 million through asset sales and satisfaction of notes receivable.**
- **Reduced overall debt by \$111.4 million, including \$54.1 million original principal amount of 5.45% Exchangeable Notes repurchased at an average discount of 17.6%.**
- **Repurchased and retired 503,100 Series C preferred shares with \$25.2 million liquidation preference by issuing \$11.4 million of common shares.**
- **Recognized \$1.3 million in lease deferred maintenance and termination payments.**
- **Recorded (1) debt investment impairment charges and reserves of \$90.4 million, related to Concord Debt Holdings reducing our investment to zero, and (2) non-cash income of \$4.2 million, related to a forward equity commitment to repurchase 3.5 million common shares.**
- **Modified 2009 guidance to reflect 7.3 million common shares issued relating to the quarterly dividend payment and repurchase of Series C preferred shares.**

^(A) See the last page of this press release for a reconciliation of GAAP net income to Company FFO.

T. Wilson Eglin, President and Chief Executive Officer of Lexington stated, “We continue to make steady progress in decreasing our overall debt level through accretive debt repurchases, asset sales and collections of notes receivable from our investment portfolio. We believe these efforts have strengthened our balance sheet and enhanced our capital position. Furthermore, as a result of our leasing success we have lowered the number of leases expiring over the next few years. We believe our portfolio continues to perform well with overall occupancy of approximately 92.0%”.

FINANCIAL RESULTS

Revenues

For the quarter ended June 30, 2009, total gross revenues were \$98.8 million, compared with total gross revenues of \$124.6 million for the quarter ended June 30, 2008. The decrease is primarily due to \$28.7 million of lease termination payments received, partially offset by \$4.1 million in accelerated amortization of above and below market leases, in the second quarter of 2008.

Company FFO Applicable to Common Shareholders/Unitholders

The following presents in tabular form certain items impacting Company FFO for the periods presented:

	Three Months Ended				Six Months Ended			
	June 30, 2009 Millions ⁽¹⁾	Per Diluted Share/Unit	June 30, 2008 Millions ⁽¹⁾	Per Diluted Share/Unit	June 30, 2009 Millions ⁽¹⁾	Per Diluted Share/Unit	June 30, 2008 Millions ⁽¹⁾	Per Diluted Share/Unit
Reported Company FFO ^(A)	\$ (38.8)	\$ (0.33)	\$ 76.1	\$ 0.71	\$ (57.5)	\$ (0.50)	\$ 116.1	\$ 1.09
Severance charges	—	—	—	—	—	—	2.0	—
New accounting pronouncements	0.5	—	0.9	—	0.9	—	2.0	—
Formation costs – joint venture	—	—	0.2	—	—	—	1.1	—
Debt satisfaction, net	(5.9)	—	(26.0)	—	(12.3)	—	(32.5)	—
Debt satisfaction, net – Concord	—	—	(1.3)	—	—	—	(3.8)	—
Forward equity commitment	(4.2)	—	—	—	4.4	—	—	—
Impairment losses – real estate	—	—	—	—	9.5	—	2.7	—
Impairment losses – investments	—	—	—	—	1.1	—	—	—
Impairment losses/ reserves – Concord	51.3	—	26.3	—	71.4	—	29.0	—
Equity impairment - Concord	39.1	—	—	—	68.2	—	—	—
Impairment loss – JV	—	—	1.0	—	—	—	1.0	—
Lease termination/ deferred maintenance payments	(1.3)	—	(34.9)	—	(1.3)	—	(34.9)	—
Land transaction income, net	—	—	—	—	(1.3)	—	—	—
	<u>\$ 40.7</u>	<u>\$ 0.35</u>	<u>\$ 42.3</u>	<u>\$ 0.40</u>	<u>\$ 83.1</u>	<u>\$ 0.73</u>	<u>\$ 82.7</u>	<u>\$ 0.78</u>

^(A) See the last page of this press release for a reconciliation of GAAP net income (loss) to Company FFO.

Net Income (Loss) Attributable to Common Shareholders - Diluted

For the quarter ended June 30, 2009, net loss attributable to common shareholders was \$(90.3) million, or a loss of \$(0.87) per diluted share, compared with a net loss attributable to common shareholders for the quarter ended June 30, 2008 of \$(5.4) million, or loss of \$(0.06) per diluted share.

Financing Activities

During the second quarter, Lexington increased the aggregate availability under its secured credit facility to \$290.0 million, of which \$200.0 million was outstanding as of June 30, 2009.

Balance Sheet

During the second quarter, Lexington reduced its overall debt by \$111.4 million, including \$54.1 million original principal amount of 5.45% Exchangeable Notes repurchased at an average discount of 17.6%. Subsequent to June 30, 2009, Lexington repurchased an additional \$29.2 million original principal amount of these notes at a 15.0% discount, leaving \$105.2 million currently outstanding. At June 30, 2009, the Company had approximately \$3.8 billion in total assets, including \$75.0 million of cash and restricted cash and \$2.2 billion in debt outstanding. As of June 30, 2009, the weighted-average interest rate on the Company's debt was 5.64% with a weighted-average maturity of 5.8 years. Approximately 91.0% of Lexington's debt is subject to fixed interest rates.

In addition, Lexington repurchased and retired 503,100 of its Series C preferred shares in exchange for 2,955,368 common shares. This transaction reduced the liquidation preference of the Company's Series C preferred shares by \$25.2 million and lowered Lexington's annual fixed charges by \$1.6 million.

Common Share Dividend/Distribution

On June 16, 2009, Lexington announced it declared a regular quarterly dividend/distribution of \$0.18 per share/unit, which was paid in a combination of cash and common shares on July 30, 2009 to common shareholders/unitholders of record as of June 30, 2009, and which equated to an annualized dividend of \$0.72 per share. Lexington issued approximately 4.3 million common shares on July 30, 2009 and retained approximately \$17.7 million of liquidity by paying 90% of the common share dividend in common shares.

OPERATING ACTIVITIES

Sales and Investments

During the quarter ended June 30, 2009, Lexington sold its interest in six properties to third parties for an aggregate gross sales price of \$75.4 million, which generated gains on sale of \$3.2 million. The weighted-average cap rate on the assets sold was 8.0%. In addition to these asset sales, Lexington received \$4.7 million from a land sale/leaseback transaction and collected \$3.9 million in full payment for two notes held for investment.

Leasing Activity

At June 30, 2009, Lexington's portfolio was approximately 92.0% leased. For the quarter ended June 30, 2009, Lexington executed 26 leases (new and renewal) for approximately 1.8 million square feet. During the quarter, Lexington recognized an aggregate of \$1.3 million in lease deferred maintenance and termination payments.

2009 EARNINGS GUIDANCE

Lexington is reducing its estimated Company FFO guidance to a range of \$1.29 to \$1.34 per diluted share/unit from \$1.30 to \$1.37 per diluted share/unit for the year ended December 31, 2009 to reflect the issuance of approximately 7.3 million common shares issued in connection with the quarterly common share dividend and the repurchase and retirement of Series C preferred shares. This guidance excludes the impact of certain items, is based on current expectations and is forward-looking.

2ND QUARTER 2009 CONFERENCE CALL

Lexington will host a conference call today, Thursday, August 6, 2009, at 11:00 a.m. Eastern Time, to discuss its results for the quarter ended June 30, 2009. Interested parties may participate in this conference call by dialing (800) 930-1353 or (913) 312-1383. A replay of the call will be available through August 20, 2009, at (888) 203-1112, Replay Pin Number: 2245185.

A live web cast of the conference call will be available at www.lxp.com within the Investor Relations section. An online replay will also be available through August 6, 2010.

ABOUT LEXINGTON REALTY TRUST

Lexington Realty Trust is a real estate investment trust that owns, invests in, and manages office, industrial and retail properties net-leased to major corporations throughout the United States and provides investment advisory and asset management services to investors in the net lease area. Lexington shares are traded on the New York Stock Exchange under the symbol "LXP". Additional information about Lexington is available on-line at www.lxp.com or by contacting Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015, Attention: Investor Relations.

This release contains certain forward-looking statements which involve known and unknown risks, uncertainties or other factors not under Lexington's control which may cause actual results, performance or achievements of Lexington to be materially different from the results, performance, or other expectations implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in Lexington's periodic reports filed with the Securities and Exchange Commission, including risks related to: (1) the failure to continue to qualify as a real estate investment trust, (2) changes in general business and economic conditions, including the impact of the current global financial and credit crisis, (3) competition, (4) increases in real estate construction costs, (5) changes in interest rates, or (6) changes in accessibility of debt and equity capital markets. Copies of the periodic reports Lexington files with the Securities and Exchange Commission are available on Lexington's website at www.lxp.com. Forward-looking statements, which are based on certain assumptions and describe Lexington's future plans, strategies and expectations, are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "estimates," "projects", "is optimistic" or similar expressions. Lexington undertakes no obligation to publicly release the results of any revisions to those forward-looking statements which may be made to reflect events or circumstances after the occurrence of unanticipated events. Accordingly, there is no assurance that Lexington's expectations will be realized.

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three and Six Months ended June 30, 2009 and 2008

(Unaudited and in thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Gross Revenues:				
Rental	\$ 87,934	\$ 114,542	\$ 175,776	\$ 208,189
Advisory and incentive fees	583	365	1,046	676
Tenant reimbursements	10,247	9,727	20,354	19,164
Total gross revenues	<u>98,764</u>	<u>124,634</u>	<u>197,176</u>	<u>228,029</u>
Expense applicable to revenues:				
Depreciation and amortization	(45,405)	(83,214)	(92,097)	(137,451)
Property operating	(21,607)	(18,652)	(42,900)	(36,576)
General and administrative	(6,214)	(7,306)	(12,865)	(18,350)
Non-operating income	1,500	18,692	5,618	20,796
Interest and amortization expense	(33,711)	(39,528)	(67,874)	(82,564)
Debt satisfaction gains, net	7,305	26,355	13,716	32,774
Change in value of forward equity commitment	4,198	-	(4,435)	-
Impairment charges and loan loss reserves	-	-	(9,476)	-
Gains on sale-affiliates	-	8,637	-	31,806
Income (loss) before provision for income taxes, equity in earnings (losses) of non-consolidated entities and discontinued operations	4,830	29,618	(13,137)	38,464
Provision for income taxes	(332)	(641)	(1,003)	(1,931)
Equity in earnings (losses) of non-consolidated entities	(83,164)	(27,194)	(130,288)	(21,647)
Income (loss) from continuing operations	<u>(78,666)</u>	<u>1,783</u>	<u>(144,428)</u>	<u>14,886</u>
Discontinued operations:				
Income (loss) from discontinued operations	532	(240)	552	669
Provision for income taxes	-	(125)	(52)	(193)
Debt satisfaction charges	(1,399)	(313)	(1,399)	(313)
Gains on sales of properties	3,186	3,925	6,280	4,612
Impairment charge	(46)	-	(1,166)	(2,694)
Total discontinued operations	<u>2,273</u>	<u>3,247</u>	<u>4,215</u>	<u>2,081</u>
Net income (loss)	<u>(76,393)</u>	<u>5,030</u>	<u>(140,213)</u>	<u>16,967</u>
Less net (income) loss attributable to noncontrolling interests	<u>(715)</u>	<u>9,874</u>	<u>(1,843)</u>	<u>3,580</u>
Net income (loss) attributable to Lexington Realty Trust	<u>(77,108)</u>	<u>14,904</u>	<u>(142,056)</u>	<u>20,547</u>
Dividends attributable to preferred shares- Series B	(1,590)	(1,590)	(3,180)	(3,180)
Dividends attributable to preferred shares- Series C	(1,703)	(2,111)	(3,814)	(4,630)
Dividends attributable to preferred shares- Series D	(2,925)	(2,925)	(5,851)	(5,851)
Redemption discount – Series C	-	5,678	-	5,678
Conversion dividend – Series C	(6,994)	-	(6,994)	-
Net income (loss) attributable to common shareholders	<u>\$ (90,320)</u>	<u>\$ 13,956</u>	<u>\$ (161,895)</u>	<u>\$ 12,564</u>
Income (loss) per common share-basic:				
Income (loss) from continuing operations	\$ (0.89)	\$ 0.20	\$ (1.63)	\$ 0.20
Income from discontinued operations	0.02	0.03	0.04	0.01
Net income (loss) attributable to common shareholders	<u>\$ (0.87)</u>	<u>\$ 0.23</u>	<u>\$ (1.59)</u>	<u>\$ 0.21</u>
Weighted average common shares outstanding – basic	<u>104,163,378</u>	<u>60,163,396</u>	<u>102,070,600</u>	<u>59,994,988</u>
Income (loss) per common share-diluted:				
Loss from continuing operations	\$ (0.89)	\$ (0.09)	\$ (1.63)	\$ (0.03)
Income from discontinued operations	0.02	0.03	0.04	0.01
Net loss attributable to common shareholders	<u>\$ (0.87)</u>	<u>\$ (0.06)</u>	<u>\$ (1.59)</u>	<u>\$ (0.02)</u>
Weighted average common shares outstanding-diluted	<u>104,163,378</u>	<u>100,554,903</u>	<u>102,070,600</u>	<u>100,556,746</u>
Amounts attributable to common shareholders:				
Income (loss) from continuing operations	\$ (92,189)	\$ 12,392	\$ (165,751)	\$ 12,012
Income from discontinued operations	1,869	1,564	3,856	552
Net income (loss) attributable to common shareholders	<u>\$ (90,320)</u>	<u>\$ 13,956</u>	<u>\$ (161,895)</u>	<u>\$ 12,564</u>

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
CONDENSED BALANCE SHEETS
June 30, 2009 and December 31, 2008
(Unaudited and in thousands, except share and per share data)

	June 30, 2009	December 31, 2008
Assets:		
Real estate, at cost	\$ 3,695,818	\$ 3,756,188
Less: accumulated depreciation and amortization	512,250	461,661
	3,183,568	3,294,527
Properties held for sale-discontinued operations	191	8,150
Intangible assets, net	300,024	343,192
Cash and cash equivalents	48,639	67,798
Restricted cash	26,361	31,369
Investment in and advances to non-consolidated entities	64,479	179,133
Deferred expenses, net	39,522	35,741
Notes receivable, net	62,525	68,812
Rent receivable-current	10,924	19,829
Rent receivable- deferred	16,499	16,499
Other assets	38,211	40,675
Total assets	\$ 3,790,943	\$ 4,105,725
Liabilities and Equity:		
Liabilities:		
Mortgage and notes payable	\$ 1,952,221	\$ 2,033,854
Exchangeable notes payable	130,706	204,074
Trust preferred securities	129,120	129,120
Contract rights payable	15,491	14,776
Dividends payable	8,187	24,681
Liabilities-discontinued operations	32	6,142
Accounts payable and other liabilities	38,437	33,814
Accrued interest payable	14,401	16,345
Deferred revenue-below market leases, net	113,192	121,722
Prepaid rent	16,910	20,126
	2,418,697	2,604,654
Commitments and contingencies		
Equity:		
Preferred shares, par value \$0.0001 per share; authorized 100,000,000 shares, Series B Cumulative Redeemable Preferred, liquidation preference \$79,000, 3,160,000 shares issued and outstanding	76,315	76,315
Series C Cumulative Convertible Preferred, liquidation preference \$104,760 and \$129,915, respectively, and 2,095,200 and 2,598,300 shares issued and outstanding in 2009 and 2008, respectively	101,778	126,217
Series D Cumulative Redeemable Preferred, liquidation preference \$155,000, 6,200,000 shares issued and outstanding	149,774	149,774
Common shares, par value \$0.0001 per share; authorized 400,000,000 shares, 109,009,271 and 100,300,238 shares issued and outstanding in 2009 and 2008, respectively	11	10
Additional paid-in-capital	1,689,452	1,638,540
Accumulated distributions in excess of net income	(739,478)	(569,131)
Accumulated other comprehensive income (loss)	313	(15,650)
Total shareholders' equity	1,278,165	1,406,075
Noncontrolling interests	94,081	94,996
Total equity	1,372,246	1,501,071
Total liabilities and equity	\$ 3,790,943	\$ 4,105,725

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
EARNINGS PER SHARE AND COMPANY FUNDS FROM OPERATIONS PER SHARE
(Unaudited and in thousands, except share and per share data)

	Three Months ended June 30,		Six Months ended June 30,	
	2009	2008	2009	2008
EARNINGS PER SHARE:⁽¹⁾				
Basic:				
Income (loss) from continuing operations attributable to Lexington	\$ (78,977)	\$ 13,340	\$ (145,912)	\$ 19,995
Less preferred dividends	<u>(13,212)</u>	<u>(948)</u>	<u>(19,839)</u>	<u>(7,983)</u>
Income (loss) attributable to common shareholders from continuing operations	(92,189)	12,392	(165,751)	12,012
Income from discontinued operations attributable to shareholders	<u>1,869</u>	<u>1,564</u>	<u>3,856</u>	<u>552</u>
Net income (loss) attributable to common shareholders - basic	<u>\$ (90,320)</u>	<u>\$ 13,956</u>	<u>\$ (161,895)</u>	<u>\$ 12,564</u>
Weighted average number of common shares outstanding – basic	<u>104,163,378</u>	<u>60,163,396</u>	<u>102,070,600</u>	<u>59,994,988</u>
Income (loss) per common share - basic:				
Income (loss) from continuing operations	\$ (0.89)	\$ 0.20	\$ (1.63)	\$ 0.20
Income from discontinued operations	<u>0.02</u>	<u>0.03</u>	<u>0.04</u>	<u>0.01</u>
Net income (loss) attributable to common shareholders	<u>\$ (0.87)</u>	<u>\$ 0.23</u>	<u>\$ (1.59)</u>	<u>\$ 0.21</u>
Diluted:				
Income (loss) attributable to common shareholders from continuing operations -basic	\$ (92,189)	\$ 12,392	\$ (165,751)	\$ 12,012
Incremental loss attributed to assumed conversion of dilutive securities	<u>–</u>	<u>(21,019)</u>	<u>–</u>	<u>(14,256)</u>
Income (loss) attributable to common shareholders from continuing operations	(92,189)	(8,627)	(165,751)	(2,244)
Income from discontinued operations attributable to shareholders	<u>1,869</u>	<u>3,252</u>	<u>3,856</u>	<u>1,260</u>
Net loss attributable to common shareholders – diluted	<u>\$ (90,320)</u>	<u>\$ (5,375)</u>	<u>\$ (161,895)</u>	<u>\$ (984)</u>
Weighted average number of common shares used in calculation of basic earnings per share	104,163,378	60,163,396	102,070,600	59,994,988
Add incremental shares representing:				
Shares issuable upon conversion of dilutive securities	<u>–</u>	<u>40,391,507</u>	<u>–</u>	<u>40,561,758</u>
Weighted average number of common shares outstanding - diluted	<u>104,163,378</u>	<u>100,554,903</u>	<u>102,070,600</u>	<u>100,556,746</u>
Income (loss) per common share – diluted:				
Loss from continuing operations	\$ (0.89)	\$ (0.09)	\$ (1.63)	\$ (0.03)
Income from discontinued operations	<u>0.02</u>	<u>0.03</u>	<u>0.04</u>	<u>0.01</u>
Net loss attributable to common shareholders	<u>\$ (0.87)</u>	<u>\$ (0.06)</u>	<u>\$ (1.59)</u>	<u>\$ (0.02)</u>

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
EARNINGS PER SHARE AND COMPANY FUNDS FROM OPERATIONS PER SHARE (Continued)
(Unaudited and in thousands, except share and per share data)

	Three Months ended June 30,		Six Months ended June 30,	
	2009	2008	2009	2008
COMPANY FUNDS FROM OPERATIONS: ⁽¹⁾⁽²⁾				
Basic and Diluted:				
Net income attributable to common shareholders-basic	\$ (90,320)	\$ 13,956	\$ (161,895)	\$ 12,564
Adjustments:				
Depreciation and amortization	44,724	84,785	91,410	140,741
Minority interests- OP units	624	(13,653)	712	(8,277)
Amortization of leasing commissions	713	420	1,482	1,012
Joint venture and noncontrolling interest adjustment	(4)	6,733	6,291	7,521
Preferred dividends- Series C	8,697	(3,567)	10,808	(1,048)
Gains on sale of properties	(3,186)	(12,562)	(6,280)	(36,418)
Company FFO	<u>\$ (38,752)</u>	<u>\$ 76,112</u>	<u>\$ (57,472)</u>	<u>\$ 116,095</u>
Basic:				
Weighted average shares outstanding-basic EPS	104,163,378	60,163,396	102,070,600	59,994,988
Unvested share based payment awards	705,482	425,898	707,629	435,483
Operating partnership units	5,437,194	39,519,599	5,373,650	39,581,887
Preferred Shares- Series C	5,791,818	6,398,965	5,720,779	6,560,348
Weighted average shares outstanding-basic Company FFO	<u>116,097,872</u>	<u>106,507,858</u>	<u>113,872,658</u>	<u>106,572,706</u>
Company FFO per share	<u>\$ (0.33)</u>	<u>\$ 0.71</u>	<u>\$ (0.50)</u>	<u>\$ 1.09</u>
Diluted:				
Weighted average shares outstanding – diluted EPS	104,163,378	100,554,903	102,070,600	100,556,746
Unvested share based payment awards	705,482	425,898	707,629	435,483
Operating partnership units	5,437,194	—	5,373,650	—
Preferred Shares- Series C	5,791,818	5,527,057	5,720,779	5,580,477
Weighted average shares outstanding – diluted Company FFO	<u>116,097,872</u>	<u>106,507,858</u>	<u>113,872,658</u>	<u>106,572,706</u>
Company FFO per share	<u>\$ (0.33)</u>	<u>\$ 0.71</u>	<u>\$ (0.50)</u>	<u>\$ 1.09</u>

¹ Effective January 1, 2009 the Company adopted FASB Staff Position APB 14-1 “Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)” and FASB Staff Position No. EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities”, both of which require retrospective application to prior periods. In accordance with FASB Staff Position EITF 03-6-1, net income attributable to common shareholders and earnings per common share and accordingly FFO and FFO per common share are adjusted for an allocation of net income to unvested share awards. However, net losses will not be allocated to unvested share awards. The Company’s FFO per common share (diluted) and earnings per common share (diluted) were reduced by the Company’s implementation of these FASB Staff Positions. FFO per common share (diluted) was reduced by \$0.02 for the three months ended June 30, 2008, and \$0.06 for the six months ended June 30, 2008 respectively. Loss per common share (diluted) was increased by \$0.02 for the three months ended June 30, 2008, and earnings per common share (diluted) was reduced by \$0.07 for the six months ended June 30, 2008.

² Lexington believes that Funds from Operations (“FFO”) is a widely recognized and appropriate measure of the performance of an equity REIT. Lexington presents FFO because it considers FFO an important supplemental measure of Lexington’s operating performance. Lexington believes FFO is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is intended to exclude generally accepted accounting principles (“GAAP”), historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. As a result, FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities, interest costs and other matters without the inclusion of depreciation and amortization, providing perspective that may not necessarily be apparent from net income.

Lexington computes FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”). FFO is defined by NAREIT as “net income (or loss) computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus real estate depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures.” FFO does not represent cash generated from operating activities in accordance with GAAP and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as a measure of liquidity.

Lexington includes in its calculation of FFO, which Lexington refers to as the “Company’s funds from operations” or “Company FFO,” Lexington’s operating partnership units and Lexington’s Series C Cumulative Convertible Preferred Shares because these securities are convertible, at the holder’s

option, into Lexington's common shares. Management believes this is appropriate and relevant to securities analysts, investors and other interested parties because Lexington presents Company FFO on a company-wide basis as if all securities that are convertible, at the holder's option, into Lexington's common shares, are converted. Since others do not calculate FFO in a similar fashion, Company FFO may not be comparable to similarly titled measures as reported by others.

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